

ENDOWMENT COMMITTEE
ANNUAL REPORT
PURDUE UNIVERSITY RETIREES ASSOCIATION
2010-2011

COMMITTEE MEMBERS

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HISTORY OF THE ENDOWMENT

The PURA By-laws approved August 5, 2002, acknowledged the Association's authority to establish a Standing Committee related to an endowment and included details about the appointment of the committee's chair, the selection of its members, and the tenure of those members.

PacifiCare/United Health, the provider of the Senior Supplement Plan for the Purdue retirees, had an unmet performance guarantee several years. As a result, PC/UH has returned to PURA a portion of our payments:

- For 2006 paid on 10/01/07 \$55,000
- For 2007 paid around 11/08 \$25,000
- For 2008 check dated 3/25/11 \$40,000
- For 2009 check dated 3/23/11 \$16,000

All of these funds have been deposited in the PURA A&O Fund (true endowment).

The following was included in the 2008-2009 and the 2009-2010 Endowment Committee Annual Reports and is included again in this report because of its possible implications. The former interim Comptroller questioned whether PURA could create a true endowment fund using the UnitedHealthcare checks; thus, it seems prudent to bring forward the history related to this situation. It is still unclear whether the PURA A&O Fund will remain in a true endowment as recommended by the Endowment Committee and accepted by the PURA Executive Board or changed to a quasi endowment by the University.

*On 01/11/09, the interim comptroller asserted that the check was deposited in the PURA A&O Fund but that it was necessary to review the contracts/documents between Purdue and PC/UH to determine whether it was appropriate to leave the penalty funds in a **true** endowment rather than place them in a **quasi** endowment; he expected to review the contract, make a recommendation to the interim VP for Business Services who would then make the decision about the appropriate placement of the funds. This decision, he said, would be reviewed by the Board of Trustees. The interim comptroller reported that, although the PC/UH funds were currently in the true endowment, they could be moved depending on a later decision.*

As of 02/26/09, the interim comptroller reported the interim VP for Business Services still has not rendered a final decision about the appropriate placement of the PURA PC/UH funds. However, the director of Human Resource Services determined from Accounting on 05/05/09 that "any performance guarantee monies coming back from United Health in the future can also be deposited into the endowment." If this means that the PC/UH funds will not be removed, as threatened, from the PURA A&O Endowment and reassigned to a quasi-endowment, we may have made significant progress.

The committee will continue to monitor this situation until the appropriate University personnel makes a definitive statement.

2010-2011 GOAL STATEMENT AND IMPLEMENTATION PLAN

- PURA set \$100,000 as its fund-raising goal in 2008-2009; with the most recent payments from UH, the total is \$136,000.
- The Endowment brochure was distributed again at the 2010 Kickoff Luncheon.
- Information was presented in the PURA Newsletter and through announcements at the monthly PURA meetings.

PURDUE OPPORTUNITY AWARD IN HONOR OF MARTIN AND PATTY JISCHKE

At the time of the retirement of President Martin and Patty Jischke in July 2007, the PURA Executive Board voted to honor them with a Purdue Opportunity Award in their name. This separate endowment had a \$20,000 goal. Through the generosity of the PURA Executive Board in November 2010, the Jischke POA surpassed the \$20,000 required amount to activate the scholarship.

In recognition of its new role as the administrator of the Purdue University retirement plan, Fidelity made a commitment to contribute \$5,000 to the Martin and Patty Jischke Purdue Opportunity Award. This announcement was made at a campus reception in May 2011.

SUMMARY UPDATE OF PURA A&O FUND AND PURA JISCHKE POA

	PURA A&O Fund	PURA Jischke POA
Book value on 12/31/10	\$80,000*	\$18,819.88
Market value on 12/31/10	\$79,322.59	\$16,916.36**
Income available for expenditure on 12/31/10	\$8,082.99	\$0.00 (must have min. of \$20,000 w/5 years)
Income reinvested on 01/01/10	\$1,813.00	\$385.87
Awards granted	\$0.00	\$0.00

* In 3/11, UH forwarded checks totaling \$56,000 to be added to the PURA AA&O Endowment Fund.

** In 11/10, the Development Office received \$1,600 for the Jischke POA. The checks were subsequently deposited by PRF. However, by 12/31/10, the amount had not been transferred to Purdue University to be credited to the Jischke POA account. On 3/9/11, the Book Value was \$20,808.44 and will be reflected in the 6/30/11 report. PURA has met its \$20,000 contract amount within five years. In addition, a \$5,000 gift from Fidelity for the Jischke POA was received in May 2011; this amount is not reflected in the fund's records.

COMMITTEE MEMBERSHIP CHANGES

Chip Rutledge, PURA president for 2011-2012, will replace Chris Johannsen as the ex-officio member of the Endowment Committee. William Griggs has completed his first three-year term and has agreed to continue.