

Calculating and Planning the Distribution of PUF Endowment Income

Sidebar

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Questions?

Please use the contact section in the governing policy.

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Permanent University Fund (PUF)

The PUF is a public endowment established with income from sources such as state iron ore taxes, royalties, and federal land grants. In 1985 the legislature mandated PUF to match private contributions to the University or the University of Minnesota Foundation with the goal of providing substantial financial support for endowed chairs and professorships throughout the University. The private contribution portions of each endowed chair and professorship is held by either the University or the University of Minnesota Foundation. PUF allocates a portion of its fund balance to each endowed chair and professorship matched, but all its assets are pooled together in the Consolidated Endowment Fund (CEF) for investment.

Accounting & Income Distribution

PUF endowments are part of the Consolidated Endowment Fund (CEF), therefore the accounting for PUF is the same as CEF. It is on a unitized market value basis, i.e.

additions are converted into units, the value of which is adjusted monthly as the overall value of CEF changes.

The following guidelines apply to all PUF Chairs and Professorships.

1. PUF matches and private gifts are true endowments, and as such the original principal may never be spent.
2. When the chair or professorship is filled, departments credit the PUF distributions to targeted EFS endowment chartstrings.
3. When the chair or professorship is unfilled or PUF distributions exceed needs, departments credit the PUF distributions to a quasi-restricted endowment account. These funds are available for future expenditure by having the department process an EFS withdrawal transaction in the Cash Management module.
4. The University has established an internal limit that prohibits distribution of earnings when the market value falls below the initial book value.
5. PUF matches may not be invested separately or in any other investment pool.