



**Subject/Title:** Endowment Spending Policy

**Policy Number:** 5.07

**Date First Adopted:** September 7, 2018

**Date Revised:** February 27, 2020; May 1, 2020; December 14, 2020

**A. PURPOSE:**

The purpose of this policy is to set forth the current endowment spending policy for the Foundation. The endowment spending policy and endowment payout rates will be reviewed annually by the Foundation's Policy and Governance Committee.

**B. APPLICABILITY/ACCOUNTABILITY:**

This policy applies to all endowed funds deposited and managed by the Foundation for the University.

**C. POLICY:**

The spending policy of the Endowment is to allow a portion of the total return to be spent each year for current needs. The remainder of the return is reinvested to keep pace with and exceed inflation.

The spending fund rate includes the Endowment pool to the University. The annual distribution is determined by the ending portfolio value each March 30 (the end of the 3<sup>rd</sup> quarter of the fiscal year). The amount is intended to be the lesser of (a) 4.0% of the March 30 market value or, (b) 4.0% of the 3-year moving average of the previous March 30 closing market value. The total spending rate for each fund is determined by the Finance Committee (FC) on an annual basis and is approved by the Foundation Board. The goal of such oversight is to ensure that the earnings grow on an inflation-adjusted basis, given the projected long-term rate of return. Funds forming the Endowment in support of the University will be distributed semi-annually in December and June of each fiscal year based on the value of said funds at the end of the previous fiscal year.

If the current market value of an endowment fund is less than the historical value of the gifts or principal used to create the endowment, the Board considers if expenditures from the Endowment in the form of a payout are prudent and consistent with the goal of preserving the purchasing power of the Endowment. The Foundation Board considers many factors, including the purposes of the institution, intent of the donors, long-term and short-term needs of the institution in carrying out its purposes, general economic conditions, the possible effect of inflation or deflation, and the other resources of the institution, to ensure the preservation of the Endowment in perpetuity.

POLICY APPROVAL

Policy: 5.07 – Endowment Spending Policy

Approval Date: Revision – December 14, 2020

E. Blake Paul

E. Blake Paul (Feb 9, 2021 09:20 EST)

Feb 9, 2021

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Policy & Governance Committee Chair

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Foundation Board Chair

5/22/21  
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Date