

Florida Polytechnic University Foundation

Subject/Title: Endowment Spending Policy
Policy Number: FPUF 5.07
Date First Adopted: September 7, 2018
Date Revised:
Responsible Division/Department: Advancement/Foundation Office

A. PURPOSE

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 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 policy for dividends (payments to support Endowed University programs and scholarships) is to spend a percentage of the average prior five calendar years' market value when available.

The spending fund rate includes dividends paid by the Endowment pool to the University. In order to cover Foundation fundraising and operating expenses, an administrative fee is charged annually equal to the estimated actual cost of operating the fund. The total spending rate and operating cost for each fund is determined by the Finance and Investment Committee on an annual basis and is approved by the Foundation Board. The goal of such oversight is to ensure that the dividends grow on an inflation-adjusted basis, given the projected long-term rate of return.

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 dividend or payout are prudent and consistent with the goal of preserving the purchasing power of the Endowment. The 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 No: FPUF-5.07 – Endowment Spending Policy

Approved by the Foundation Board during the September 7, 2018 Board meeting.



Finance and Investment Committee Chair

9/11/18

Date



Policy and Governance Committee Chair

9/17/18

Date



Foundation Board of Directors Chair

9/18/18

Date