ENDOWMENT SPENDING

SLT 6.4

Date of Last Update:
September 26, 2022

Approved By:

- Senior Leadership Team

Responsible Office:
Business and Finance

POLICY STATEMENT

Each year the University Board of Trustees approves spending rates for true and quasi-endowments. These rates are used to calculate the amount that can be distributed from each endowment. Only investment income is distributed from true endowments, as the principal must be maintained intact in perpetuity. Payouts are calculated quarterly for the current fiscal year based on the average balance over a rolling three-year period net of the endowment administration fee. Effective July 1, 2024, the payout will occur annually, during the first quarter of the fiscal year.

An endowment requires a minimum balance of $50,000 in principal before spending can begin.

PROCEDURES

A spending fund is created for each endowment so that monies are expended according to the purpose for which the endowment was established; usually a restricted fund is utilized for true endowments and a designated fund for quasi-endowments. Documentation that supports how the funds are expended must be maintained for five years. Specifically, for true endowments established to fund scholarships, the selection committee must ensure that documentation regarding the criteria utilized for candidate selection and award is maintained for a five-year period.