



AUGUSTA UNIVERSITY FOUNDATION

ENDOWMENT SPENDING POLICY

Spending Policy Purpose

The purpose of the spending policy is 1) to provide programs with a stable and predictable stream of revenue, 2) to ensure the value (defined as purchasing power) of the revenue stream does not decline over the long term and 3) to ensure the real value of the endowment assets does not decline over the long term. The policy shall apply only to those funds that are defined by Augusta University Foundation as endowments.

Spending Principles

Newly-invested endowment funds must be invested for a minimum of twelve months prior to allowing investment returns to be considered for expenditure. In addition to interest and dividends, realized and unrealized, appreciation and/or depreciation in the market value shall accrue to each individual endowment fund.

If an individual endowment fund balance does not have sufficient earnings within a particular year to support an annual payment based upon the approved spending rate, either 1) no payment will be made, or 2) a reduced payment will be made based upon the amount of actual returns.

The board reserves the right to adjust the spending rate plan annually as circumstances may require in order to meet the purpose of this policy. Any amount of a fund's annual earnings not disbursed shall be retained by the fund for investment.

Spending Plan

The Investment Committee of the Board shall approve an annual spending rate by March for the coming fiscal year (July through June). The rolling average of the preceding five years' December 31st market value shall be the basis upon which the spending rate is applied. The target spending rate shall be 4% of the rolling average market value.

The actual annual amount available for expenditure for each endowment fund shall be determined according to the following:

There will be a review of the endowment fund's real return in the determination of the annual spending rate. Real returns shall be calculated, and defined, as the annualized rate of return on the endowment fund, reduced by the Consumer Price Index (CPI). The investment committee shall consider the rate of real returns over various time periods when approving the annual spending rate. The investment committee shall establish an annual spending rate of no more than 5% of any endowment fund.

All endowed funds shall be subject to an administrative fee equal to 1% of the rolling average of the preceding five years' December 31st market value, which fee shall be deducted before calculating the annual payout.

**Approval, Frequency of Review and Changes to Spending
Distribution Policy**

These policies and guidelines have been reviewed and accepted by the Board of Trustees of the Foundation. The Investment Advisor and Investment Committee will meet at least annually to review this Endowment Spending Policy and where appropriate make recommendations for approval by the Board of Trustees. All changes to this Policy will require prior approval by the Board of Trustees.

Approved on the 24th day of February 2021.

Signed: 
Chair of the Board

Dennis Sodomka
Printed Name

Signed: 
Chair of the Investment Committee

Cameron Nixon
Printed Name

Attest: 
Secretary of the Board

Jean Duncan
Printed Name