



Policy No: 400.2  
Last Update: November 7, 2013

## COLLEGE HEIGHTS FOUNDATION

SECTION: Treasury

**SUBJECT: Spending Policy**

### **PURPOSE**

The purpose of this policy is to define the spending policy for the endowment funds of the College Heights Foundation. As such, this will serve as the baseline policy for most, but not necessarily all, of the Foundation's various endowment assets. The Foundation recognizes that as a perpetual entity, the framework of its spending decisions should be centered upon long term (5-10 year plus) market cycles. The objectives have been created in response to:

- the anticipated financial needs of the organization
- the organization's investment policy and anticipated market returns; and
- the need to adequately plan for scholarship distributions for the current year and in future years to maximize the benefit to the student while also appropriately growing the endowment of the Foundation.

This policy is to be communicated to any individual associated with the distribution of any of the scholarship funds managed by the Foundation. The spending rate should be no more than 6% or less than 3% of the moving average market value. The spending policy rate will be reviewed by the Executive Committee on an annual basis.

### **SPENDING POLICY**

The annual distribution target shall be 4% of the endowment fund's trailing three-year (12 calendar quarters) moving market value average.

In the initial year an endowed fund is established, the annual distribution goal shall be 4% of the beginning market value of the endowment. However, the annual distribution may not be made until the endowed fund has been established and invested for at least one calendar year.

In subsequent years, the annual distribution may be made anytime during the fiscal year at the request of the fund administrator. Unless there is prior approval, annual distributions shall not be carried over between fiscal years.

