

Investment Spending Policy

February 13, 2026

This policy establishes guidelines for the appropriation and spending of endowment, endowment-like, and generally invested funds of the University. The policy differentiates among fund types to ensure compliance with donor intent, applicable law (including UPMIFA), and sound financial stewardship, while providing predictable support for University programs.

Spending Rate:

Endowment fund distributions shall be at an annual rate of five percent (5%) based upon a twelve-quarter moving average market value of the fund's value at the beginning of each quarter. The spending rate shall include a portion that is designated to underwrite the institutional costs. This portion shall be the first 0.75% of the approved endowment spend rate each year. All earnings in excess of distributions shall be reinvested in the corpus of the fund unless a state of excess growth exists, as defined below.

Allocation of Excess Growth

To the extent the average annual growth rate of the twelve-quarter rolling average of the Endowments exceeds 10%, the Board may authorize the allocation of all or a portion of such excess growth for support of University operations, subject to donor restrictions applicable to individual endowment funds.

If the market value of any individual endowment is underwater, distributions with respect to that endowment shall be limited to current yield (such as interest, dividends, and rent).

The Board may approve additional draws to support institutional strategic initiatives, while preserving the long-term purchasing power of the endowment, and complying with donor intent and applicable laws.

Appropriation Process:

Annual appropriation of funds approved by the Board are overseen by the Finance and Development Committee, consistent with this policy and the University's Endowment Investment Policy.

Spending by Fund Type:

- *True Endowment Funds*

Spending is limited to amounts appropriated for expenditure under UPMIFA. Appropriations shall consider the prudence factors required by UPMIFA, including preservation of the fund. If a true endowment fund is underwater (fair market value below historic dollar value), distributions with respect to that endowment shall be limited to current yield (such as interest, dividends, and rent).

The purpose of each fund must be honored in accordance with donor restrictions.

- *Donor-Restricted Expendable Funds*

Both principal and earnings (if any) may be expended, provided expenditures comply with donor-imposed purpose restrictions. These funds are not subject to endowment corpus preservation requirements. Spending may occur as needed to fulfill the donor's intent and institutional priorities.

- *Donor-Restricted Expendable Endowment Funds*

These funds shall generally follow the same spending methodology as true endowments during the period they are invested as endowment. Spending rates may be applied annually, subject to donor terms and board approval. Upon satisfaction of the donor's time or purpose restriction, remaining balances may be expended in accordance with donor intent.

- ***Board Designated Quasi-Endowment Funds***

Spending shall follow the same target spending rate and methodology as true endowments, unless otherwise approved by the Board of Trustees. The Board may authorize spending of principal, reduce or suspend spending, or redesignate the fund, as institutional needs require.

Board Designated Quasi-endowment funds are not subject to donor-imposed perpetuity restrictions.

- ***Board Designated Expendable Endowment Funds***

Expenditures are not limited by the spending rates, but expenditures must be made in accordance with donor restriction. Expenditures do not require prior Board approval.

- ***Unrestricted Funds***

Spending is not limited by this policy. When invested with endowment assets, unrestricted funds shall not be represented as endowment and may be withdrawn as needed to meet operating requirements.

Prudence and Compliance:

All endowment appropriations shall be made in a manner consistent with:

- UPMIFA and other applicable laws;
- Donor intent and fund-specific restrictions;
- The University's investment policy and financial objectives.

Reporting and Oversight:

Endowment spending and market values shall be reported at least annually to the Board of Trustees. Fund balances and classifications shall be reviewed periodically to ensure proper accounting and compliance. Material deviations from this policy require Board approval.

Policy Review:

The Finance and Development Committee shall periodically review the spending policy against actual returns and may propose changes in the spending policy to the Board as appropriate to preserve the purchasing power of the endowment.