



Endowment Spending Policy

The purpose of the Rhode Island College Foundation Endowment Spending Policy is to provide for stability in expendable income while preserving the purchasing power. The current operations for which the endowment was established shall have funds available for spending according to the following rules:

1. On June 30, 2009, UPMIFA (Uniform Prudent Management of Institutional Funds Act) was enacted under Rhode Island State Law replacing UMIFA. UPMIFA eliminates the HDV (historical dollar value) as the benchmark for endowment spending and allows organizations to appropriate or accumulate an amount they deem prudent for the uses, benefits, purposes and duration of the endowment, taking into consideration such factors as:
 - a) the duration and preservation of the endowment fund
 - b) the purposes of the organizations and the fund
 - c) general economic conditions
 - d) the possible effect of inflation or deflation
 - e) the expected total return from income and the appreciation of investments
 - f) other resources of the organization
 - g) the organization's investment policy

In addition, the appropriation for expenditure in any year of an amount greater than seven (7%) of the fair market value of an endowment, calculated based on a three year-rolling average, may be deemed imprudent.

2. Annually distribute from every fund **up to 4%** of the consolidated invested assets of the endowments based on a three year rolling average market value. Annual distributions should be calculated based on September 30th balances for spending in the subsequent fiscal year.
3. The annual distribution shall not exceed total return of the consolidated invested assets of the endowments absent board approval. Spending for new endowments shall be deferred until the accumulated income (based on a total return approach) is equal to an expendable reserve of twelve months.
4. The committee will revisit the spending policy on an annual basis to insure that the rate is adequate in relation to the expected annual total return.
5. The scope of the committee's research in developing this spending policy included various educational and endowment publications and spending policies of several public institutions of similar size.

Spending policy adopted 6/30/09 as reflected in the 7/28/09 minutes of the executive committee. Revised on November 27, 2012