



Endowment Spending Rule

Adopted 15 September 2011

CONTEXT

Endowments help provide for the long-term economic viability of organizations, but are often tied to a specific project, task, or event. It is an accepted practice to take a small percentage of the principal and allocate it to non-endowment uses. Provided the percentage is small, the process allows the endowment to see continuous growth while allowing use of limited funds for other needs.

DESCRIPTION

This policy applies to the following WPWA endowment accounts:

1. Polly Fund Securities
2. Sisson Fund
3. Cherenzia Fund

This policy does not apply to the following WPWA endowment accounts:

1. Saila Fund managed by the Rhode Island Foundation
2. Salomon Fund managed by Community Foundation of Eastern Connecticut

This policy encompasses those investment accounts for which WPWA has full control of, as noted above, and with a balance of \$10,000 or more at the time of Spending Rule calculation. The Spending Rule calculation is very conservative, and will take no more than 4% of the end-of-quarter balance calculated for each fund and averaged over the previous 16 quarters.

IMPLEMENTATION

The Spending Rule Calculation will be conducted in October of each year, and will determine the maximum amount that WPWA can remove from the fund in support of its annual budget. The Executive Director, in consultation with the Treasurer, will determine the most appropriate use of the income derived from endowments for any given year.

Spending Rule for WPWA Endowments

H. Ward moves that the WPWA adopts and implements the following spending policy for certain of its endowments (as amended 9/15/11), 2nd by T. Boving, passes.

The endowment accounts this policy covers are the:

Polly Fund Securities (current balance ~ \$177K)
Sisson Fund (current balance ~\$18K)
Cherenzia Fund (current balance ~ 1.5K)

This policy encompasses all our investment accounts for which WPWA retains full control over with a balance of \$10,000 or more at time of calculation. This policy may be altered by a vote of the board at any time, for any purpose.

The policy does not cover the following accounts which have their own custodian-specific spending rules:

Saila Fund managed by the Rhode Island Foundation
Salomon Fund managed by Community Foundation of Eastern CT

The spending rule calculation will be done in October of each year. The rule will determine the maximum amount the WPWA can take from a fund to support its annual budget. The Executive Director, in consultation with the Treasurer, can elect to not take the amount available and, instead, let the principal of the fund grow.

The maximum amount we take from a fund is 4% of the end-of-quarter balance calculated for each fund and averaged over the last 16 quarters. This is a very conservative withdrawal plan and will preserve the principal of each account.

The Executive Director, in consultation with the Treasurer, will determine the most appropriate use of the income derived from endowments for any specific year.