

WESTERN CONNECTICUT STATE UNIVERSITY FOUNDATION

SPENDING POLICY

This Spending policy determines the amount each participating fund account may spend annually to support the fund's intended purpose.

The Foundation Board of Directors recognizes that controlling the spending from investments is critical to the long term maintenance of real investment value. Therefore, the goal is for spending to be no more than 5% of the average of the market value of the investment portfolio (calculated as of the prior three December 31st year end financial reports). Such a policy allows for greater predictability of spendable income for budgeting purposes and for a gradual steady growth of the Foundation's support of Western Connecticut State University.

It is important to note that for all new funds subject to the spending policy, there must be at least four quarters of market value history as of January 1 in order for the WCSU Foundation to make the distributable income calculation and begin making distributions. For example, if a scholarship fund is set up on April 1 in Year 1, it will only have three quarters of market value information by January 1 of Year 2, and therefore cannot begin making grants until the following distributable income calculation date, in January of Year 3.

Upon recommended action from the Budget and Investment Committee, disbursements from endowed funds shall be made. It is strongly suggested that annual disbursements be made close to the start of each fiscal year to allow the Foundation and/or university use of the funds in the fiscal year. At no time shall the corpus of an endowed fund/account be spent. The corpus is defined as that amount originally gifted to the Foundation by a donor, and excludes any interest, dividends, or appreciation of the originally gifted amount.

Spending associated with a named endowment will be made in accordance with the guidelines or specifications of the donor.

POLICY REVIEW

These policies will be reviewed by the Budget and Investment Committee annually. Recommendations for change will be made to the full WCSU Foundation Board of Directors each year at a fall meeting of the WCSU Foundation Board of Directors.

Approved by the WCSU Budget and Investment Committee: 3/10/06

Adopted by the WCSU Board of Directors: 3/14/06

Reviewed by the WCSU Budget and Investment Committee: 5/22/08