

BOARD POLICY: ANNUAL ENDOWMENT DISTRIBUTIONS

Purpose

The annual endowment distributions policy provides clarification as to the annual percentage of TEF's investment earnings revenue to restricted TEF endowment funds.

Guidelines and Procedures

1. TEF and its investment partner will identify the amount of annual investment income following the end of TEF's fiscal year (June 30).
2. TEF staff will identify the percent of the investment income in comparison to the entire amount invested. Historically, this amount has been between 3% and 8%.
- ~~3. Each restricted endowment will receive a percentage of the total investment income, based on the percent that the endowment represents to the entire amount invested. TEF's Finance Committee will determine what the return percentage will be with a directive to keep it close to 5% whenever possible, regardless of how high or low the annual investment income percent is. History has shown that the average return of all years, low or high, equals 5.1%.~~
Each restricted endowment receives an annual share of the total investment income, based on how large that endowment balance is compared to the investment total. TEF's Finance Committee will decide what percentage to distribute annually, with a goal of keeping it close to 5% whenever possible regardless of how much the market fluctuates in a given year.
4. TEF will ~~send letters to~~ **contact** each endowment fund manager, informing them of the annual percentage and total amount paid out for their fund. At that time, the income will be transferred into each endowment fund's associated cash fund for expendable use.
- ~~5. The TEF Finance Committee will also decide if the TEF investment income for the General Unrestricted fund will mirror the percent allotted to each endowment fund with any additional percentage of funds reinvested or if the investment income will reflect the total percent of the investment income relative to TEF's share of the entire amount invested.~~
The TEF Finance Committee will also decide how to assign investment income for the General Unrestricted fund. They may choose to give it the same percentage as each endowment fund based on TEF's share of the total investment pool, they may choose to give it a smaller percentage with the rest reinvested, or they may decide not to shift monies from the investment account for the General Unrestricted fund at all.

Key Assumptions

1. Acknowledging the expertise of TEF Finance Committee members, the TEF board ~~will allow~~ **empowers** the Finance Committee to make and carry out this annual decision.
2. This decision may be ~~decided~~ **discussed** and voted on by members of the TEF Finance Committee in a ~~Finance Committee~~ **in person** meeting or by email.

END OF POLICY