



## **ENDOWMENT DISTRIBUTION and FEES POLICY**

*Last reviewed and approved by the EWU Foundation Board of Directors June 15, 2021*

### **Purpose**

In accordance with the standards of care and prudence within the Uniform Prudent Management of Institutional Funds Act (UPMIFA), this document outlines the endowment distribution and service fees related to the EWU Foundation ("Foundation") Endowment Pool and service fees for other noted Foundation accounts. This policy supersedes any prior adopted policies.

The EWU Foundation operating budget comes from four (4) sources:

1. An assessment on the three-year rolling average of market value of endowed accounts. The percentage amount is determined annually and applied quarterly.
2. A one-time gift fee on all non-endowed gifts, estates, retirement plans and life insurance proceeds. The percentage amount is reviewed annually and applied quarterly.
3. Unrestricted giving to the EWU Foundation.
4. Interest on short term investments.

The EWU Foundation strives to utilize a prudent fee structure to fund the cost of operations and provide support to the University. Similar to peer practice, administrative fees are used to fund the tasks associated with pursuing, managing and investing the various types of funds held by the Foundation. These fees provide essential support necessary to EWU Foundation's overall operation. The fee structure and rates are reviewed annually by the EWU Foundation Finance Committee and approved by the EWU Foundation Executive Committee.

## Endowed Funds Distribution and Assessment

The distribution rate will be reviewed by the EWU Foundation Finance Committee and approved by the EWU Foundation Executive Committee annually in the fall of each year, balancing the two opposing claims - the need for current students, and the obligation to preserve and grow the endowment for future students.

The distribution rate will be calculated monthly as a percentage of the fair market value using a three year rolling average of the unit value. This will be determined December 31, allowing financial aid and departments time to plan the use of the funds that will be available the following July 1. EWU Foundation practice does not allow for distribution from endowed accounts that are “underwater”.

Earnings available for expenditure will be transferred into a holding account and, if not allocated immediately, will be invested with the Foundation’s short-term investments. If not allocated by the end of the year, the remaining distribution will be added to respective account’s principal, unless the endowment agreement specifies otherwise.

Distribution from new endowment funds may begin only after the fund has reached the minimum amount required *and* has been invested for a full twelve months prior to the first distribution assessment in December.

A service fee is assessed to the Foundation endowment. The fee amount will be reviewed by the EWU Foundation Finance Committee and approved by the EWU Foundation Executive Committee annually in the fall of each year and will be assessed quarterly. This calculation will be based on the 36 month rolling average of the endowment’s market value. For the December calculation the fee assessment will happen after earnings identified for distribution have been removed but not yet allocated.

	<u>Assess Fee</u>	<u>Transfer Fee</u>
Q1	September	October
Q2	December	January
Q3	March	April
Q4	June	July

## **Gift Fee on Non-Endowed Funds**

The approved gift fee is applied at the time of the gift. This fee is a national best practice and utilized to support fundraising operations on behalf of the university.

The Planned Gift Realization Assessment including estate gifts, retirement plan distributions and life insurance proceeds will follow the same Gift Fee on Non-Endowed Funds.

The EWU Foundation reserves the right to charge the Gift Fee on earned income.

## **Historical Rates and Fees**

The historical record of the annual Endowment Distribution rate and Service fees applied have been approved by the EWUF Executive Committee as recorded on the attached Appendix A.

### **Policy Historical Actions:**

Approved, Foundation Executive Committee – December 4, 2008

Amended and Approved, Foundation Executive Committee – October 21, 2010

Reviewed and Recommended, Foundation Finance Committee – April 27, 2011

Approved, Foundation Executive Committee – May 24, 2011

Amendment Board Adopted – July 8, 2011

Reviewed and Recommended, Finance Cmte. – Sept. 21, 2011 & Approved, Executive Cmte. – Oct. 24, 2011

Reviewed and Recommended, Finance Cmte. – Sept. 19, 2012 & Approved, Executive Cmte. – Jan. 15, 2013

Amendment Board Adopted – June 18, 2013

Amended and Approved, Finance Cmte – October 16, 2013 & Approved, Executive Cmte – Nov.19, 2013

Amendment Board Adopted – Dec 3, 2013

Amended and Approved, Finance Cmte – October 14, 2015

Amended and Approved Finance Cmte – April 13, 2016

Amendment Board Adopted – June 14, 2016

Reviewed and Recommended, Finance Committee – April 12, 2017

Reviewed and Recommended, Executive Committee – May 16, 2017

Amended and Approved – EWUF Board June 13, 2017

Amended and Recommended Finance Committee – July 26, 2017

Amended and Recommended Executive Committee – August 15, 2017

Amended and Approved – EWUF Board September 5, 2017

Amended and Approved Finance Cmte – April 18, 2018

Reviewed and Recommended Executive Committee – May 15, 2018

Amendment Board Adopted – June 12, 2018

Amended and Recommended Finance Committee – February 7, 2020

Amended and Recommended Executive Committee – February 11, 2020

Amendment Board Adopted – April 7, 2020

Amended and Approved, Finance and Audit Cmte – May 4, 2021

Reviewed and Recommended, Executive Committee – May 18, 2021

Amendment Board Adopted – June 15, 2021

**Appendix A (Historical Record of Approved Endowment Distribution Rate and Fees)**

Gift Type	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Endowed Funds Distribution Rate (annual)	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Endowed Funds Assessment Fee (annual)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Non-Endowed Funds Assessment Fee (annual)	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	0%	0%	0%
Gift Fee (one time on realized non-endowed gifts)	n/a	n/a	n/a	n/a	n/a	5%	5%	5%	5%	5%