

Spending Policy

For **2024** the annual cash payout of all endowed funds, except those funds containing illiquid assets (such as certain real estate or other property) or as otherwise specified in the fund agreement will be **5% - 7%** of the average market value for **20** consecutive quarters net of financial management fees as of September 30 each year (for a new fund in existence less than **20** quarters the fair market value is calculated for the time the endowment fund has been in existence). *Note: the 5% - 7% is split between grant spending and administration fees as detailed further down in this document.*

The Foundation may appropriate for expenditure or accumulate so much of an endowment fund as it deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. This payout will be used to meet both grant making and administrative needs. The payout rate will be established by the board at its January meeting and may be adjusted to reflect special funding needs and/or financial market conditions. In determining whether to accumulate or expend monies from any endowment fund (“spending policy”), the Foundation will act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and will consider the following NYPMIFA compliant factors (“Spending Policy Factors”), if relevant:

- The purpose of the institution and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the institution
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, given due consideration to the effect that such alternatives may have on the institution
- The investment policy of the institution

To meet the payout level determined each year, the Foundation may utilize both traditional interest and dividends generated by its various funds as well as capital appreciation. Where prudent and not inconsistent with the Foundation’s bylaws, trust documents, fund agreements, and federal and state regulations, the Foundation may use a portion of the principal of endowed funds and certain other funds (such as new funds with little or no capital appreciation) to meet the established payout or to fund special projects as determined by the board or as designated by the donor of such funds. This spending strategy reflects the total return approach to investing and disbursing funds described above.

For **2024**, the Foundation has determined that, in order to achieve its overall financial objective, the following amounts will be appropriated from endowment and non-endowed funds for each calendar year:

Grant Spending – Percentages for grant distributions are listed below for all endowment funds and are calculated on **20** rolling quarters of the average market value of each fund’s portfolio as of September 30, (for a new fund in existence less than **20** quarters the fair market value is calculated for the time the endowment fund has been in existence).

Funds expended for administration are excluded in the Foundation’s spending under this policy. They are appropriated from the endowment funds each calendar quarter as follows:

Administration – Each calendar quarter, the Foundation multiplies the annualized fee rate of the designated percentage for each endowed fund type calculated on **20** rolling quarters of the average market value of each fund’s portfolio. For a new fund in existence less than **20** quarters the fair market value is calculated for the time the endowment fund has been in existence). For non-endowed funds the administrative fee will be 2.0% of the current fund value with a minimum annual fee of **\$400**. **The minimum fee of \$400** will cover up to 20 grant transactions. After 20 grant transactions an additional **\$400** will be charged for each group of 20 over the initial 20.

Charges for extra services may be negotiated with the Executive Director.

Type/size of fund	Grant percentage based on 20 rolling quarters	Administrative fee percentage based on 20 rolling quarters
Endowed Agency under \$1 million	3.6%	1.4%
Endowed Agency over \$1 million	4%	1%
Endowed Donor Advised	3.5%	1.5%
Endowed Donor Designated	3.6%	1.4%
Endowed Field of Interest	3.5%	1.5%
Endowed Scholarship \$0 – \$10,000 established 1.1.2024 or later	0%	3.5%
Endowed Scholarship \$0 – \$10,000 established 2023 or prior	3.5%	3.5%
Endowed Scholarship \$10,000 - \$13,999*	3.5%	3.5%
Endowed Scholarship \$14,000 - \$15,999*	3.5%	3.0%
Endowed Scholarship \$16,000 - \$17,999*	3.5%	2.5%
Endowed Scholarship \$18,000 - \$19,999*	3.5%	2.25%
Endowed Scholarship \$20,000 and up	3.5%	2.0%
Endowed accepting grant applications via GLM	3.5%	2.0%
Non-endowed (NOTE: an associated agency non-endowed fund related to an agency endowed fund falls into the same category as the agency endowed fund)	n/a	2.0%

Type/size of fund	Grant percentage based on 20 rolling quarters	Administrative fee percentage based on balance at the end of the current quarter
Pass-through	n/a	5% - 10% at the discretion of the executive director
Non-endowed pass-through companion fund to endowed scholarship fund	n/a	5.0%

*While this policy does not designate a minimum fee for endowed fund, these percentages are based on an approximation of the percentage needed to generate a minimum annual fee of \$400 for endowed funds.

At these levels, the Foundation's spending is expected to equal the long-term real rate of investment return; therefore, the purchasing power of the Foundation is expected to be maintained over the long term.