FUND ADMINISTRATION SUMMARY

Finance Principles

- Provide superior gift management and administration
- Ensure highest quality donor and U of M customer service
- Commit to operational efficiency
- Ensure gifts are utilized in accordance with donor wishes
- Optimize partnership with the University community

Administrative Fee Principles

- Charge reasonable fees for related admin services
- Maintain low fee rates to reflect commitment to efficiency
- Strive for clear consistent donor communication
- Provide total transparency to administration and fee policies
- Ensure equity – all fund types pay for related admin services

Fund Types

Permanent Endowment
- $25,000 minimum
- Invested in long-term pool
- Annual spending is based on the UMF Board Approved Spending Policy
- Fund receives actual pool investment returns (net of investment management fees)
- Unspent payout (‘available funds’) remains invested in the long-term pool. Earnings and losses are credited to the fund’s principal balance. Earnings are limited to ST rates set by the Finance Committee.
- Reinvestment of ‘available funds’ to principal is permitted on an annual basis
- Annual administrative fee is 1% of the fund’s market value

Quasi – Endowment
- $10,000 minimum
- Invested in long-term pool
- Fund receives actual pool investment returns (net of investment management fees)
- Annual spending is permitted up to 20% of the prior year’s cash balance (exceptions may be approved)
- Annual administrative fee is 1.5% of the fund’s market value

Demand
- No dollar minimum
- Invested in short-term low risk pool
- Fund receives actual pool investment returns (net of investment management fees)
- 100% of balance is available for spending
- Annual administrative fee is 2.75% of the fund’s market value

Special Projects
- $5 million minimum
- Investment strategy is designed on a case by case basis
- Administrative fee will align with the Demand fund fee unless otherwise negotiated
UMF Endowment Spending Policy

- 4.5% of the five year trailing average principal fund balance
- Calculated monthly and transferred to ‘available funds’
- Average balance ‘Restarts’ available upon request and meeting criteria
- Governed by Uniform Prudent Management of Institutional Funds Act (UPMIFA)
  - Objectives:
    - Provide stable and predictable funding for designated programs
    - Maintain purchasing power into perpetuity
    - Strive for intergenerational neutrality

Underwater Policy (Implemented if fund principal falls below original gift value)

- UMF will automatically suspend payout for one quarter when a fund balance reaches:
  - 20% underwater for non-match funds
  - 25% underwater for matched scholarship funds (U of M match amounts will be forfeited if alternative resources cannot be found to replace suspended payout)
- Funds’ underwater status is evaluated every three months
- Spending of existing ‘available’ dollars is encouraged