

FUND ADMINISTRATION SUMMARY

Fund Types

	Permanent Endowment	Quasi-Endowment	Demand
Minimum to Establish	\$50,000 (\$250k for graduate fellowship)	\$25,000	\$5,000
Investment Strategy	Long-term pool fund receives actual returns*	Long-term pool fund receives actual returns*	Short-term, low risk pool fund receives actual returns*
Annual Spending	4.5% of 5-year trailing average principal fund balance (see below)	Up to 20% of prior year's cash balance (exceptions may be requested)	100% of balance
Annual Admin Fee	0.8% of fund's market value <i>(Effective 7/1/26: 1%; moving to a 5-yr trailing average principal fund balance calculation)</i>	1.5% of fund's market value <i>(Effective 7/1/26: moving to a 5-yr trailing average total fund balance calculation)</i>	Up to 2.75% of fund's market value based on investment earnings <i>(Effective 7/1/26: Investment returns retained by Foundation)</i>

*Net of investment management fees

Permanent Endowment Policies

- Endowment policies are established and approved by the UMF Board of Trustees in accordance with the federal 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
- **Spending Policy:** annual payout of 4.5% of the five-year trailing average principal fund balance
 - Payout is calculated monthly and transferred from principal to a spending account ('available funds')
 - 'Available funds' should be requested by the University when spent
 - Average principal fund balance 'Restarts' are available upon request and meeting criteria
 - Reinvestment of 'available funds' to principal is permitted
 - Reinvestment not permitted for 21st Century Graduate Fellowship Match, President's Scholarship Match and Duluth Reaching Higher Match funds
 - 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 short term rates.
- **Underwater Policy:** A permanent endowment is 'underwater' if the principal balance is less than the total gift value
 - Adding payout to the available funds is discontinued for one quarter if the principal balance reaches 80% of the gift value (=20% underwater). Review is conducted quarterly.