Endowment Funds and Spending Policy
Last Updated November 2006
Last Review Date October 2012

DEFINITIONS:

Endowments are those funds, which donors have given with some stipulation as to the use of the principal of the gift. There are three types of endowment funds.

*Permanent Endowment Funds:*

Funds where the donor has stipulated that the gift is to be maintained inviolate and in perpetuity, with only the income from this gift to be expended.

*Term endowment Funds:*

Same as permanent endowment, except that by the terms of the instrument of gift, the gift principal might be released from inviolability to permit all or part to be expended.

*Quasi-Endowment Funds:*

Funds, which the Board of Trustees of the University, rather than a donor, has determined, are to be retained and invested with only the income available to be expended.

POLICY:

The University of Miami’s policy for endowment funds is twofold. It covers investments and spending as follows:

A. Investment Policy

To invest all funds in the Growth Pool unless specifically restricted from so doing by the donors or by the Investments Committee of the Board of Trustees.

B. Endowment Spending Policy

For accounts invested in the Growth Pool:

To distribute annually five percent of the three-year moving average market value of the Growth Pool.

For all other endowment accounts:

To distribute only interest and dividends.

*Effective for endowments opened after November 1, 2002:*

Generally, a new endowment must be opened on the University’s financial records system before December 31 in order for that endowment to be activated for spending for the next fiscal year. In addition, no distribution will be made from an endowment until its funding reaches the level stipulated by its “class” (as detailed in University Advancement Policy F70) by December 31 of the previous fiscal year. Further, the following “classes” of endowments will have an additional delay of one year in starting distributions: University Chair, Endowed Chair, and Endowed Professorship.