

IHM ENDOWMENT SPENDING FORMULAS

The spending formula establishes the amount of money the endowment board is allowed to distribute each year in support of religious education activities of the parish. The formula has changed over time.

CURRENT SPENDING FORMULA—ADOPTED 10/2/18

The current spending formula was adopted by the board at its October 2, 2018 meeting. The minutes of that meeting read:

Motion by Wendy Burch, second by Joan Ogden: “ Be it resolved that effective for 2018 disbursements, the IHM Endowment Board shall set its annual funding levels at no less than 3% and no more than 5% of the rolling 5 year fund balance as of December 31st of the previous year. Further, it was agreed if the board chooses not to spend at the level approved, those unspent funds may be carried over and disbursed in future years.” Motion approved unanimously

2009 SPENDING FORMULA—ADOPTED AUGUST 2009

Spending Rate: *The maximum spending rate is 5% of the 5-year moving average of year-end total fund market values. The 5% spending rate is limited by a requirement that at least 75% must be funded by interest, dividends and capital gain distributions with the balance funded by a sale of assets that generate capital gains. For 2010, a maximum limited spending rate of \$13,998.03 could be available however, an expenditure \$10,500 is recommended and can be funded only by interest, dividends and capital gain distributions.*

If approved, this 2010 expenditure on religious education should be funded out of the checking account and Vanguard Federal Portfolio.

ORIGINAL SPENDING FORMULA---ADOPTED 1992

The August 2009 spending formula replaced the original formula which was a flat 5% of year-end balance. But, as noted elsewhere in this “Welcome to the Endowment” document, the board had made a decision to be conservative on distributions until it reach its initial goal of a \$1,000,000 balance and therefore it was 2001 when the board made its first distributions from the endowment.