

## **IN-KY SYNOD, ELCA ENDOWMENT SPENDING POLICY**

The Indiana Kentucky Synod, ELCA (the Synod) has received various endowment gifts over the years. Some of these monies have been permanently restricted by the donor in which case the Synod is required to retain the original historic gift value (the principal). A portion of the endowment is unrestricted but has been designated by the Synod Council as quasi endowment. It is the Synod's intent to retain the principal over the long term of both the permanently restricted and quasi endowment. In managing its endowment the Synod shall balance short and long term needs by adhering to prudent investment strategies and sustainable endowment spending as outlined below.

- The actual endowment draw shall be determined by applying a 5.0% rate on the 36-month average market value for the period ending December 31, one month prior to the beginning of the fiscal year (the measurement date), i.e., fiscal year 2005-06 measurement date is December 31, 2004.
- A preliminary 5.0% endowment draw shall be used for budgeting purposes based on the 36-month average market value for the period ending December 31, thirteen months prior to the beginning of the fiscal year, i.e., fiscal year 2005-06 budgeted endowment draw is based on 36-month average endowment value ending December 31, 2003. Once the 36-month average endowment value is computed based on the actual measurement date the budget shall be finalized.
- As of the first day of the fiscal year, if the net asset balance in any designated/restricted category is less than the historic gift value of the corresponding designated/restricted category (principal not intact), the proportion of the total computed endowment draw attributable to any category in which the principal is not intact shall be reduced to zero.
- The finance committee shall allocate the total draw to fund donor restrictions and Council designations during the budgeting process. It shall attempt to allocate the draw based on the ratio of each endowment restricted or endowment designated net asset balance at the preliminary measurement date to total endowment net assets. The allocations may be revised at the actual measurement date and shall consider whether principal is intact per designated/restricted category as of the first day of the fiscal year. In no instance shall the actual endowment draw be in excess of actual expenses the draw is intended to fund, per category, in any fiscal year.