



## **ENDOWMENT DISTRIBUTIONS and ADVANCEMENT FEES POLICY**

*Last reviewed and approved by the EWU Foundation Board of Directors June 13, 2023*

### **Purpose**

In accordance with the standards of care and prudence within the Uniform Prudent Management of Institutional Funds Act (UPMIFA), this document outlines the endowment distribution and service fees related to the EWU Foundation ("Foundation") Endowment Pool and service fees for other noted Foundation accounts. This policy supersedes any prior adopted policies.

The Foundation operating budget comes from four (4) sources:

- 1.) An Advancement Fee assessed on the thirty-six month rolling average of market value of endowed accounts. The percentage amount is determined annually and applied quarterly.
- 2.) A one-time Advancement Fee on all non-endowed gifts, estates, retirement plans and life insurance proceeds. The percentage amount is reviewed annually.
- 3.) Unrestricted giving to the EWU Foundation.
- 4.) Interest on short-term investments.

The Foundation strives to utilize a prudent fee structure to fund the cost of operations and provide support to Eastern Washington University. Similar to peer practice, Advancement Fees are used to fund the tasks associated with pursuing, managing and investing the various types of funds held by the Foundation. These fees provide essential support necessary to EWU Foundation's overall operation. The fee structure and rates are reviewed annually by the EWU Investment Committee, EWU Foundation Finance & Audit Committee, EWU Foundation Executive Committee, and approved by the EWU Foundation Board.

## Endowed Funds Distribution and Assessment

The distribution rate will be reviewed by the aforementioned EWU Foundation Committees and EWU Foundation Board in the spring of each year, balancing the two opposing claims - the need for current students, and the obligation to preserve and grow the endowment for future students.

The distribution rate will be calculated monthly as a percentage of the fair market value using a thirty-six month rolling average of the unit value. This will be determined December 31, allowing financial aid and departments time to plan the use of the funds that will be available the following July 1. Foundation practice does not allow for distribution from endowed accounts that are “underwater”, unless specified by the donor.

Earnings available for expenditure will be transferred into a holding account and, if not allocated immediately, will be invested with the Foundation’s short-term investments. If not allocated by the end of the year, the remaining distribution will be added to respective account’s principal, unless the endowment agreement specifies otherwise.

Distribution from new endowment funds may begin only after the fund has reached the minimum amount required and has been invested for a full twelve months prior to the first distribution assessment in December.

An Advancement Fee is assessed to the Foundation endowment. The fee amount will be reviewed annually in the spring of each year and will be assessed quarterly. This calculation will be based on the thirty-six month rolling average of the endowment’s market value. For the December calculation, the Advancement Fee assessment will happen after earnings identified for distribution have been removed but not yet allocated.

	<u>Assess Fee</u>	<u>Transfer Fee</u>
FYQ1	September	October
FYQ2	December	January
FYQ3	March	April
FYQ4	June	July

## **Advancement Fee on Non-Endowed Funds**

An Advancement Fee is assessed to all gifts at the time of processing. This fee is a national best practice with approximately 75% of peer institutions assessing a fee of between 4% and 10%. The purpose of the Advancement Fee is to recoup specific third party processing charges and offset costs related to soliciting, processing and stewarding contributions, and to provide the resources necessary for greater philanthropic support for Eastern Washington University.

The Planned Gift Realization Assessment including estate gifts, retirement plan distributions and life insurance proceeds will be subject to the same Advancement Fee as Non-Endowed Funds.

The EWU Foundation reserves the right to charge the Advancement Fee on earned income.

## **Historical Rates and Fees**

The historical record of the annual Endowment Distribution rate and Advancement Fees applied as approved by the EWUF Executive Committee as recorded on the attached Appendix A.

### **Policy Historical Actions:**

- Approved, Foundation Executive Committee – December 4, 2008
- Amended and Approved, Foundation Executive Committee – October 21, 2010
- Reviewed and Recommended, Foundation Finance Committee – April 27, 2011; Approved Foundation Executive Committee – May 24, 2011; Amendment Board Adopted – July 8, 2011
- Reviewed and Recommended, Foundation Finance Committee – Sept. 21, 2011; Approved, Executive Committee – Oct. 24, 2011
- Reviewed and Recommended, Finance Committee – Sept. 19, 2012; Approved, Executive Committee – Jan. 15, 2013; Amendment Board Adopted – June 18, 2013
- Amended and Approved, Finance Committee – October 16, 2013; Approved, Executive Committee – Nov. 19, 2013; Amendment Board Adopted – Dec 3, 2013
- Amended and Approved, Finance Committee – October 14, 2015; Amended and Approved Finance Committee – April 13, 2016; Amendment Board Adopted – June 14, 2016
- Reviewed and Recommended, Finance Committee – April 12, 2017; Reviewed and Recommended, Executive Committee – May 16, 2017; Amended and Approved – EWUF Board June 13, 2017
- Amended and Recommended Finance Committee – July 26, 2017; Amended and Recommended Executive Committee – August 15, 2017; Amended and Approved – EWUF Board September 5, 2017
- Amended and Approved Finance Committee – April 18, 2018; Reviewed and Recommended Executive Committee – May 15, 2018 Amendment Board Adopted – June 12, 2018
- Amended and Recommended Finance Committee – February 7, 2020; Amended and Recommended Executive Committee – February 11, 2020; Amendment Board Adopted – April 7, 2020
- Amended and Approved, Finance and Audit Committee – May 4, 2021; Reviewed and Recommended, Executive Committee – May 18, 2021; Amendment Board Adopted – June 15, 2021
- Amended and Approved, Finance and Audit Committee – May 24, 2022; Reviewed and Recommended, Executive Committee – May 31, 2022; Amendment Board Adopted – June 14, 2022
- Amended and Approved, Investment Committee – April 25, 2023; Reviewed and Recommended, Finance & Audit Committee – May 16, 2023; Reviewed and Recommended, Executive Committee – May 30, 2023; Amendment Board Adopted – June 13, 2023

## Appendix A (Historical Record of Approved Endowment Distribution Rate and Fees)

Gift Type	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Endowed Funds Distribution Rate (annual)	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Endowed Funds Assessment Fee (annual)*	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Non-Endowed Funds Assessment Fee (annual)	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	0%	0%	0%	0%	0%
Advancement Fee (one time on realized non-endowed gifts)	n/a	n/a	n/a	n/a	5%	5%	5%	5%	5%	5%	5%

\*The EWU Foundation Investment Committee will reevaluate this fee once the ending market value of the EWU Foundation Endowment Portfolio reaches \$50 million. If the committee decides at that time to not lower the Endowed Funds Assessment Fee, they must provide a justification that will require a motion to accept/deny by the EWU Foundation Finance & Audit Committee, EWU Foundation Executive Committee, and the EWU Foundation Board.

Any changes made to the Endowment Distribution Rates and Fees requires the review and approval from the EWU Foundation Investment Committee, EWU Foundation Finance & Audit Committee, EWU Foundation Executive Committee, and the EWU Foundation Board in order to take effect.

