

Lake Michigan College Foundation Endowment Fund Spending Policy

Objectives of the Foundation's spending policy:

- assure the growth of the funds to provide for student and program needs into the future
- allocate earnings from the portfolio between current spending and reinvestment for future earnings
- provide a predictable and growing stream of income to beneficiaries of Foundation grants

Spending and Endowment Management Policy:

Distributions:

- The Foundation will spend 3-5 percent of a 12-quarter rolling average of market values (*principal and interest*).
- Distribution on any endowed fund will conform with generally accepted accounting practices and UPMIFA guidelines.
- Any unexpended allocations will be returned to the fund unless otherwise approved by the Investment Committee.

Procedures:

- In the first calendar quarter of each year, the Lake Michigan College Foundation Investment committee shall evaluate the endowment fund's performance and recommend to the Foundation Board of Directors the specific percentage that shall be available for distribution during the following fiscal year.
- By March of each fiscal year, the Foundation shall inform affected departments of funds available to spend in the succeeding fiscal year.

Investment Committee Meeting Schedule

Second Thursday of February

- Review Investment Portfolio Performance for previous calendar year
- Set and recommend endowment distribution rate for fiscal year beginning in July

Second Thursday of August

- Review Investment Portfolio Performance for calendar year-to-date
- Review asset allocations and prepare recommendations for action by Foundation Board, if necessary.

The Lake Michigan College Foundation follows the guidelines as outlined in the *Uniform Prudent Management of Institutional Funds Act (UPMIFA)* as adopted by the State of Michigan in 2009 (Acts 87 and 88).

Approved by LMC Foundation board on 2/16/11