



















MANAGING ENDOWMENT DISTRIBUTIONS

Based on Previous 4 Quarters

March 31 Balance	
June 30 Balance	
September 30 Balance	
December 31 Balance	
Average Balance	<hr/>
Distribution %	
Distribution Amount	<hr/> <hr/>

Distribution Percentage should be less than the average rate of return net of fees (i.e. 10-year or 5-year average). That way the fund slowly grows over time thus increasing the distribution amounts as well. For example, the Foundation has a 10-year return of 5.83% and usually distributes 4.0 - 4.5%. After a down year, it may be wise to use a lower percentage until the balance recovers.

Based on Previous 12 Quarters

<i>Year 1</i>	March 31 Balance	
	June 30 Balance	
	September 30 Balance	
	December 31 Balance	
<i>Year 2</i>	March 31 Balance	
	June 30 Balance	
	September 30 Balance	
	December 31 Balance	
<i>Year 3</i>	March 31 Balance	
	June 30 Balance	
	September 30 Balance	
	December 31 Balance	
	Average Balance	<hr/>
	Distribution %	
	Distribution Amount	<hr/> <hr/>

MANAGING ENDOWMENT DISTRIBUTIONS

Real Life Example: This is an endowment managed by the Dakotas UM Foundation. The original gift about was \$20,000 in 2003. When adjusted for inflation, that \$20,000 is equivalent to \$26,157.28 in 2016 dollars. It would be a good idea to choose a lower distribution percentage in order to catch back up with inflation.

Inflation calculator can be found at:
<http://data.bls.gov/cgi-bin/cpicalc.pl>

Based on Previous 12 Quarters		
<i>Year 1</i>	March 31 Balance	23,951.89
	June 30 Balance	23,661.26
	September 30 Balance	24,884.31
	December 31 Balance	26,321.17
<i>Year 2</i>	March 31 Balance	25,960.07
	June 30 Balance	26,619.49
	September 30 Balance	25,896.81
	December 31 Balance	26,211.77
<i>Year 3</i>	March 31 Balance	25,728.85
	June 30 Balance	25,649.39
	September 30 Balance	23,961.11
	December 31 Balance	24,473.64
Average Balance		25,276.65
Distribution %		4.00%
Distribution Amount		1,011.07