














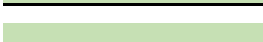




# MANAGING ENDOWMENT DISTRIBUTIONS

## Based on Previous 4 Quarters

|                            |   |
|----------------------------|---|
| March 31 Balance           |  |
| June 30 Balance            |  |
| September 30 Balance       |  |
| December 31 Balance        |  |
| <b>Average Balance</b>     | <hr/>   |
| Distribution %             |  |
| <b>Distribution Amount</b> | <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        |    |
|               | <b>Average Balance</b>     | <hr/>   |
|               | Distribution %             |  |
|               | <b>Distribution Amount</b> | <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        |
|                               | <b>Average Balance</b>     | <b>25,276.65</b> |
|                               | Distribution %             | 4.00%            |
|                               | <b>Distribution Amount</b> | <b>1,011.07</b>  |