



OP: 62.06 ENDOWMENT EARNINGS SPENDING

PURPOSE

The purpose of this policy is to insure the continued viability of these and future Mississippi State centralized endowment funds by providing specific guidelines for the allocation, in a reasonable and balanced way, of total earnings from the endowments between current spending and reinvestment for future earnings.

Mississippi State University serves as trustee and beneficiary of numerous endowment trusts. While the original principal of these funds can not be spent, earnings are eligible for use as designated in the trust establishing documentation.

POLICY/PROCEDURE

New Endowments: For the first three (3) years of operation, spending on newly created endowment funds will be limited to the lesser of:

- A. Annual earnings,
- B. 5% of the ending market value of the fund from the previous fiscal year-end.

There will be no spending allowed in the year a fund is established unless a specifically stated exemption exists within the original endowment documents.

Ongoing Endowments: After the initial three (3) year period, endowment earnings available for spending within a fiscal year will be determined as follows:

- A. 5% of the three (3) year moving average of fiscal year end endowment fund market values using the most previous fiscal years, plus
- B. Any funds available but not spent in previous fiscal years.

Spending will come from earnings only with no deterioration of initial corpus allowed unless specifically stated in the original endowment documents.

Requests for exceptions to the spending limit procedures described above will be addressed on a case by case basis. Requests must provide justification for the additional spending authority and be approved by the Vice President responsible for the department making the request. The request must then be directed to the the Vice President for Budget and Planning for review. The Vice President for Budget and Planning will provide a written response to approve/deny the request. Under all circumstances, spending will come from endowment earnings, with no deterioration of initial corpus allowed unless specifically provided for in the original endowment documents.

REVIEW

This policy will be reviewed annually by the Controller and Treasurer with any modifications submitted to the Vice President for Budget and Planning.

REVIEWED BY:

/s/ Kevin Edelblute
Controller & Treasurer

09/01/2015
Date

/s/ Don Zant
Vice President for Budget and Planning

09/02/2015
Date

/s/ Joan Lucas
General Counsel

09/17/2015
Date

/s/ Timothy N. Chamblee
Assistant Vice President and Director
Institutional Research and Effectiveness

09/03/2015
Date

APPROVED BY:

/s/ Mark Keenum
President

10/26/2015
Date