



OP 62.06 ENDOWMENT EARNINGS SPENDING

PURPOSE

The purpose of this policy is to ensure the continued viability of Mississippi State University endowment funds. Mississippi State University serves as trustee and beneficiary of numerous endowment trusts. This policy provides specific guidelines to distribute endowment funds in a manner that balances current spending needs and reinvestment strategies with the goal of conserving the long-term purchasing power of the endowment fund.

POLICY/PROCEDURE

Spending will be managed in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Mississippi State University may expend so much of an endowment fund's net appreciation as is determined to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

New Endowments: There will be no spending allowed in the first twelve (12) months after a fund is established unless a specifically stated exemption exists within the original endowment documents. For the next three (3) years, spending will be limited to the lesser of:

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

Ongoing Endowments: Endowment earnings available for spending within a fiscal year will be determined as follows:

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

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 Vice President for Finance and Administration for review. The Vice President for Finance and Administration will provide a written response to approve/deny the request.

REVIEW

This policy will be reviewed every four years or as needed by the Associate Vice President for Finance with any modifications submitted to the Vice President for Finance and Administration for consideration.

REVIEWED BY:

/s/ Kevin Edelblute
Associate Vice President for Finance

08/12/2022
Date

/s/ Don Zant
Vice President for Finance & Administration

08/12/2022
Date

/s/ Tracey N. Baham
Associate Vice President, Institutional Strategy & Effectiveness

01/30/2023
Date

/s/ Joan Lucas
General Counsel

03/17/2023
Date

APPROVED BY:

/s/ Mark E. Keenum
President

05/22/2023
Date