Endowment Distribution and Investment Policy

Approving authority	Finance, Resources and Risk Committee
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Description	The policy outlines the University's approach to the distribution of endowment fund investment returns.

Related documents

Griffith University Philanthropy and Fundraising Policy
Treasury Policy

1. INTRODUCTION

This policy outlines the University's distribution of endowment fund investment returns to all endowment donations included in the fund (both capital preservation and amortising donations). It is not intended to capture gifts or donations made with the purpose of distributing the initial capital sum in the short-term.

The preferred strategy for endowments is to limit the number of funds established, leveraging existing funds to gain scale and efficiency. Where a new fund is proposed it must be supported by the Deputy Vice Chancellor (Engagement). The preferred minimum gift for establishing an endowment fund is $100,000.

2. DEFINITIONS

2.1 Endowment Fund

is an investment fund established by the University for receiving third party donations as well as contributions from the University's own reserves specifically with the purpose of generating operating income for specific or general purposes (normally to support scholarships), whilst preserving the capital base (except for amortising endowments where the capital decreases over time).

2.2 Consumer Price Index (CPI)

is the Australian All Groups CPI (Percentage Change from Corresponding Quarter of Previous Year; All groups CPI; Australia; Series ID A2325847F) for the 12 months ending December, published by the Australian Bureau of Statistics.

2.3 Real value

is the value of an initial sum of money which has been adjusted for inflation as measured by the CPI so that purchasing power remains constant.

2.4 Distribution Rate

is the annual distribution from the Endowment Fund and reflects the long term targeted return on invested funds. This rate is set annually by the Finance, Resources and Risk Committee. For amortising endowments, CPI is added to the approved distribution rate.

3. ROLES AND RESPONSIBILITIES

Finance is responsible for:

- Ensuring appropriate records are kept;
- Calculating distributions to be made on 1 July each year;
- Ensuring distributions are allocated to the correct departments across the University;
- Ensuring investment practices comply with the University's Treasury Policy.
- Reporting to Finance, Resources and Risk Committee on distributions made from the endowment fund.

Finance, Resources and Risk Committee is responsible for approval of the annual Distribution Rate, the asset allocation and assessment of investment performance and strategy to support the objectives of the University.

4. INVESTMENT OF ENDOWMENT FUNDS

Endowment Funds are invested in line with the Treasury Policy.

5. ANNUAL DISTRIBUTIONS FROM ENDOWMENT FUNDS

The Distribution Rate is set annually by the Finance, Resources and Risk Committee, unless a different rate has been agreed with the donor. The rate balances the competing objectives of preserving the real value of endowments over time and providing a stable flow of income for the activities specified by the initial donation. A conservative but stable rate is calculated to smooth Endowment Fund distributions. Distributions will be transferred to each endowment on 1 July each year.

The rate is set prior to 30 June each year to take into account investment returns and the preservation of the CPI-adjusted value of the initial donation.

Any unallocated distribution at the end of each year will be retained in each endowment to be redrawn in future years as required.