

# Endowment Fund Commitment Minimums, Spending Policy and Fee Schedule – JACKSON COMMUNITY FOUNDATION

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## Endowment Fund Minimums

The Foundation sets its Endowment Fund Minimums for permanent funds by assessing the scope of work the type of fund is designed to accomplish and the minimum amounts of meaningful spending annually. In determining the applicable Endowment Fund Minimums, the Finance Committee considers the Foundation’s history, endowment fund minimum policies in place at other community foundations, and the Foundation’s responsibility to preserve the granting power of its permanent funds over time.

The following minimums are suggested to establish an endowment fund:

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|--|-----------|
| Named Unrestricted Fund                    | \$5,000   |
| Agency Fund                                | \$10,000  |
| Donor Advised Fund                         | \$10,000  |
| Field of Interest Funds                    | \$20,000  |
| Designated Funds                           | \$20,000  |
| Scholarship Funds                          | \$100,000 |
| Individually Managed Donor Advised Funds** | \$250,000 |

## Spending Policy

The Foundation sets its annual spending policy for permanent funds by applying a percentage, determined annually by the Board of Trustees based on the recommendation of the Finance Committee, to a fund’s average net balance. Average net balance is based on a rolling 16-quarter market value. In determining the applicable percentage, the Finance Committee considers the Foundation’s history, spending policies in place at other community foundations, and the Foundation’s responsibility to preserve the purchasing power of its permanent funds over time.

The annual amount available for distribution from any endowed fund is 5% (4.5% for Named Unrestricted Funds as of 1/1/2017) of the average of 16-rolling quarters up to the October 31 balance of the prior year. This spendable will be available after January 1 of the current year. Each fund’s annual spendable balance is net of the Foundation’s administrative service fee. Any spendable balance left as of December 31st of the current year will be moved back into the accumulated earnings account of the fund unless otherwise communicated to the Foundation. New funds will not have a spendable amount until 4 full quarters with the Foundation unless otherwise determined at inception of fund.

## Annual Administrative Service Fee Schedule

The Annual Administrative Service Fee is charged annually in January. The fee charged is calculated on the 12-month average balance as of October 31 of the prior year.

The Board reserves the right to revise the formulas based on market performance and community needs.

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|--|--------------|
| Designated Funds                         | 1.0%         |
| Agency Funds                             | 1.0%         |
| Field of Interest Funds                  | 1.6%         |
| Donor Advised Funds                      | 1.6%         |
| Named Unrestricted Funds                 | 2.00%        |
| Special Project Non-endowed Funds*       | 1.0% - 2.0%  |
| Scholarship Funds*                       | 1.50% - 2.0% |
| Individually Managed Donor Advised Funds | 1.0%         |

\*Determination of which of the above fees is charged to a given special project, scholarship fund, or individually managed fund is based on staff analysis of the level of service provided for that fund. Funds that are currently raising money to meet the fund minimum will be charged 1/2 of the administrative service fee. Once the minimum is raised and/or granting begins, the full fee will be charged.

**Monthly Investment Management Fee**

This fee of .45% covers cost incurred to invest each fund. This fee is charged monthly based on the average fair market value of the fund in 1/12<sup>th</sup> or (.041667%).

\*\*Investment Management Fee for an Individually Managed Donor Advised Fund is established with the Donor’s Investment Manager.

Exceptions to these appropriation guidelines may be granted by the President & CEO and the Board of Trustees. The policy will be reviewed by the Finance Committee annually.

RECOMMENDED BY: FINANCE COMMITTEE  
 RECOMMENDATION DATE: JANUARY 28, 2021  
 APPROVED BY: BOARD OF TRUSTEES  
 APPROVAL DATE: FEBRUARY 18, 2021  
 NEXT REVIEW DATE: JANUARY 2022  
 REQUIRED BY NATIONAL STANDARDS: YES