

Presbyterian Foundation of Columbus Indiana, Inc.
Spending Policy

Overview

The spending policy of the Foundation seeks to:

Provide intergenerational equity by preserving the purchasing power of the Foundation's assets over time.

Provide stability in yearly spending, minimizing the likelihood of year-to-year declines.

Be easy to understand and calculate as early in the year as possible to facilitate budgeting.

Maintain a bias toward preserving and enhancing the growth of principal while continuing to support the mission of First Presbyterian Church.

Approach

The spending policy of the First Presbyterian Church Foundation is generally based on "the Yale Spending Rule", in use by foundations since the early 1970's. Under this approach the allowable spending in any fiscal year is *smoothed* by use of a formula that combines prior year spending and prior year-end account values.

In the Foundation's case, any year's spending is the sum of two components:

1. Seventy percent of the calculated allowable spending in the prior fiscal year, increased by the rate of inflation for the prior fiscal year as measured by the Consumer Price Index,

plus

2. thirty percent of the commonly used long-term spend down rate of 4% of the average of four-quarter market values of the Foundation's assets for the prior fiscal year.

However

Spending will not be less than 3% nor more than 5% of the Foundation's assets at the end of the prior fiscal year.

Adoption

This Spending Policy is adopted August 6, 2014 and replaces the previous Spending Policy dated December 12, 2004. This information will also be noted in the Board's minutes.