

Basic Spending Policy Hurdle Under UPMIFA

- Philosophy: Preserve real purchasing power of the endowment
- Example: If you are funding one program officer today, you should be able to afford to fund one program officer in perpetuity
- Max Spend: $\text{Expected rate of return} - \text{expected rate of inflation}$
- Time Horizon: Very long term - perpetuity

Considerations Under NJ UPMIFA

In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

1. the duration and preservation of the endowment fund;
2. the purposes of the institution and the endowment fund;
3. general economic conditions;
4. the possible effect of inflation or deflation;
5. the expected total return from income and the appreciation of investments;
6. other resources of the institution; and
7. the investment policy of the institution.