

UC Berkeley Foundation Endowment Payout Policy

The UC Berkeley Foundation's (UCBF) payout policy is 4.00% of a twenty-quarter (five year) moving average market value of the general endowment pool. The Finance and Administration Committee, at its discretion, may recommend to the Executive Committee an alternative payout percentage, within a range of 3.5% to 4.5% for a specific payout year, giving due and prudent consideration to factors such as:

- a) desire for stability of funding from one year to the next for planning purposes;
- b) net investment return in current and prior years;
- c) prevailing market conditions and economic outlook and their potential impact;
- d) overall funding environment for the Berkeley campus;
- e) need to maintain the real purchasing power of the endowment; and
- f) total spending from the general endowment pool.

Total spending from the general endowment pool should not exceed 5.5% of a twenty-quarter (five year) moving average market value for a specific payout year. Total spending includes endowment payout, endowment cost recovery (currently 80 basis points), Berkeley Endowment Management Company (BEMCO) expenses, investment manager fees and other expenses. Managing total spending supports the endowment's financial objectives and encourages new endowment gifts.

The Finance and Administration Committee, at its discretion, may recommend to the Executive Committee an alternative payout percentage below 3.5%, or other spending control measures, to limit total endowment spending. The Executive Committee, after giving due and prudent consideration to the recommendation of the Finance and Administration Committee, proposes a payout percentage within a range of 3.5% to 4.5%, or below 3.5% if deemed advisable, for a specific payout year to the Board of Trustees for approval. The payout amount is calculated on a twenty-quarter average¹ of the ending market value of the endowment at March in the current year. The Foundation distributes the payout to the campus in the first quarter of the following year.

¹ The use of a twelve-quarter (three year) moving average market value shall continue for FY 17-18, and a twenty-quarter (five year) moving average market value shall be used beginning in FY 18-19.