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# Financial Advisor's Presentation to UUA Board of Trustees

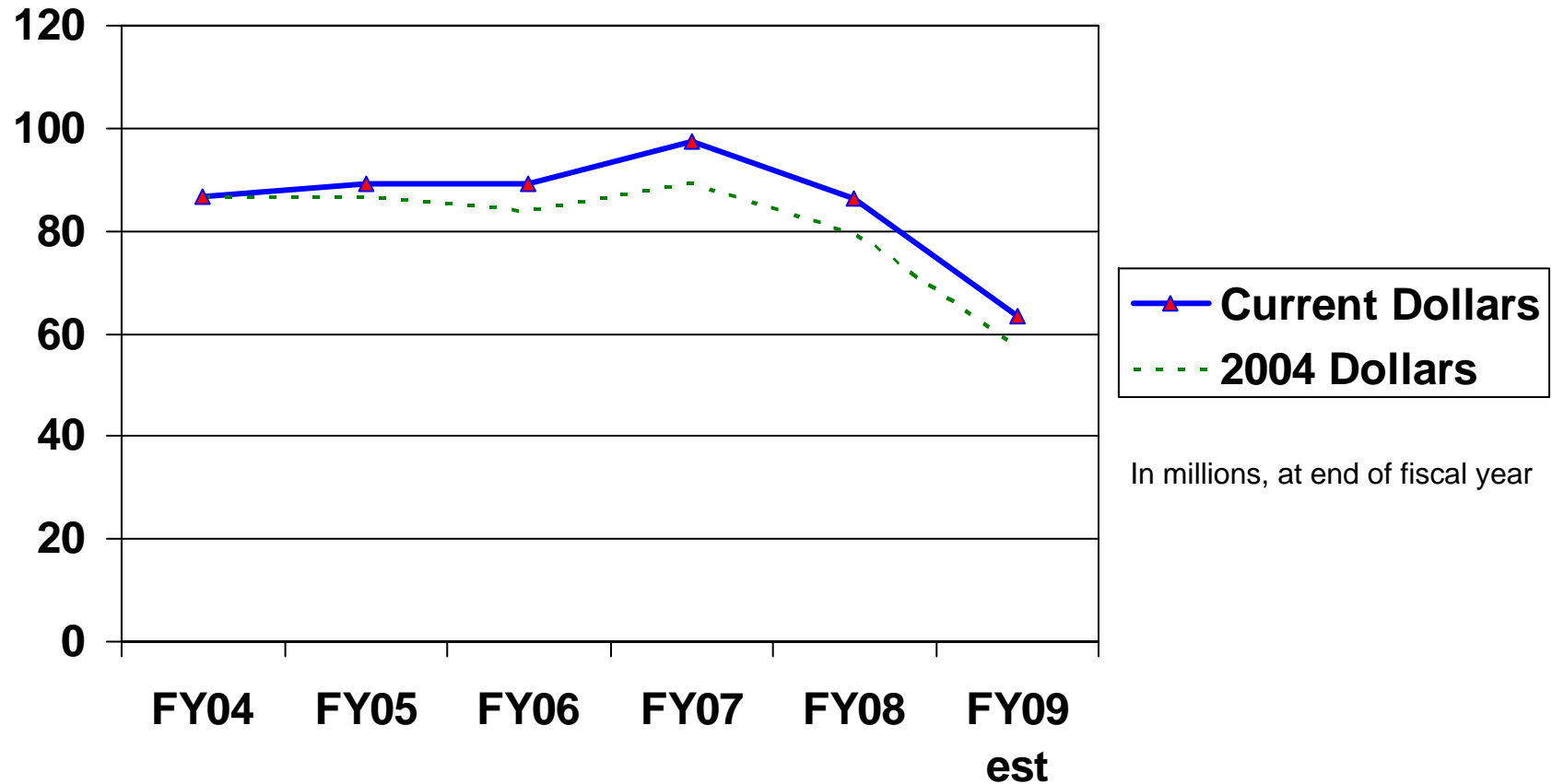
## Dan Brody

January 2009

# UUA Endowment Value



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# Endowment Spending Policy



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- Policy goals
  - Preserve inflation-adjusted endowment value
  - Avoid fluctuations (up or down) in payout
- Expected endowment return and payout
  - 8.5% target return = 5% payout + 3.5% inflation
- Policy applicability
  - all UUA endowed funds -- campaign gifts, trust funds
  - not funds of investing congregations

# Endowment Spending Policy

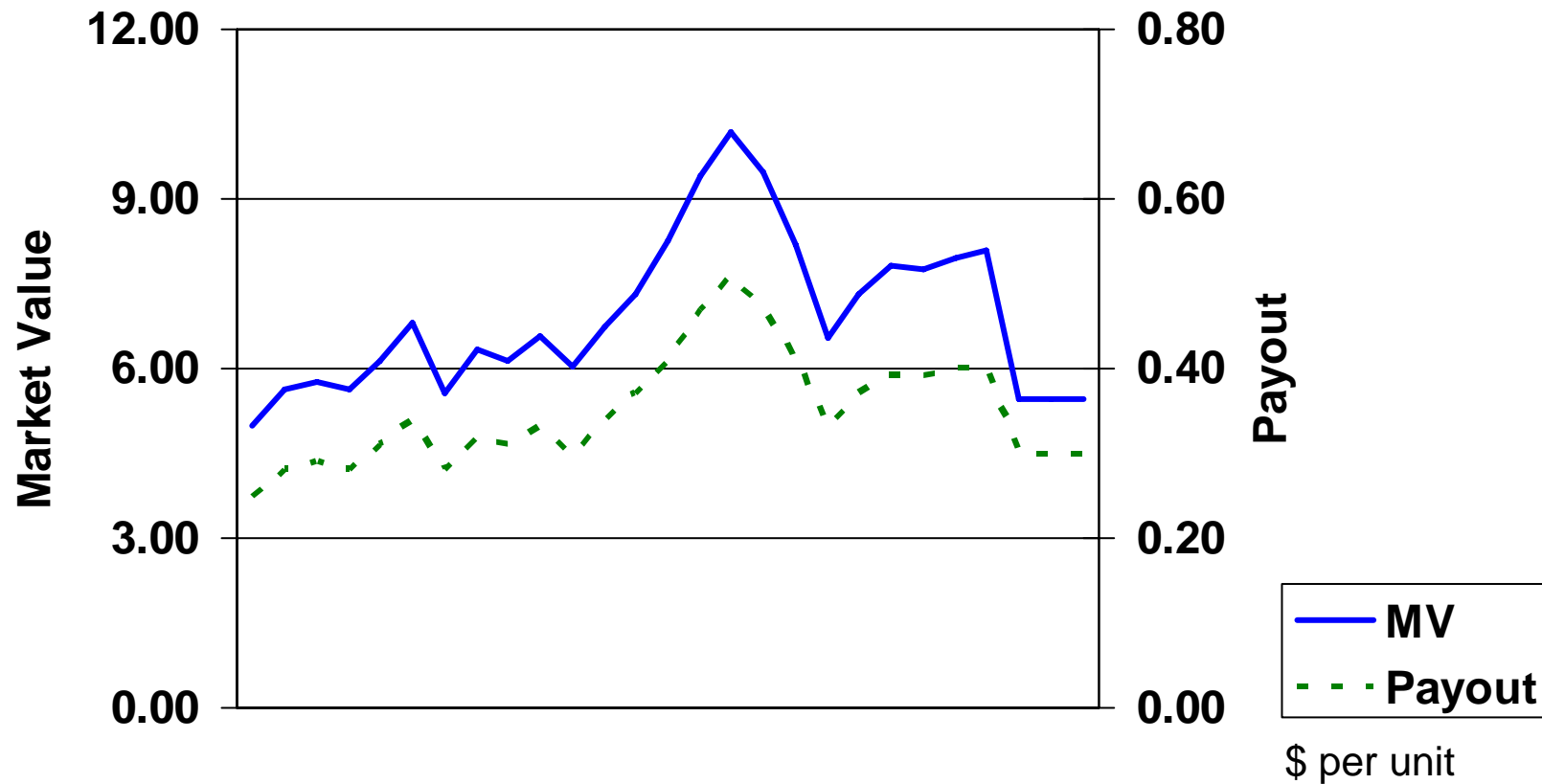


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- Payout formulas
  - Percentage of current market value
  - Percentage of multi-year average value
    - Current UUA policy: 13-quarter average
  - Increase payout for inflation
  - Hybrid that combines inflation with spending rate target



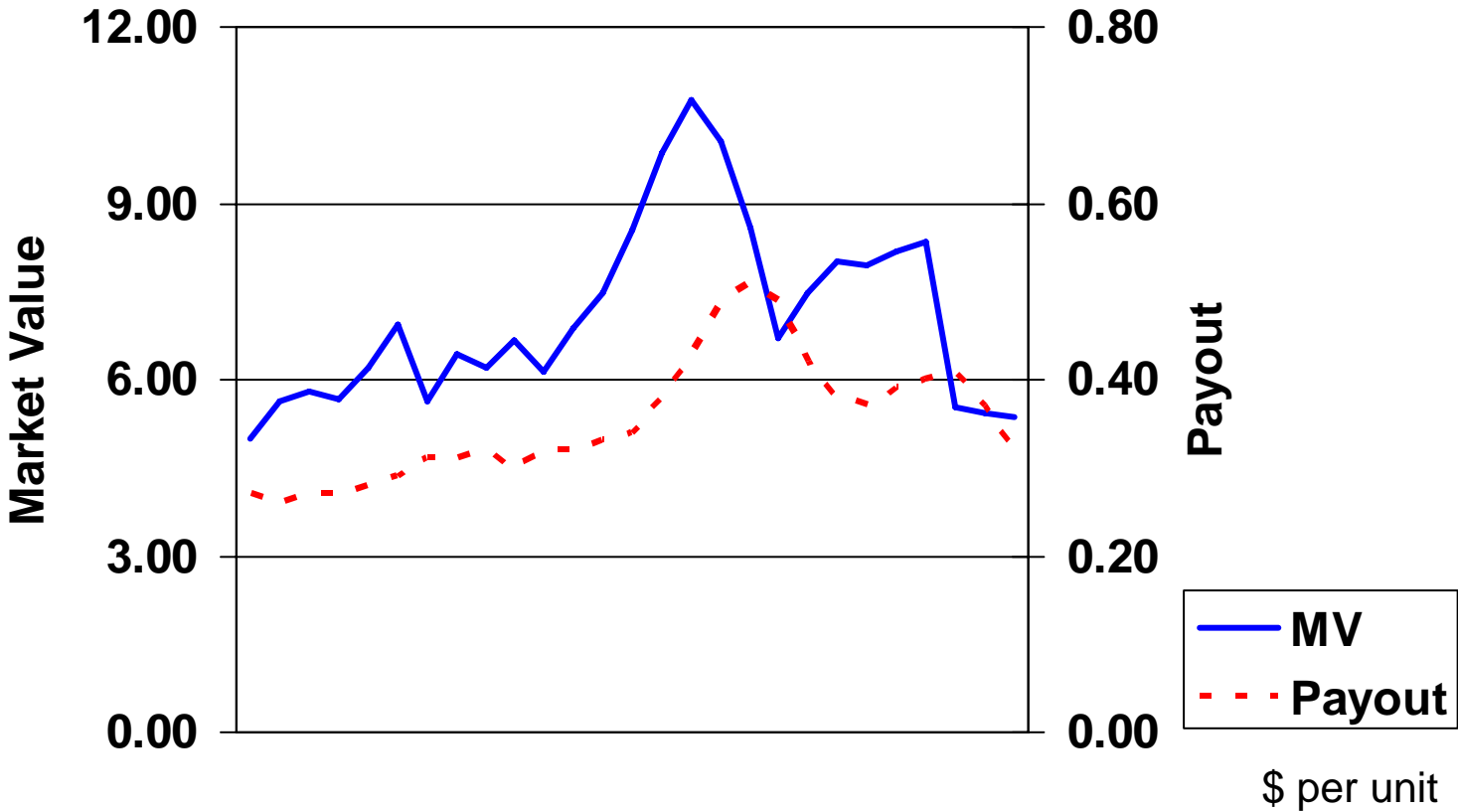
# 5% of Current Market Value



# 5% of Three-Year Average Value

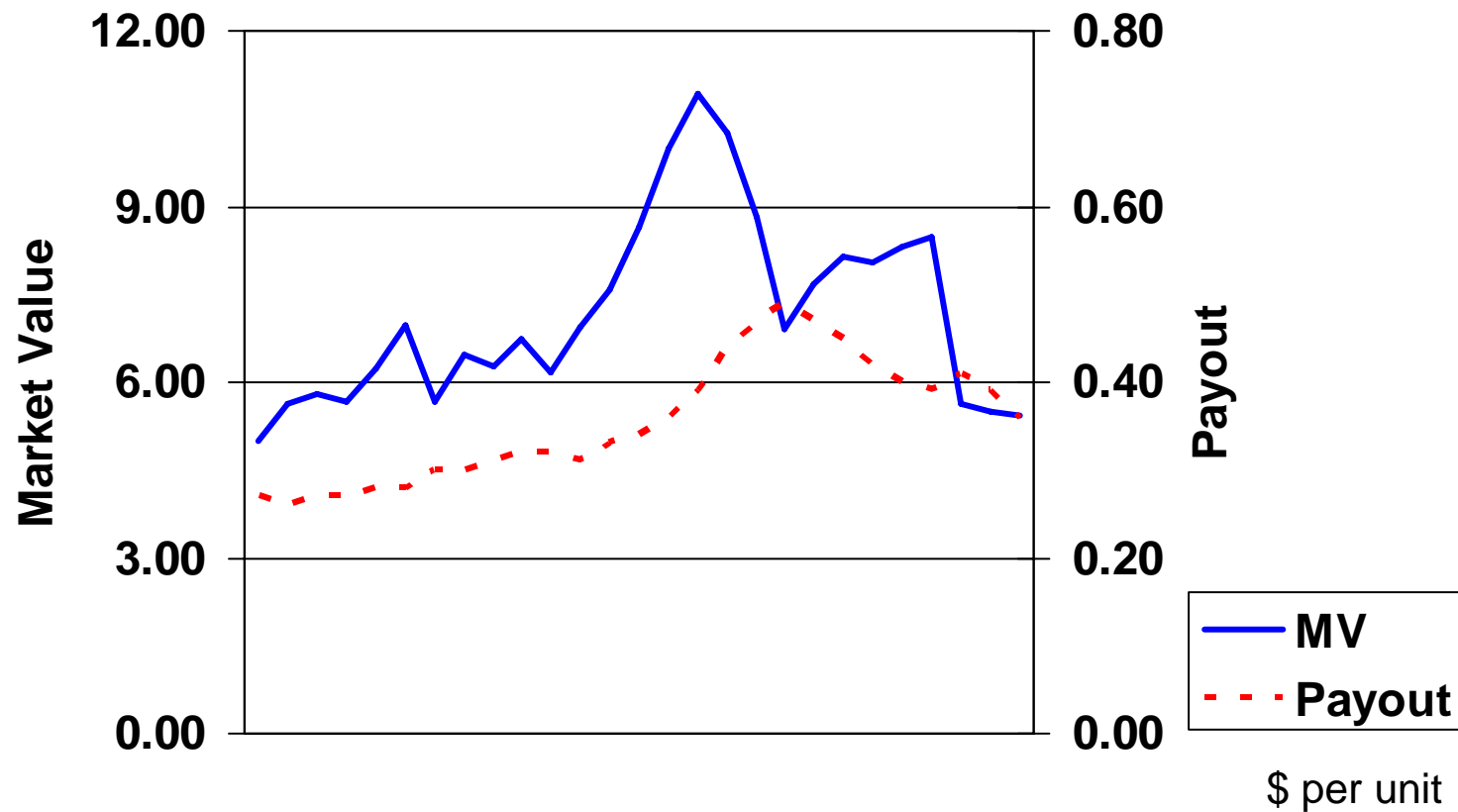


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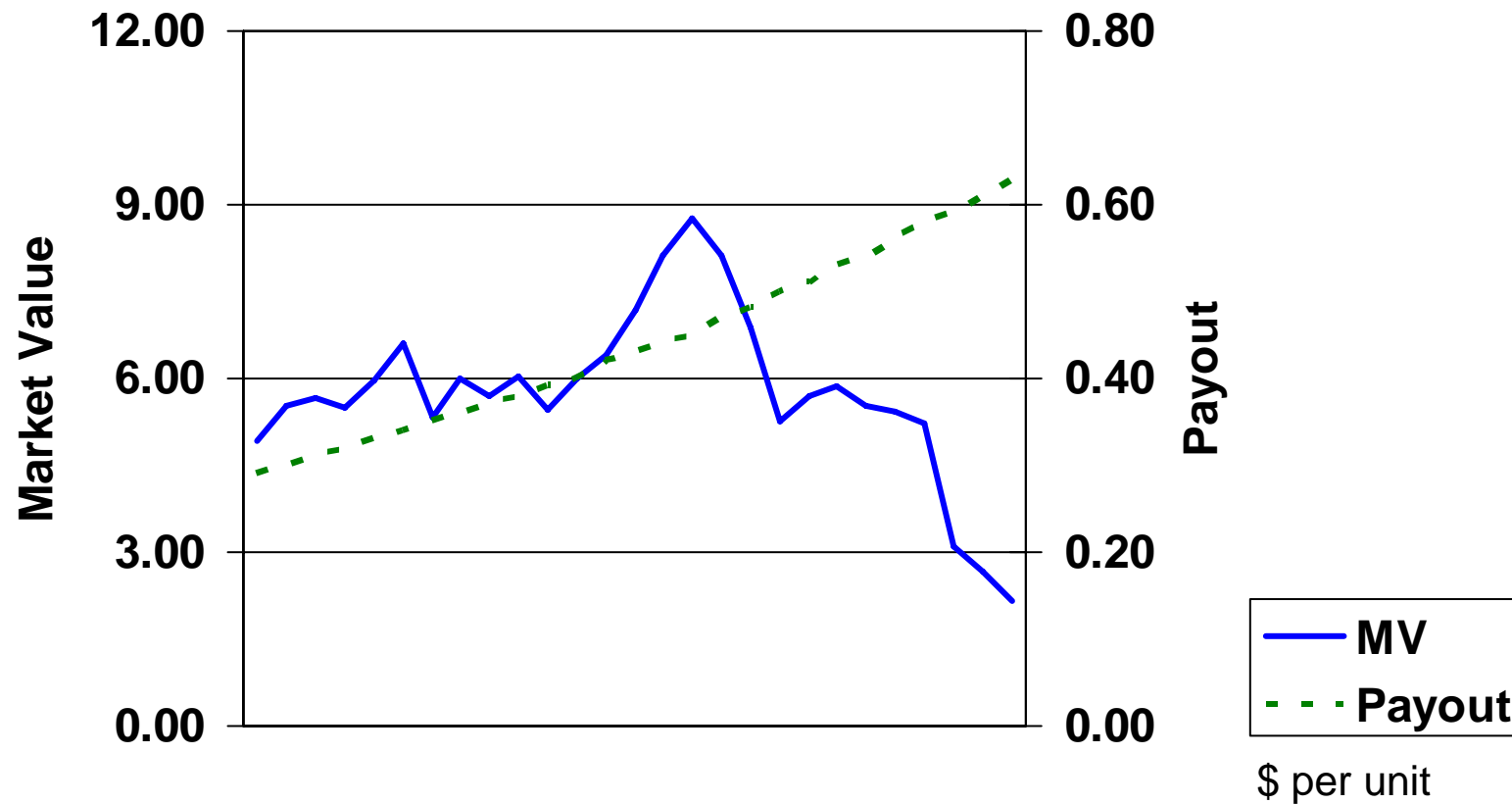


# 5% of Five-Year Average Value





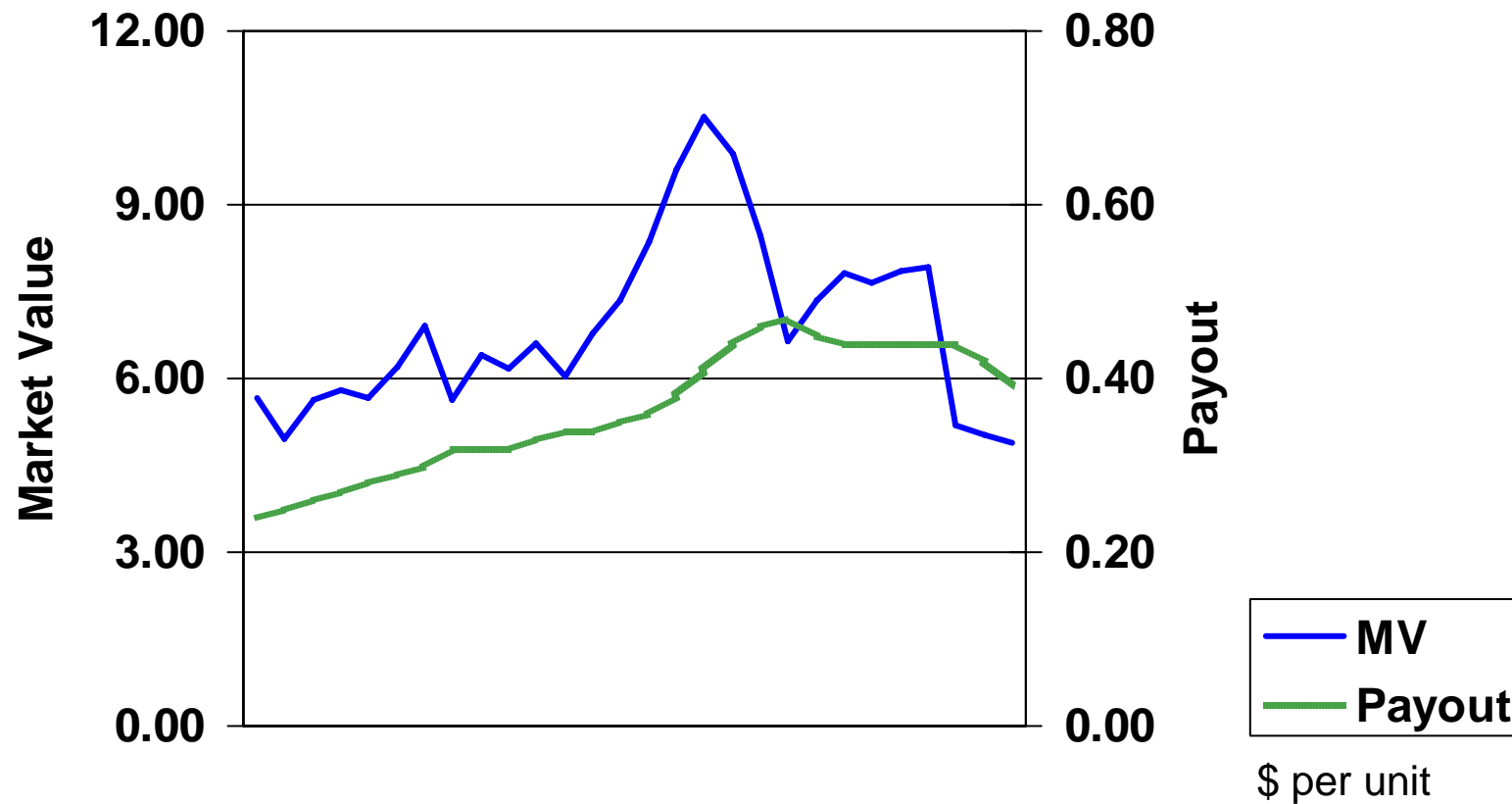
# Payout Rises with Inflation







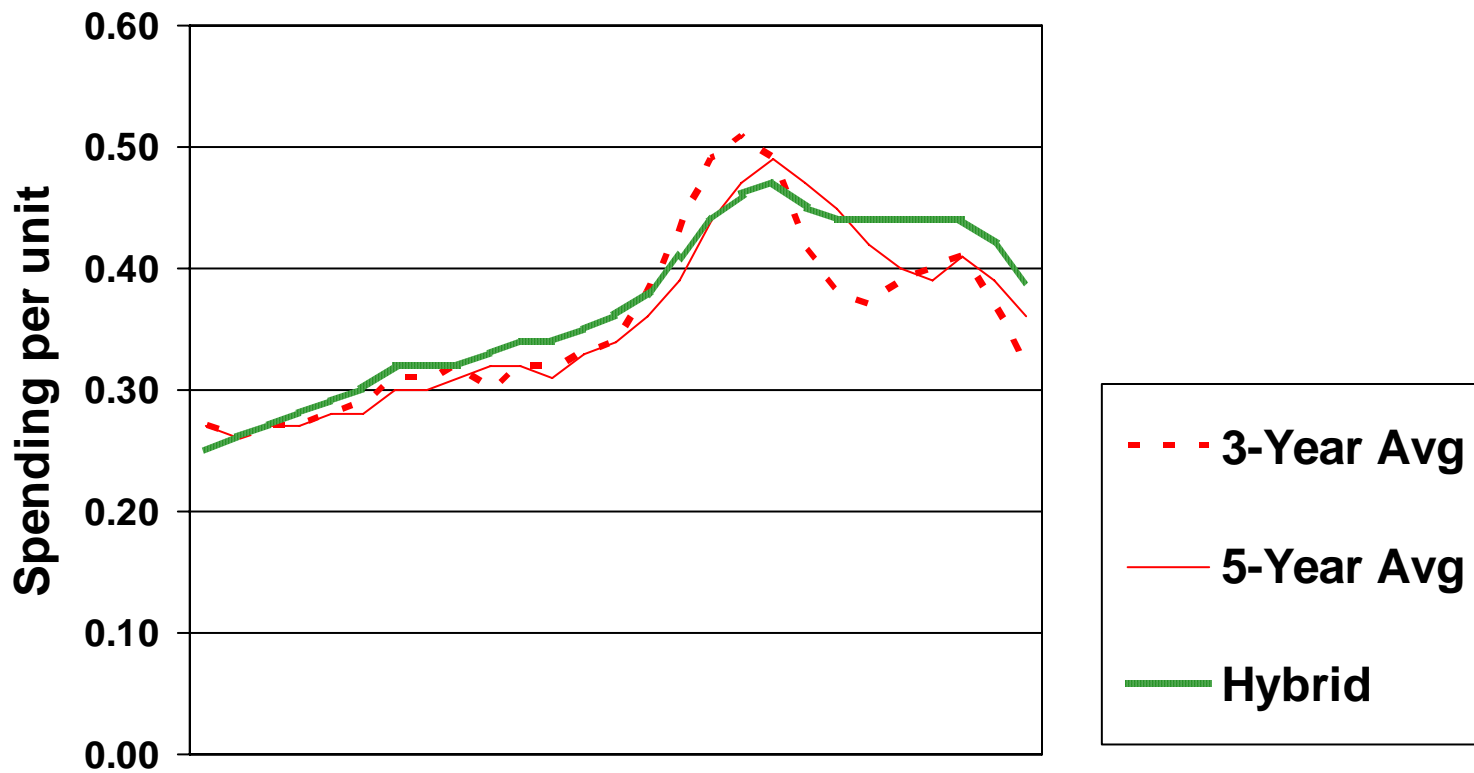
# Hybrid Policy



# Multi-Year Averages vs Hybrid



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# Hybrid Policy Considerations



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- Set aside money in years of strong endowment performance
- Slower spending growth during booms
- Protect spending from decline during busts
- Need to switch to this policy at trough



# Future Agenda Items

- Health insurance plan
- Investment policy and SRI
- Internal rent allocations
- Paying for future capital campaigns
- Endowment spending policies
- Financial reporting and chart of accounts
- Use of bequest income
- Audit committee
  - Conflict of interest and whistleblower policies
  - Compliance with state planned giving rules
- LRCS
- Asset management
  - Debt management
  - Cash management
  - Short-term investments in UUCEF
  - Facilities renewal
- ... and more