

University of Idaho Foundation, Inc.

Consolidated Investment Trust (C.I.T.) Frequently Asked Questions (FAQ)

What is an endowment spending policy?

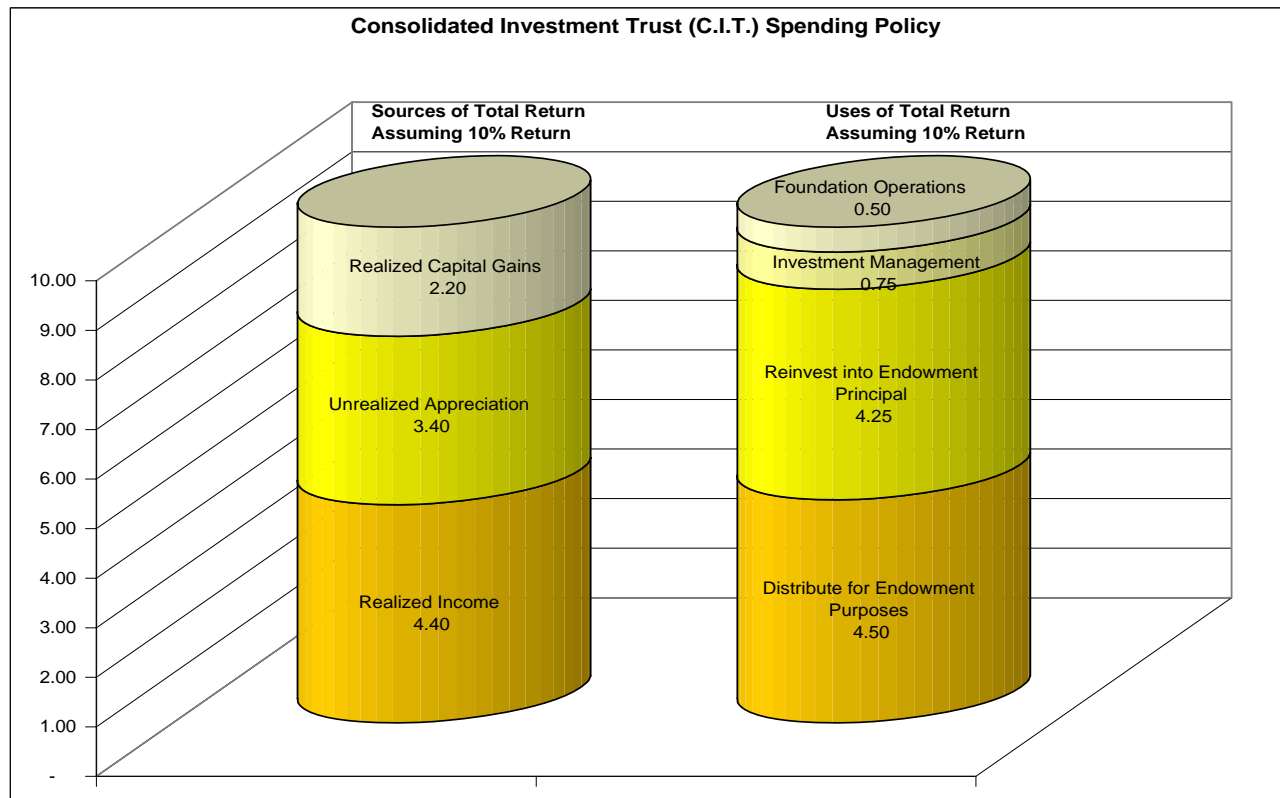
Endowment spending policy determines how the endowment payout amount will be calculated, including how much of the total return will be distributed to support the purposes of the endowment and how much will be reinvested.

Who determines the spending policy for the Consolidated Investment Trust (C.I.T.)?

The University of Idaho Foundation Board of Directors approves the spending policy based upon the recommendation of the Foundation's Investment Committee. The Investment Committee is comprised of Foundation members and is staffed by employees from the University of Idaho Trust and Investment Office.

What is the spending policy for the C.I.T.?

Effective July 1, 2007, existing endowments with "flexible language" and all new endowments will have a payout rate of 5.75% which will be allocated follows: 4.5% will be distributed to the purpose for which the endowment was established by the donor, .75% will be allocated to the Foundation for investment management expenses (unchanged from prior policy), and .50% will be allocated to the Foundation for operating expenses. Any return over 5.75% will be reinvested in the endowment corpus to grow the endowment over time as a hedge against inflation. An example based on a hypothetical rate of return of 10% is displayed below:



How often does the spending policy change?

Changes to the spending policy may be made from time to time. The spending policy is reviewed annually, but it is anticipated that no changes will be made in the near future.

What are the spending policy percentages based upon?

Calculations are based on the prior three-calendar-year rolling average fair market value of C.I.T. shares. Earnings are distributed on a per share, pro-rata basis.

How are the number of shares in an endowment determined?

The C.I.T. utilizes a market-value-share share method of operation (similar to a mutual fund) in which individual endowments pool their cash for investment purposes only. Each endowment “buys” C.I.T. unit participation shares when new gifts are received and transferred into the C.I.T. The fair market value of a C.I.T. unit participation share is determined monthly.

When is my gift invested in the C.I.T.?

New gifts for endowments are invested in the C.I.T. on the first day of the following month after being received (policy effective July 1, 2007; this replaces the former policy of holding gifts for one year before being invested).

When I make a gift to my endowment, does the full amount go into my endowment?

Effective July 1, 2007, gifts for endowed funds are subject to a one percent (1%) assessment when received by the Foundation before being transferred into the C.I.T. The Foundation uses the assessments for operating expenses.

When are earnings distributed?

Endowment earnings are distributed by the Foundation to University accounts annually in July, following the close of the fiscal year. The first distribution from a new endowment will depend upon the size and the timing of the gift. A new endowment full-funded in July or August will most likely payout the next July; a new endowment fully-funded in mid-fiscal-year may wait until the end of the following fiscal year.

Who do I contact if I have additional questions?

Questions regarding the changes to the spending policy may be directed to Christopher D. Murray by phone at 208-885-6155 or e-mail chrismurray@uidaho.edu. Questions regarding specific endowments (balances, earnings, etc.) should be directed to Sue Eschen, 208-885-4000 or e-mail seschen@uidaho.edu.