



UNIVERSITY OF RICHMOND

Policy Manual

Policy #:	FIN-15007	Policy Title:	Reinvestment of Endowment Distribution Policy
Effective:	07/01/2015	Responsible Office:	Office of the Controller
Date Approved:	06/15/2015	Approval:	Executive Vice President and Chief Operating Officer
Replaces Policy Dated:	N/A	Responsible University Official:	Senior Associate Vice President for Finance and University Controller

PURPOSE:

This policy is designed to ensure that endowment funds are used effectively in supporting the University's mission and the donor-specified purposes for which they were given.

SCOPE:

This policy applies to all endowment funds at the University of Richmond.

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POLICY STATEMENT:

FIN-15007.1 – Definitions

Endowment Distribution

The endowment distribution is the portion of the earnings made available for spending. The actual amount to be distributed is determined annually based on the number of shares in the fund and the University's endowment spending policy.

FIN-15007.2 – Responsibilities Prior to Decision to Reinvest Endowment Distributions

Schools or units responsible for administering endowed funds are expected to manage the spending distributions judiciously to ensure that to the extent possible, the distributions are fully utilized each year to support the programs and purposes designated by the donor in the gift instrument or in the case of

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Board-designated funds, by the Board of Trustees (See also FIN-15002 - Effective Use of Institutional Funds). Consequently, the need to reinvest endowment spending distributions should be rare.

FIN-15007.3 – Mandatory Reinvestment

Mandatory reinvestment of endowment distributions typically occurs when the donor, as part of the gift instrument, requires the reinvestment of unspent distributions. The Controller's Office is responsible for monitoring the specific terms or conditions identified by the donor and, if required, initiating the transfer of excess spending distribution to principal. Typically, the reinvestment will occur annually.

FIN-15007.4 – Discretionary Reinvestment

Discretionary reinvestment of unspent endowment distributions may be considered under certain circumstances, e.g., if the distribution produced by the endowment fund exceeds that which is reasonably necessary to support the programs and purposes designated by the donor in the gift instrument and no suitable alternate use, permissible under the terms of the gift instrument, can be identified; or the distribution is not adequate to support the purposes articulated in the gift agreement. Because reinvested funds will become part of the endowment's principal balance, the strategic long-term goals of the requesting department and the University should be considered before recommending the reinvestment of unspent distributions. Requests for discretionary reinvestment of excess spending distributions may occur upon the written recommendation of the responsible school or unit, with the approval of the respective Vice President and the Executive Vice President and Chief Operating Officer.

FIN-15007.5 – Withdrawal of Reinvested Distributions

Any funds reinvested in the endowment will become part of the endowment principal and typically may not be withdrawn at a future point.

FIN-15007.6 – Donor Restrictions on Reinvestment

Any requirements set forth in a gift instrument mandating a different approach to the reinvestment of the spending distribution will take precedence over the University's general policy.

RELATED POLICIES:

FIN-15006 *Policy on Use of Spending Distribution from Endowed Funds*

FIN-15002 *Effective Use of Institutional Funds*

POLICY BACKGROUND:

Developed and approved in 2015. Non-substantive revisions made to update contacts and titles in October 2022.

POLICY CONTACTS:

Senior Associate Vice President for Finance and University Controller

Senior Associate Controller