

INVESTMENT AND WITHDRAWAL GUIDELINES FOR FUNDS FUNCTIONING AS ENDOWMENT BETWEEN \$100,000 AND \$500,000

As outlined in the Board of Trustee's June 11, 1998, resolution, "Increase to Authorization Limits on FFE Withdrawals," and revised in the Board of Trustee's June 11, 1999 resolution, all investments and withdrawals into and out of the Merged Pool (MP) will be made in accordance with the procedures established by the University Controller's Office and Stanford Management Company (SMC). These procedures cover not only investment policies but also extend to the operating policies, such as valuation and computation of the per-share market value and income allocation established for the MP.

Schools and departments may have restricted or unrestricted funds for which a near-term use has not been identified. In order to earn a return, these funds may be transferred as Funds Functioning as Endowment (FFE) for investment in the University's Merged Pool (MP). However, any unit considering this option should acknowledge the incremental risk associated with the commensurate return. Unlike funds within the Expendable Funds Pool (EFP), no guarantee of principal exists for the MP. Funds invested in the MP should be considered long-term investments, and if they are between \$100,000 and \$500,000 they must remain in the MP for a period of twenty years or more. If an FFE is created using a donor current-use gift fund, the donor restrictions for those monies apply to the new FFE.

As per Admin Guide Memo 3.1.2, FFE can be withdrawn under the following conditions:

- **Withdrawals of more than \$5,000,000** may be transferred out of the Endowment only by action of the Board of Trustees. Requests must be made to the Office of the CFO by the first week in October for approval at the December board meeting; the first week in December for approval at the February board meeting; the first week in April for approval at the June board meeting; and the first week in August for the October board meeting.
- **Withdrawals between \$500,000 and \$5,000,000** may be transferred out of the endowment with the approval of the school financial officer, the Provost and the Chief Financial Officer. Smaller amounts may be withdrawn only if the remaining balance is being withdrawn. In order to provide the Stanford Management Company with sufficient time to divest assets, requests for withdrawals must be received by Fund Accounting no later than two months before the anticipated month of withdrawal (for example, by March 31 to withdraw in June).

GUIDELINES FOR INVESTING FFE BETWEEN \$100,000 - \$500,000:

1. Requests for investment must be made in writing on the attached form and approved by both the Dean or Chair and the school's Senior Financial Officer. Fund Accounting will set up the appropriate fund, confirm investment and return a copy of the form to the investor.
2. Funds must be invested for a minimum of 20 years from the date of investment.
3. Investment amounts must be \$100,000 or more.

As with true endowment, a funds functioning as endowment acquires shares in the Merged Pool and receives a payout based on the number of shares owned. All unused payout may automatically be reinvested back in to the principal of the fund at year end; however, this designation can only be made once during the formation of the fund, or when new investments of \$100,000 or more are made¹.

¹ Withdrawals of each investment as well as the associated reinvestment of any unused payout in subsequent years may be made twenty years after each investment of \$100,000 or more.

Questions regarding investments or withdrawals into or out of the Endowment should be referred to Fund Accounting.

INVESTMENT OF FUNDS FUNCTIONING AS ENDOWMENT (FFE)

Date: _____

To: FUND ACCOUNTING
3145 Porter Drive
Palo Alto, CA 94304

From: _____
(Name, title, and phone number)

Subject: **REQUEST TO INVEST FUNDS IN THE MERGED POOL**

Please transfer the following amount from the following fund to FFE for investment in the Merged Pool:
Fund/Account _____ Amount _____
(If the fund noted above is a gift [G – J range], please attach a written consent from the Office of Planned Giving.)

Automatic reinvestment of unused payout at year end: YES NO

I have read the attached guidelines, and agree to abide by them.

School Senior Financial Officer: _____

Title: _____

Dean or Chair: _____

Title: _____



Date: _____

To: _____
[Name of contact from investment form above]

From: _____
[Name of Fund Accounting Staff responsible and phone number]

Subject: **CONFIRMATION OF INVESTMENT IN THE MP**

The above funds, \$_____ were transferred to and invested as FFE on (DATE) _____. I am attaching a copy of the fund authorization statement and the appropriate endowment detail screen showing book value, market value, and number of shares. Please retain this information in your records.

You may obtain updates of market values by looking at the relevant on-line information systems or by calling Fund Accounting.

Signed: _____ Phone: _____

WITHDRAWAL OF FUNDS FUNCTIONING AS ENDOWMENT

Date: _____

To: FUND ACCOUNTING
3145 Porter Drive
Palo Alto, CA 94304

From: _____
(Name, title, and phone number)

Subject: **REQUEST TO WITHDRAW FUNDS FROM THE MERGED POOL**

Please withdraw the following Funds Functioning as Endowment during (MO/YR) _____ as described below (or per the attached memo or other documentation describing the reason(s) for this withdrawal):

Withdraw from:

Fund/Account _____ Amount _____

Deposit in:

Fund/Account _____ Amount _____

School Senior Financial Officer: _____

Title: _____

Dean or Chair: _____

Title: _____

I have reviewed the purpose for withdrawal and approve the request.

CFO: _____ Date: _____

Provost: _____ Date: _____



Date: _____

To: _____
[Name of contact from withdrawal form above]

From: _____
[Name of Fund Accounting Staff responsible and phone number]

Subject: **CONFIRMATION OF WITHDRAWAL FROM MP**

The above funds, \$ _____ were withdrawn from the Merged Pool and transferred to (FUND NUMBER) _____ on (DATE) _____. I am attaching a copy of the fund authorization statement and the appropriate endowment detail screen showing the remaining book value, market value, and number of shares if any. Please retain this information in your records.

Signed: _____ Phone: _____