MEKETA
INVESTMENT GROUP

Endowment & Foundation Spending Policy

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"Endowment managers pursue the conflicting goals of preserving purchasing power of assets and providing substantial flows of resources to the operating budget."

—Yale Chief Investment Officer David Swensen, in his seminal book *Pioneering Portfolio Management*

Introduction

The missions and beneficiaries of endowments and foundations[1] can vary widely. Moreover, the amount withdrawn or "spent" each year must be customized for the goals and needs of each organization. Maintaining a spending policy is necessary as a good governance practice. Broadly speaking, endowments and foundations can pursue three paths when planning their spending:

1. Spend down assets over a period of time (or in one fell swoop, like for individuals or families who have signed the Gates Foundation's "Giving Pledge"[2]),
2. Temporarily suspend distributions in order to grow, or
3. Aim to distribute capital while also maintaining intergenerational equity.

Our focus in this paper is on endowments and foundations that aim to maintain intergenerational equity. In these cases, the investment asset base, or corpus, is typically meant to last forever. At the same time, it is expected to generate substantial and reliable yearly income to support the ongoing operations and/or grant making of the institution. These are two competing goals.

The subject of this paper is how best to balance these goals through spending policy development. Both objectives are easier to meet when markets and investments generate strong returns. However, during bear or volatile markets, the ability to balance appropriation versus accumulation can be more difficult. In challenging times, the spending policy of the institution will play a large part in its long-term success. Often, institutions rely more on distributions during stressed market environments, because donations may decrease and the need for scholarships and/or grants may increase.

[1] Often abbreviated "E&F."

[2] According to the Gates Foundation, as of February 2019, 190 individuals and couples from 22 countries have pledged to give away more than half of their wealth to philanthropy or charitable causes either during their lifetime or in their will.

Given an investment environment in which many market observers expect total returns to be lower than they were in the past, E&F managers may need to rethink spending policy. Spending policy must encompass not only the level of spending, but the type of policy as well. Endowment and foundation Boards of Trustees and staff members should carefully weigh the pros and cons of various spending levels and policies in determining the appropriate policy for their institution.

Overview

Factors to consider when choosing a spending policy

When choosing a spending policy, an organization needs to balance three primary factors:

1. Spending adequately today to:
   - **a.** support current operations (e.g., university or hospital endowment),
   - **b.** support grant making efforts (e.g., community foundations), and
   - **c.** meet applicable IRS regulations (e.g., minimum 5% spending policy for private foundations);

2. Preserving intergenerational equity,[3] which means avoiding a meaningful reduction to the real (inflation-adjusted) value of the corpus of the asset pool; and

3. Maintaining stability of spending, for budgeting purposes of both the organization distributing the funds and those receiving the funds.

[3] In practice, the concept means spending neither so much that the amount left for future use is meaningfully diminished, nor so little that current needs are being neglected so as to preserve assets for future use.

Each organization must decide the hierarchy of importance of these factors for their organization, which in turn may inform which type of spending policy is most appropriate.

Common types of spending policies

There are several common types of spending policies, each with their own potential advantages and risks. For our purposes, "spending" refers to distributions from the asset pool, whether they are for operations, grant making, or other financial support of the institution.

1. **Simple** a simple spending policy could range from spending all current income to choosing a pre-specified percentage of the pool's beginning market value each year. Simple spending policies tend to be adopted by institutions that are less dependent on their annual payouts and can tolerate some volatility in spending from year to year.

   Example—Spending 5% of year-end market value.

2. **Moving average** use a pre-specified percentage of the moving average of the pool's historical market values (e.g., past three years). This policy will lower the volatility of spending from year to year. However, if the market value goes down, the amount of spending will go down with it, which could end up impairing the institutions' ability to make grants or support operations.

   Example—Spending 5% of the three-year moving average of year-end market value.

3. **Inflation-based** increase spending each year by inflation (typically measured by the Consumer Price Index, or a price index specific to the institution's purpose such as Higher Education or Healthcare prices). This policy yields more stable distribution amounts. However, if the pool's total market value decreases due to market movements, the dollar amount of spending will not automatically go down, and the spending rate is likely to go up. In turn, spending a higher proportion from an asset pool that has experienced negative performance may impair the portfolio's ability to recover from losses, which could compromise the intergenerational equity of the institution.

   For this type of spending policy, many institutions impose upper and lower bands (i.e., "caps") so that the spending policy has some kind of connection to the portfolio's market value.

   Example—Adjust the prior year's spending amount by CPI with a 3% lower band and 7% upper band of the pool's market value.

4. **Hybrid** a combination of inflation-based and moving average spending policies. This method provides the stability of inflation-based cash flows with a greater emphasis on the fact that market values have an influence on the institution's ability to spend. Upper and lower bands can also be put in place to protect the corpus.

   Example—50% of the spending rate is based on a percentage of the 3-year moving average of pool market value, and 50% is based on the prior year spend, plus inflation.

Spending policy examples

In this section, we compare the impact of six different spending policies. For the charts that follow, we calculated the amount of annual spending, and volatility of that spending, across two different time periods over the past 30 years: 1) the least volatile ten-year period of market returns[4] (1991-2000), and 2) the most volatile ten-year period (2000-2009). We assumed a starting market value of $1 billion for the asset pool, an initial $50 million in spending in Year 1 across all spending policies, and "headline" inflation (Consumer Price Index or "CPI") based on the actual inflation for that period.

[4] Based on returns of a 60% MSCI ACWI / 40% Barclays Aggregate portfolio, rebalanced monthly.

Spending Policy Type	Assumptions
Simple	Spend 5% of prior year's ending market value.
Moving Average	Spend 5% of prior three years' average ending market value.
Inflation Based	Year 1 spending equals 5% of prior year's market value. Future years' spending increases by rate of inflation.
Inflation Based with Caps	Year 1 spending equals 5% of prior year's market value. Future years spending increases by rate of inflation. Amount of spending cannot fall below 3%, or exceed 7%, of the prior year's ending market value.
Hybrid: 50/50	50% of spending based on "Moving Average," 50% based on "Inflation Based with Caps".
Hybrid: 30/70	30% of spending based on "Moving Average," 70% based on "Inflation Based with Caps."[5]

TABLE 1

[5] The hybrid policy, particularly with the 30/70 parameters, is highlighted in Swensen's Pioneering Portfolio Management and is often known as the "Yale rule."

Change in annual spending

The most straightforward spending policy an institution can adopt is a "Simple" policy, whereby an institution takes the prior year's ending market value and distributes a predefined percentage within the next year. The primary downside to this policy is the wide swings in annual dollar spending that can result from volatile investment returns (see Figures 1 and 2 below). This type of spending policy is most appropriate for private foundations, which are required by law to spend 5% of their corpus. It may also be appropriate for institutions that prefer simplicity, and that can tolerate volatility in annual distributions. A "Moving Average" policy helps to smooth out spending volatility, but can still be bumpy depending on the volatility of financial markets, and the corpus is less protected.

If year-over-year dollar stability of distributions is the primary concern for an organization, then an inflation-based strategy might be most appropriate. In Figures 1 and 2 below, regardless of the market scenario, the "Inflation Based" spending policy (purple line) results in the most predictable and stable distribution pattern. Note, the "Inflation Based" and "Inflation Based with Caps" results in the same distribution pattern for the 1991-2000 time period since the relative stability of the market value of the corpus means the distribution amount stayed within the 3%-7% band. The hybrid policies, combining the moving average and inflation-based spending rules, have volatility levels in between their two components.

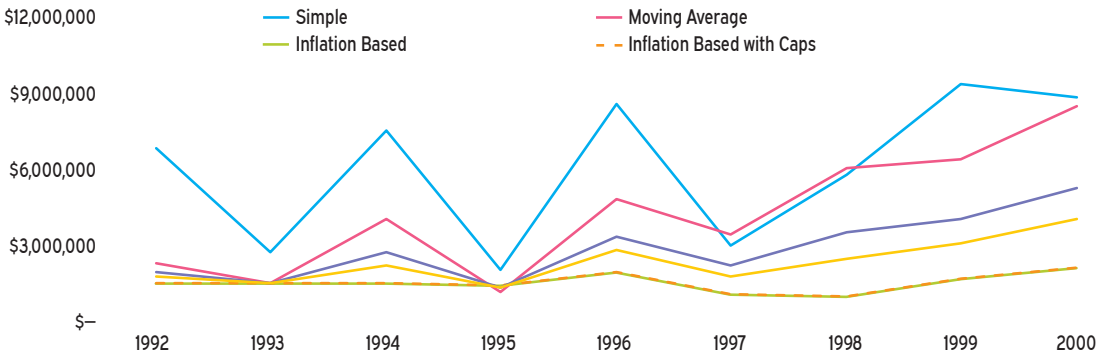

FIGURE 1
Change in Annual Spending (Lower Volatility Time Period)

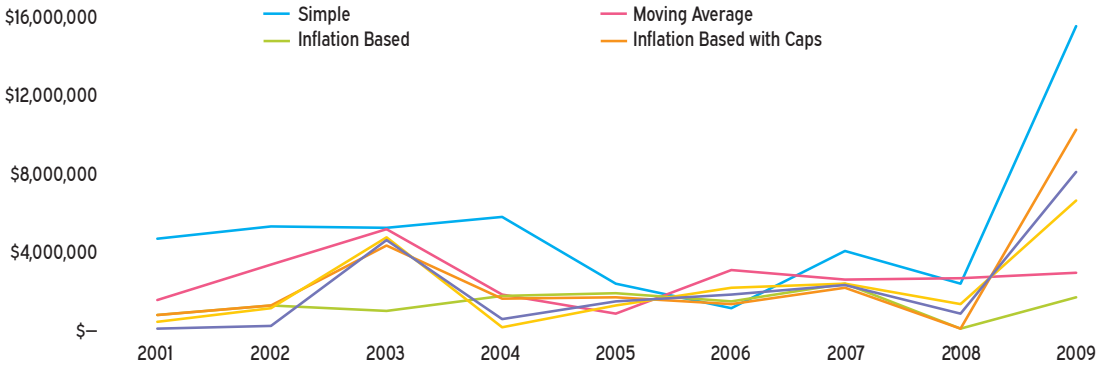

FIGURE 2
Change in Annual Spending (Higher Volatility Time Period)

Annual spending

In a strong market scenario (Figure 3), the Simple policy resulted in the most spending in each year, as well as the most cumulative spending. However, during the 2000-2009 period, either the Simple policy or Moving Average policy produced the least spent per annum. For the Simple policy, the cumulative effect was a dramatic decline of $15 million (or 30%) from the initial spending amount both in year 4 and year 10.

The "Inflation Based" policy would result in the least spending during the 1991 to 2000 period. However, it would have resulted in the most spending during the 2000 to 2009 period. Accordingly, the Inflation Based with Caps policy would have spent less during this period to prevent erosion of the corpus (though still more than the other policies). The hybrid approaches again fall somewhere in the middle.

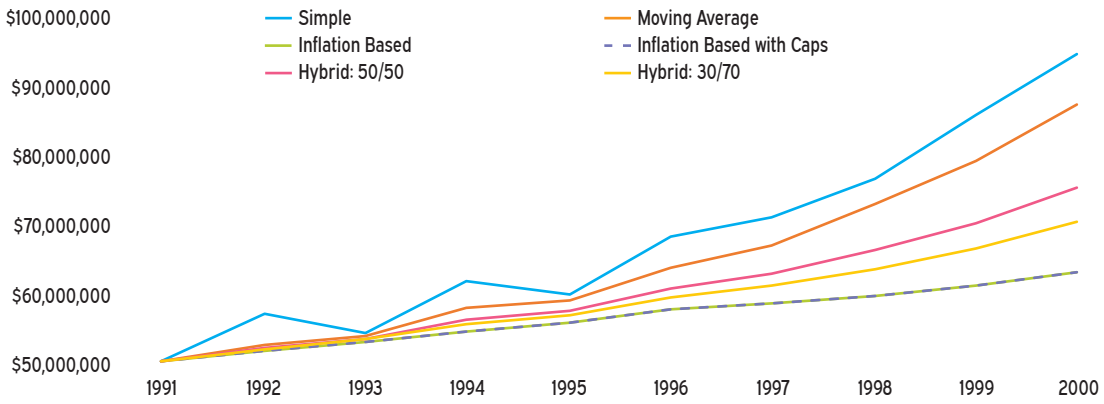

FIGURE 3
Annual Spending (Lower Volatility Time Period)

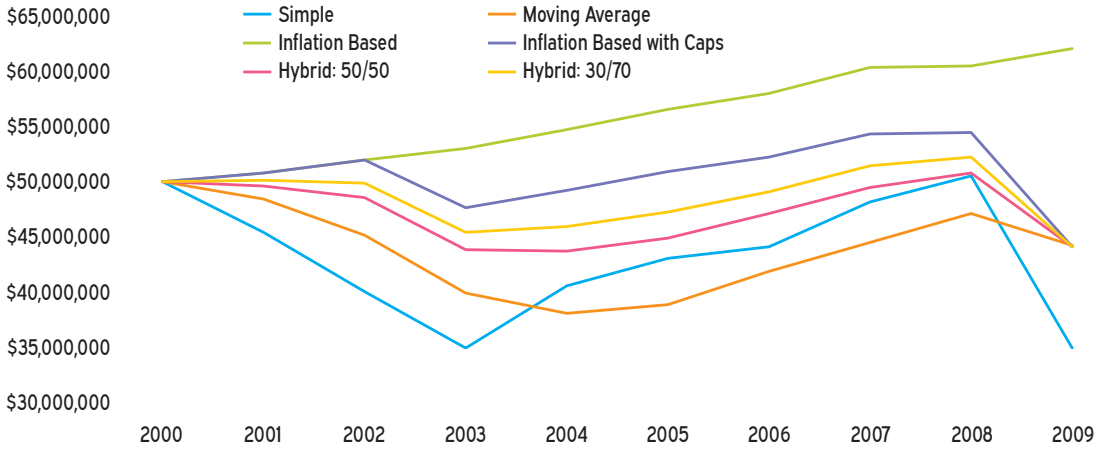

FIGURE 4
Annual Spending (Higher Volatility Time Period)

Annual spending as percentage of prior year market value

When looking at annual spending as a percentage of the prior year's market value, an "Inflation Based" policy could result in under-spending during positive market environments (Figure 5) and over-spending during times of market distress (Figure 6). Again, the hybrid approaches fall between the Simple policy and the Inflation Based approaches.

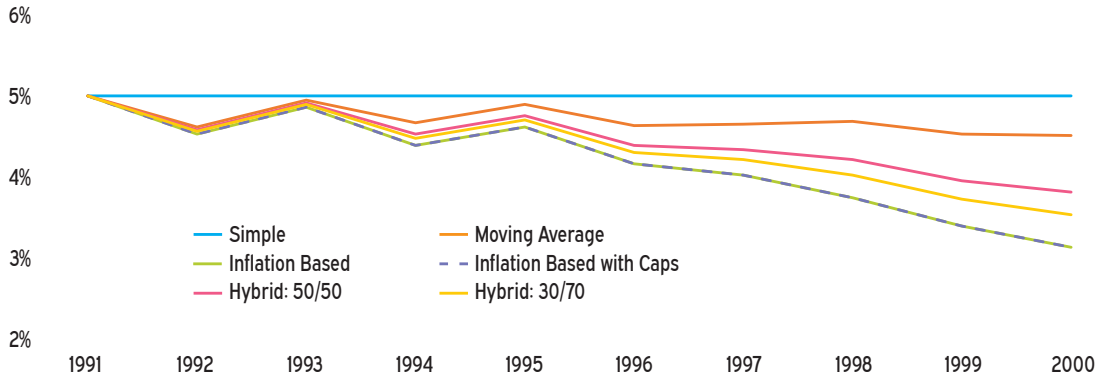

FIGURE 5
Annual Spending as % of Prior Year Market Value (Lower Volatility Time Period)

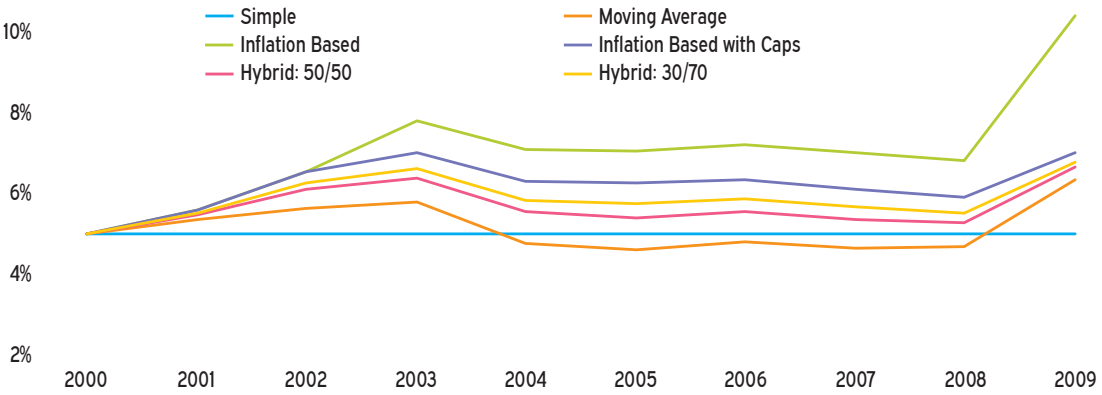

FIGURE 6
Annual Spending as % of Prior Year Market Value (Higher Volatility Time Period)

FIGURE 7
Results Summary

1991 — 2000	Cumulative Spending ($mm)	Ending Market Value ($mm)	Average Change in Annual Spending ($mm)	Range of Change in Annual Spending ($mm)	Average Spend as % of MV (%)	Range of Spend as % of MV (%)
Simple	679	1,817	6.0	1.9—9.3	5.0	5.0—5.0
Moving Average	643	1,860	4.2	1.1—8.4	4.7	4.5—4.9
Inflation Based	564	1,928	1.5	0.9—2.0	4.1	3.1—4.9
Inflation Based with Caps	564	1,928	1.5	0.9—2.0	4.1	3.1—4.9
Hybrid: 50/50	603	1,894	2.8	1.2—5.2	4.4	3.8—4 .9
Hybrid 30/70	588	1,907	2.3	1.3—4.0	4.3	3.5—4.9

2000 — 2009	Cumulative Spending ($mm)	Ending Market Value ($mm)	Average Change in Annual Spending ($mm)	Range of Change in Annual Spending ($mm)	Average Spend as % of MV (%)	Range of Spend as % of MV (%)
Simple	432	860	5.1	1.1—15.5	5.0	5.0—5.0
Moving Average	438	857	2.6	0.8—5.2	5.2	6.3—4.6
Inflation Based	558	737	1.3	0.1—2.4	7.3	5.6—10.4
Inflation Based with Caps	506	776	2.6	0.0—10.2	6.3	5.6—7.0
Hybrid: 50/50	472	817	2.2	0.1—6.6	5.7	5.3—6.7
Hybrid 30/70	485	800	2.2	0.1—8.0	6.0	5.5—6.8

Highlights

- Simple policy:
  - Highest cumulative spending and lowest ending market value during strong market environments (1991-2000),
  - Lowest cumulative spending and highest ending market value during weaker market environments (2000-2009).
  - Most volatile spend amount in dollar terms (columns 4-5) in both environments.
  - Most stable spend amount as % of market value. (columns 6-7).

- Inflation based:
  - Lowest cumulative spending and highest ending market value during strong market environments (1991-2000),
  - Highest cumulative spending and lowest ending market value during weaker market environments (2000-2009).
  - Least volatile spend amount in dollar terms (columns 4-5) in both environments.
  - Least stable spend amount as % of market value. (columns 6-7).

- Moving average and hybrid models:
  - Middle ground
  - In terms of volatility of spend amount in dollar terms, less volatile than a Simple policy, but more volatile than an Inflation Based policy.
  - In terms of volatility of spend amount as % of market value, more volatile than a Simple policy, but less volatile than an Inflation Based policy.

Choosing a policy

Due to the limitations of "Simple" and "Inflation Based" spending policies, we think it is prudent for most institutions to adopt a "Moving Average," "Inflation Based with Caps," or "Hybrid" spending policy. Each policy has pros and cons, and institutions should weigh which is most appropriate for them based on their situation.

Inflation based with caps

- **Pros** typically will lead to more stability year-over-year in terms of dollars distributed than a policy based on moving averages (see Figures 1 and 2). However, a policy based on moving averages may provide more stability during extreme market volatility (see final year of Figure 2).

→ **Cons** distributions will be less stable as a percent of market value of the assets, which may lead to "under" or "over" spending. "Under spending" can happen when a spending policy leads to distributions that are a very small percentage of the institution's asset base and are not enough to fulfill the institution's mandate—or at least create the perception that the institution is not spending enough (see Figure 5). "Over spending" can happen when a spending policy leads to distributions that are a large percentage of the institution's asset base, and may cause permanent damage to the corpus (see Figure 6).

Moving average

→ **Pros** will lead to more stable distributions as a percent of the market value of the asset pool than an Inflation Based with Caps policy. This is less likely to lead to "under" or "over" spending.

→ **Cons** typically will lead to more volatility in year-over-year dollar spending than an "Inflation Based with Caps" or Hybrid policy.[6] It can also result in a much lower annual spending amount during a prolonged downturn (see Figure 4), though this lower annual spending could be considered a positive, as it protects the corpus better.

[6] One practice often used in insurance and by some individual participants in defined contribution plans, but little used by endowments and foundations, is a "reserving policy," whereby in periods when market returns exceed the amount needed for current spending, the excess portion may be reserved for distribution in later periods of weaker performance. This can help an institution to weather a severe market event.

Hybrid

→ **Pros** In most cases, a Hybrid approach will provide a blend of stability in terms of both dollars distributed and distributions as a percent of market value. It can represent a balance between the smoothness of spending and preservation of corpus.

→ **Cons** More complex to calculate. Potentially more difficult for donors/recipients to understand.

Investment-related factors to consider in selecting a policy

One investment-related factor for endowment managers to consider in deciding the level and type of spending policy is the expected total return on assets. Total return includes the return from income and dividends, and market appreciation. The Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which is discussed in more detail below and has been adopted by nearly all 50 states, mandates that spending policy rely on total return, rather than income only. A related factor to consider is the level of inflation. Can the expected nominal return cover both the spending rate and inflation, to maintain the purchasing power of the distributions?

While inflation rates have been muted since the Global Financial Crisis, most financial institutions assume a near-term inflation rate in the neighborhood of 2% to 3% per year, although the inflation rate can fluctuate markedly from year to year. Therefore, if the expected investment return is 6% per year, and inflation is expected to be 2.5% per year, a spending rate above 3.5% per year would be expected to reduce the real value of the corpus, which over time would lower "real" spending. If investment-related expenses like investment staff salaries are also drawn from the corpus, those expenses must be considered when setting the return goal or expected long-term rate of return for the portfolio. The areas often supported by endowments and foundations (like education and healthcare) have seen costs rise much faster than core inflation over the past 20+ years.

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The level of expected donations to the endowment or foundation is another important consideration. If donations or other inflows are expected to arrive at a consistent or growing level, the organization typically has more flexibility in setting spending than it would if the asset level is fixed. However, many organizations choose to compartmentalize new donations apart from spending, so that donations enlarge the value of the corpus and "enlarge the scope of activities" as David Swensen maintains in *Pioneering Portfolio Management*.

Legal and regulatory considerations

5% spending rule for private foundations

Endowment and foundation managers (including Trustees and Staff) must also consider the legal requirements for their organizations when determining spending rates and policies. Endowments are typically free to set any policy, while foundations ordinarily must spend 5% of investment assets annually, depending on foundation type. Beginning on December 31, 1981, the Internal Revenue Service ("IRS") section 823 of Public Law 97-34 required private foundations to distribute at least 5% per year. Failure to make timely distributions at the required level would result in a foundation incurring excise taxes and additional penalty taxes if the failure is deemed willful or flagrant. In general, qualifying distributions include any qualifying expenditure or grant and certain set-asides of income for charitable, educational, or religious purposes.

UPMIFA

For endowments and public foundations, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") allows the organization the freedom to choose a spending policy without specific limits. UPMIFA was approved by the National Conference of Commissioners on Uniform State Laws in July 2006, and has now been adopted by most states. Previously, the Uniform Management of Institutional Funds Act ("UMIFA") had largely been in place, and had mandated that endowments only spend income (interest and dividends, for example). Many states have added an optional provision to UPMIFA that limits annual spending to not more than 7% of the average fair market value of the endowment (averaged over the last 3 years or more) unless the Board can show that the spending meets UPMIFA's standards of prudence.

FASB

The Financial Accounting Standards Board ("FASB") also regulates how endowment funds are reported and spent. Under FASB, a donor-restricted endowment fund results from a gift with the stipulation that the funds be invested either for a long, pre-specified period, or for perpetuity. Endowment funds with donor restrictions are referred to as donor-restricted endowment funds, while those without donor restrictions are referred to as board-designated endowment funds. Regardless of the overall spending policy an endowment or foundation adopts, it may not be applicable to all endowment funds, given the FASB regulations.

Donor advised funds

The increased prevalence of donor-advised funds at foundations causes additional complexity when setting spending rates and policy. Donor-advised funds typically come with additional specific restrictions. To participate in a donor-advised fund, a donating individual or organization opens an account in the fund and deposits cash, securities, or other financial instruments. They surrender ownership of assets in the fund, but may retain advisory privileges over how their account is invested, as well as controlling when and how it distributes those funds to charities.

Legal requirements imposed by the IRS, UPMIFA, and FASB, as well as the increasing prevalence of donor-advised funds, increases the administrative demands on endowments and foundations when determining spending policy. For example, some institutions may choose to limit spending from "underwater endowments," or those endowments that have suffered investment-related losses such that their current market values fall below the originally donated amounts, more strictly than perpetual pooled and non-restricted endowments. Developing different spending policies for different pools of capital increases operational complexity for organizations, but may result in increased donor confidence.

Market trends

University endowments[7]

The fiscal year average spending rate for all endowments has ranged from 4.2% to 4.6% over the past ten years. Private institutions tended to spend at higher rates than public institutions. Investment returns do not explain the difference between private and public institutions' spending, as their investment returns over recent periods were nearly identical.

[7] The 2018 Study of Endowments released by the National Association of College and University Business Officers (NACUBO) and Teachers Insurance and Annuity Association (TIAA) surveyed 802 institutions, of which 498 were private colleges and universities, and 304 were public institutions. The respondents ranged in size from under $25 million (73 respondents) to well over $1 billion (104 respondents). The plurality of the respondents (195) were between $101 million and $250 million.

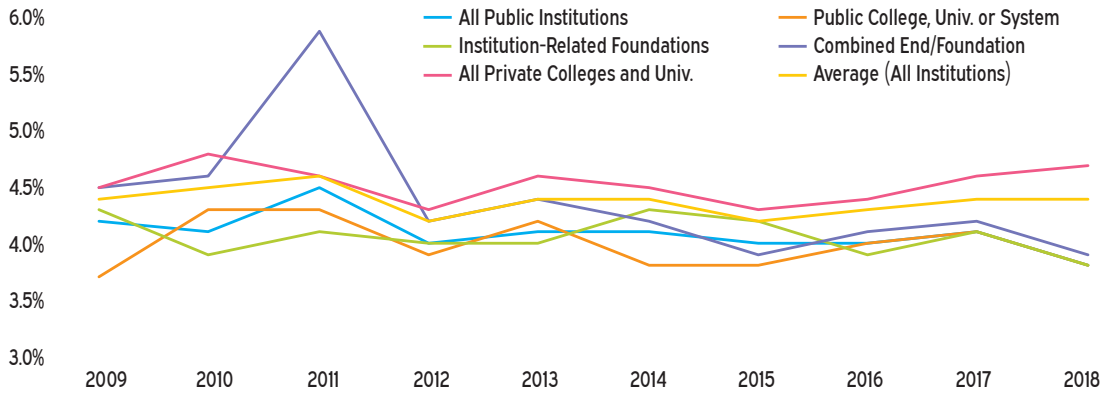

FIGURE 8

Fiscal Year Median Spending by Endowment Type[8]

Annual Spending by Endowment Type (%)

[8] The effective spending rate represents the distribution for spending divided by the beginning market value (endowment value on or around the beginning of each fiscal year). The distribution for spending is the dollar amount withdrawn from the endowments to support expenditures on student financial aid, faculty research, maintenance of facilities, and other campus operations, as determined and defined by each institution. The rate is calculated net of investment fees and expenses for managing the endowment.

Institutions over $1 billion tended to spend at a higher rate than those with lower market values. This trend is likely related to the fact that larger institutions (over $1 billion) had higher median investment returns for the 1-, 3-, and 5-year trailing periods when compared to institutions in all smaller size ranges.

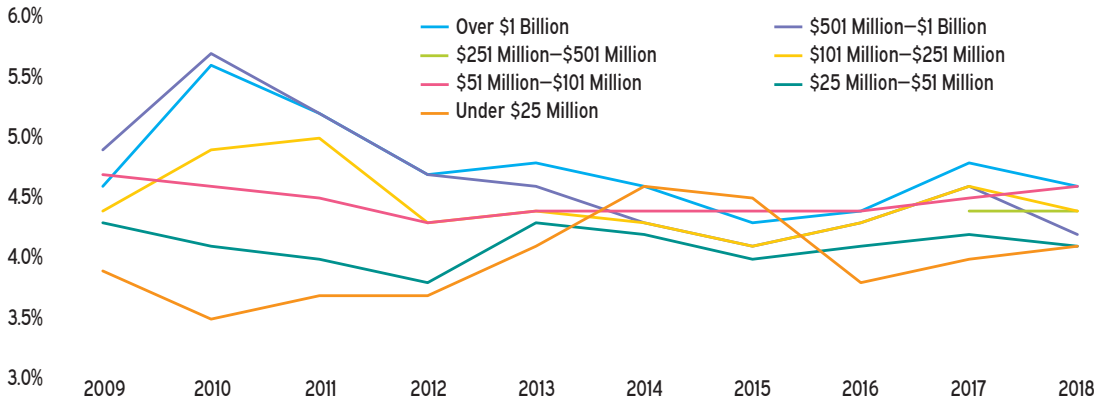

FIGURE 9

Fiscal Year Median Spending by Endowment Size

Annual Spending by Endowment Size (%)

Private and community foundations

The data shows that median spending rates for community foundations have significantly decreased from the levels of 8 to 10 years ago. We think it is likely that community foundations have lowered spending as a result of lower future expected rates of return, as well as the desire to maintain intergenerational equity. It is not surprising that the median spending rate for private foundations has remained above 5%, given the statutory requirement for private foundations to spend at least 5% per year or face an excise tax. The fact that community foundations, as well as endowments of all sizes and institution types, had median spending rates below 5% in recent years indicates that the spending requirement for private foundations may be outdated and unnecessarily high in the current interest rate environment.

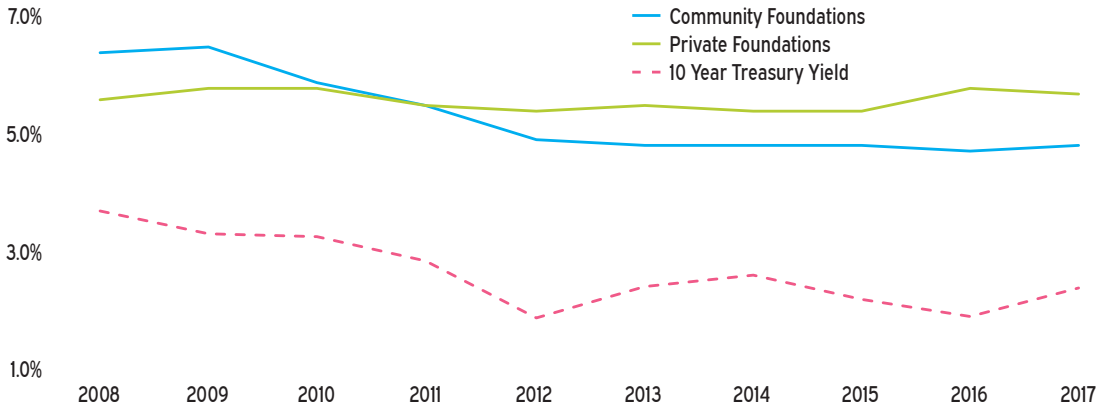

FIGURE 10

Average Annual Effective Spending Rates for Total Institutions for Fiscal Years 2008 — 2017 (%)

Source: 2017 Council on Foundations – Commonfund Study of Investment of Endowments for Private and Community Foundations

Conclusion

Endowments and Foundations must consider the trade-off between the return-seeking goals of maintaining or growing assets in perpetuity with the solvency and liquidity goals of adequately supporting the beneficiaries of the institution in the present day. Because each endowment or foundation is unique in its ability to weather spending volatility and its long term goals, there is no one-size-fits-all spending policy.

That said, we believe it has become increasingly important for endowments and foundations to more carefully consider their spending rates and policies in light of the existing low-return environment. While each institution must assess its particular needs, the table below contains what our analysis indicates are the most appropriate spending policies for each type of institution.

TABLE 2

Type of Spending Policy	Most Appropriate For:
Simple	→ Private foundations, which are required by law to spend 5% of their corpus. → Institutions that prefer simplicity, and can tolerate significant volatility in annual distributions.
Moving Average	→ Institutions that 1) prefer to avoid "under" or "over" spending relative to size of their asset base, 2) want a policy that will best protect the corpus in prolonged downturns, 3) can tolerate moderate volatility in annual distributions.
Inflation Based	→ Institutions that 1) value year-over-year stability of distributions, 2) would like distributions to maintain a "real" (inflation adjusted) value, 3) are not concerned with "overspending" or "underspending."
Inflation Based with Caps	→ Institutions that 1) value year-over-year stability of distributions, 2) but would like the distributions to reflect the size of the asset base, 3) are not concerned with modest levels of over/underspending.
Hybrid	→ Institutions 1) that prefer the stability offered by a blended approach, 2) can handle the formulation, monitoring, and communication of a more complex spending policy.

Appendix

Endowments

Size of Endowment	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)
Over $1 Billion	4.6	5.6	5.2	4.7	4.8	4.6	4.3	4.4	4.8	4.6
$501 Million-$1 Billion	4.9	5.7	5.2	4.7	4.6	4.3	4.1	4.3	4.6	4.2
$251 Million-$501 Million	NA	NA	NA	NA	NA	NA	NA	NA	4.4	4.4
$101 Million-$251 Million	4.4	4.9	5.0	4.3	4.4	4.3	4.1	4.3	4.6	4.4
$51 Million-$101 Million	4.7	4.6	4.5	4.3	4.4	4.4	4.4	4.4	4.5	4.6
$25 Million-$51 Million	4.3	4.1	4.0	3.8	4.3	4.2	4.0	4.1	4.2	4.1
Under $25 Million	3.9	3.5	3.7	3.7	4.1	4.6	4.5	3.8	4.0	4.1

TABLE 3
Fiscal Year Spending by Endowment Size

Type of Institution	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)
All Public Institutions	**4.2**	**4.1**	**4.5**	**4.0**	**4.1**	**4.1**	**4.0**	**4.0**	**4.1**	**3.8**
Public College, Univ. or System	3.7	4.3	4.3	3.9	4.2	3.8	3.8	4.0	4.1	3.8
Institution-Related Foundations	4.3	3.9	4.1	4.0	4.0	4.3	4.2	3.9	4.1	3.8
Combined End/Foundation	4.5	4.6	5.9	4.2	4.4	4.2	3.9	4.1	4.2	3.9
All Private Colleges and Univ.	**4.5**	**4.8**	**4.6**	**4.3**	**4.6**	**4.5**	**4.3**	**4.4**	**4.6**	**4.7**
Average (All Institutions)	**4.4**	**4.5**	**4.6**	**4.2**	**4.4**	**4.4**	**4.2**	**4.3**	**4.4**	**4.4**

TABLE 4
Fiscal Year Spending by Endowment Type

Source: 2018 NACUBO-TIAA Study of Endowments

Private and community foundations

The 2017 Council on Foundations – Commonfund Study of Investment of Endowments for Private and Community Foundations (CCSF) report, which was released in August 2018, examines community foundation spending rates. The 2017 CCSF study included 224 foundations, including 143 private foundations and 81 community foundations, representing $104.4 billion in assets.

During fiscal year 2017 (July 1, 2016 - June 30, 2017), the effective spending rate for study participants averaged 5.7% for private foundations, down from 5.8% in fiscal year 2016, and 4.8% for community foundations, up from the previous year's 4.7%. The highest spending rate (6.0%) was found among private foundations with assets between $101 million and $500 million. The lowest rated (4.5%) was reported by community foundations in the same size category. Overall, 29% of private foundations and 15% of community foundations reported an increase in their effective spending rates in fiscal year 2017, while a larger percentage reported a decrease in their effective spending rates. A majority of survey respondents reported higher spending in dollars than during the previous fiscal year, due to positive investment returns growing the value of their foundations.

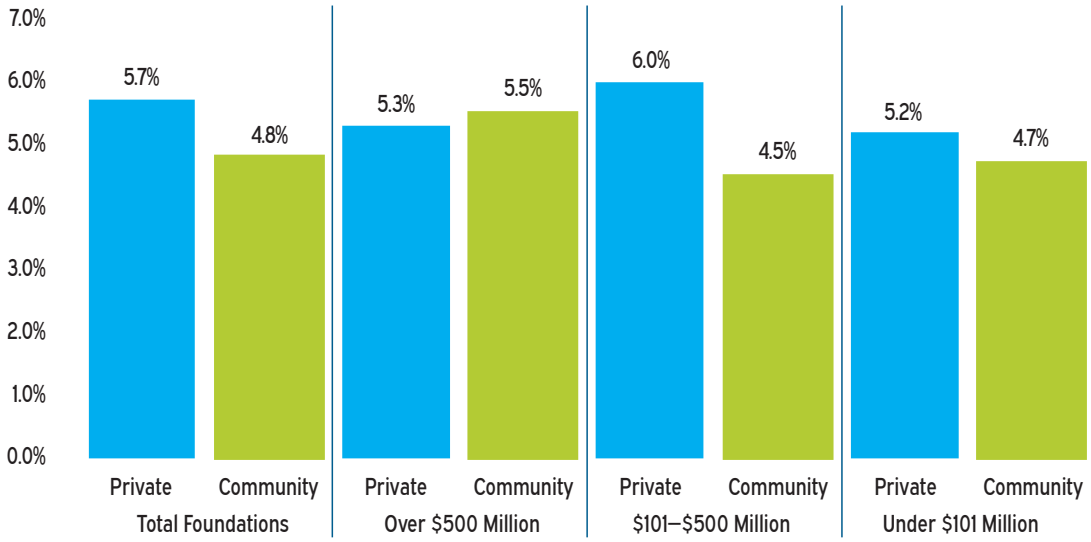

FIGURE 11

Foundation Average Annual Effective Spending Rates for Fiscal Year 2017 (%)

Source: 2017 Council on Foundations – Commonfund Study of Investment of Endowments for Private and Community Foundations

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