



Summary of Endowment Management, Investment and Spending Policies

Goal - The primary goal of the endowment is to provide consistent financial support to Michigan Tech's students and faculty in perpetuity. The Michigan Tech Fund Board of Directors, as recommended by its Investment Committee, sets management, investment, and spending policies. Each policy is described in more detail below. These policies are periodically reviewed and revised to best position the endowment to meet its primary goal.

Management Policy - It is necessary to set minimum amounts to endow new and existing funds in order to achieve beneficial levels of support for Michigan Tech's students and faculty. The minimum amount to endow a new scholarship fund or fellowship fund is \$25,000. The minimum amount to endow a professorship is \$1,000,000; and to endow a faculty chair is \$2,000,000. These amounts may be contributed in full, pledged over a maximum period of five years, or promised through an irrevocable planned gift.

Investment Policy - The Board of Directors also determines the asset allocation for the endowment, partnering with an investment advisor to work within the asset-allocation targets to select and monitor investment managers. The Investment Committee oversees the Fund's investment advisor, meeting quarterly to review the endowment's investment performance. In managing the endowment, the Michigan Tech Fund has two primary goals. The first goal provides resources for students today, while the second goal ensures Michigan Tech can provide opportunities and experiences for future generations. Endowment investments have a target asset mix of 75% return seeking assets and 25% risk mitigating assets.

Spending Policy - The Michigan Tech Fund Board of Directors has adopted the Historical Endowment Purchasing Power Preservation Value (HEPPV) spending policy to maximize disbursement and, at the same time, sustain growth in the endowment. It is the policy to distribute to every endowed fund an amount calculated annually by taking into consideration inflation, historical spending and donations, and adjusts the base spending rate of 4% up or down to preserve the purchasing power of the endowment.