



Frequently Asked Questions on Proposed CCC Endowment Spending Rule Change

What are we proposing?

To amend our trusts to allow annual distributions based on 4% of a three year rolling average of the trusts' market value.

Why do we want to make this change?

It will allow us to have a better budgeting process with smoother distribution patterns. The change is not designed to increase distributions over the long run, rather the new spending rule is designed to make them more reliable.

What we are not doing?

We are not changing trust purposes or the uses of trust distributions.

What do other organizations similar to ours do?

A recent survey of 842 endowments by the National Association of Colleges and University Business Officers (NACUBO) shows that over 74% use a fixed percentage of a moving average of market value. The average distribution rate used is 4.8%. We are proposing a more conservative 4%. For comparison, the Episcopal Diocese of Michigan uses 4.5% and the Detroit Institute of Arts uses 4.6%.

What is our current spending policy?

We use a variety of methods for our seven trusts (depending on Trust terms - see chart on page 2) but all include a mixture of protecting principal for inflation and distributing income only. This can lead to periods of no distributions which makes budgeting very difficult. These spending rules also encourage investing for current income rather than maximizing total return.

What are we hoping to accomplish at the November 4th parish wide meeting?

We hope to get a majority of those parish members present to vote yes on the proposed attached trust amendments for the four trusts that the Parish may amend (Parish, Music Outreach, Planned Giving, Higgins) and get an affirmation of our petition to the Oakland County Probate Court to change the spending policy of the other three trusts (Booth, CCC, and Flint).

What would we like the motions to be?

Motion #1 – *We, the parish approve the proposed amended language for the Parish, Planned Giving, Special Music, and Higgins Trusts, as presented.*

Motion #2 – *We, the parish support the efforts of the Trustees, through its counsel Butzel Long, to petition the Oakland County Probate Court to make similar adjustments to the spending policies of the Booth, CCC, and Flint Trusts.*