



UNIVERSITY OF NORTH CAROLINA WILMINGTON

Endowment Board of Board of Trustees

Report/Recommendation

**Title: Management Recommendation re: Endowment Spending Rate**

**Summary:**

Management is recommending an increase in the endowment spending rate for 2012-13 from 3.5% to 4.5%.

Two years ago the endowment spending rate was reduced from 4.5% to 3.5%. Because so many of our endowments are relatively “young”, the market losses of 2008-09 resulted in a large percentage of underwater endowments.

Now that endowment investment returns have significantly improved and the underwater situation has been eliminated for almost all of our endowment funds, we are recommending to the committee that the endowment spending rate revert back to 4.5% for 2012-13.

This action will raise 2012-13 endowment spending from \$1,615,040 to \$2,074,502 – providing a net increase of \$459,462 towards university scholarships and professorships.

Attachment – Powerpoint slides on basis for recommendation