



# PROCEDURES

Policy Name	<b>Trust and Endowment Management</b>		
Policy #	<b>205</b>	Category	<b>Advancement</b>
Policy Sponsor(s)	<b>Associate Vice-President, Finance</b>	Previous Revision Date	<b>January 10, 2022</b>
Policy Approved by	<b>President</b>	Issue or Revision Date	<b>January 2024</b>
Procedures Approved by	<b>CFO and Vice-President, Administrative Services</b>	Review Date	<b>See Policy Review Date or as Required</b>

See the related [POLICY](#).

## DEFINITIONS

For the purposes of administering this policy, the following definitions apply:

### Endowment Fund

A gift to Saskatchewan Polytechnic (Sask Polytech) where the capital is required to be maintained in perpetuity and the related investment income is used to support initiatives in accordance with the Terms of Reference or Gift Agreement for the Endowment.

### Trust Fund

A gift to Sask Polytech where the funds and, in certain cases, the related investment income, is used to support initiatives in accordance with the Terms of Reference or Gift Agreement for the Trust. Sask Polytech has two categories of trust funds:

1. **Long-term Trusts**  
Gifts of \$10,000 or more which are projected to be disbursed over a period of at least 10 years are considered *long-term trusts*.
2. **Other Trusts**  
Gifts that -do not meet the definition of an endowment or long-term trust are considered *other trusts*.

## PROCEDURES

### 1.0 Terms of Reference and Gift Agreements

- 1.1 Endowments and trust funds must be administered according to their Terms of Reference or Gift Agreement documents.
- 1.2 An extinguishment clause will be included in all Terms of Reference or Gift Agreement documents to provide for the wind-up of an endowment or trust fund. For example, if the original objectives of the endowment can no longer be met, the Terms of Reference must allow Saskatchewan Polytechnic to pool the resources with other restricted funds, close out the fund entirely, or renegotiate the terms with the donor.

- 1.3 Endowment and long-term trust funds are to be invested in accordance with Sask Polytech's Investment Policy. Endowment and long-term trust funds may be pooled with other funds to maximize investment income.

## **2.0 Endowments**

- 2.1 The minimum capital amount to establish an endowment is \$25,000 CDN.
- 2.2 The nominal capital value of an endowment fund must be maintained. Every attempt will be made to maintain the real value of an endowment fund so that inflation does not erode the value of the disbursements from the endowment.
- 2.3 No amount will be available for spending until an amount equal to 9% of the original contributed capital has accrued through investment earnings.
- 2.4 Earnings and losses from the trust and endowment investment portfolio will be attributed on a pro-rata basis to each endowment fund.
- 2.5 Endowment funds will be reviewed every five years to determine what amount of surplus, if any, is available for recapitalization. A minimum surplus of 9% must remain after recapitalization. The Sask Polytech trust and endowment Investment committee is responsible for determining recapitalized principal amounts for endowments.
- 2.6 The maximum annual spending amount for endowments will be set annually by the Sask Polytech trust and endowment investment committee.
- 2.7 In the event that capital is temporarily encroached, disbursements will be suspended until such time as the original capital amount plus 9% has been recouped. If an endowment fund has been recapitalized, the recapitalized amount plus 9% must be recouped.
- 2.8 Annual spending amounts will target 3% to 5% of all contributed capital, including recapitalized amounts, and will take into account actual investment earnings achieved and the annual rate of inflation.
- 2.9 Information on the endowment annual spending amounts and principal changes due to recapitalization will be shared with the senior management council in the trust and endowment investment committee's annual report.

## **3.0 Trusts**

- 3.1 Annual spending from long-term trusts will be determined by the Terms of Reference or Gift Agreements for the long-term trusts.
- 3.2 Earnings and losses from the trust and endowment investment portfolio will be attributed on a pro-rata basis to each long-term trust.
- 3.3 Long-term trust funds will be reviewed every five years to determine if increases to annual spending rates can be supported by the investment income earned, providing any changes made are in accordance with the Terms of Reference or Gift Agreements.