

International Trombone Association

Spending Policy

The purpose of this Spending Policy is to establish a clear understanding of the process to determine the amount of funds to be distributed from the various investment accounts to support the International Trombone Association (ITA). This policy has been approved by the Executive Board.

Objective – The Spending Policy objectives are to ensure the long-term value of the principle of the investment assets and to honor the intent of the donor while prudently maximizing the income available to accomplish the mission of the International Trombone Association.

Spending Policy – The funds for disbursement will be paid out of total return (interest, dividends and capital gains from sale of securities). Distribution will be made annually on March 1. The amount available for disbursement to the International Trombone Association for the upcoming fiscal year is calculated each January 31 by the Secretary-Treasurer and will be provided to the account custodian. A given year's payout will be added to the principal unless the Executive Board decides differently. The calculation will be made as follows.

A. Calculations

- a. The average of the market value for the previous 20 quarters is determined.
- b. The amount available for disbursement is calculated by multiplying the 20-quarter rolling average times the approved spending rate.
- c. The approved spending rate will remain fixed at 5% unless a change is recommended by the Audit Committee and approved by the Executive Board.
- d. The total spending policy rate plus endowment investment fees is to be no more than 6.0% of the most recent asset evaluation.
- e. Additions to investment accounts – The following adjustment shall be made to the spending policy calculation at the time a gift of 10%, or more, of a specific fund has been received: the market value of each calendar quarter prior to receipt of the gift will be adjusted upward in an amount equal to the value of the gift at the time of receipt.