

## **Wisconsin FFA Alumni Association Inc. Investment Fund Distribution Policy**

The Wisconsin FFA Alumni Association, Inc. investment fund consists primarily of funds collected by the association as state life FFA alumni member dues. The funds are invested with a professional investment advisor/broker. The association finance committee oversees management of the fund. Principles followed by the finance committee and advisor are to generate earnings while limiting risk to the fund, and minimizing management expenses. The purposes of the fund are to:

- serve as an endowment fund, which will generate earnings that can be used in the operations of the association as per this policy
- serve as a reserve of funds if needed in emergency situations requiring either temporary or permanent access to funds

The distribution policy for investment funds of the Wisconsin FFA Alumni Association, Inc. is modeled after the policy adopted by the National FFA Alumni Association. It is based on a total return investment approach. Unless otherwise provided under the terms of an applicable gift and subject to any percentage limitations provided by this policy, the Wisconsin FFA Alumni Association may appropriate or accumulate so much of an endowment fund that the Association determines is prudent for the uses, benefits, purpose and duration of the investment fund. Specifically the ordinary income, realized capital appreciation, and principal (including, any principal contributions, accumulations, additions, or reinvestments) allocated to the fund, less any applicable fees and expenses, may be committed, granted, or expended pursuant to the provisions of this policy.

- Fees and expenses shall be paid first from ordinary income, but may be paid thereafter from any assets of the fund.
- The allowable distribution from the investment fund, over and above fees and expenses of the fund, shall be a percentage of the previous three-year rolling average of the fund's fair market value as calculated pursuant to the procedures described below.
  - The percentage rate shall be determined annually by the alumni council on or before the November meeting of the council of the prior fiscal year.
  - In the absence of a spending percentage determination by the council for a given year, such percentage shall be 5%.
- The formula for calculating allowable distributions shall be applied to the three years ending each November 1, and distributions with respect to each November 1 calculation shall be made at the start of the fiscal year January 1 following each such November 1 calculation. Only amounts in a fund on November 1 shall be counted in establishing the fair market value of the fund for a given year.
- In determining how much to appropriate or accumulate, the council shall consider the following factors:
  - The duration and preservation of the endowment fund;
  - The purposes of the Wisconsin FFA Alumni Council and the investment fund;
  - General economic conditions;
  - The possible effects of inflation or deflation;
  - The expected total return from income and the appreciation of investments;
  - Other resources of the Wisconsin FFA Alumni Association, Inc.; and
  - This policy
- The Wisconsin FFA Alumni Council, at its sole discretion, may revoke, modify, or amend this policy at any time.

Adopted – 11/9/12