Q: Why is the University changing the timing of endowment spending distributions?

A: By making endowment distributions quarterly, we are leaving more of the endowed funds in the investment pool for a longer period of time. Also, new endowments will receive spending distributions earlier: in the quarter following receipt of the gift. Donors and departments will see a more immediate benefit from new endowment gifts.

Q: Now that spending distributions occur quarterly instead of annually, where are the endowment distribution funds for my department from last year?

A: No funds were withheld in fiscal year 2011. In fact, under the new practice, you will receive funds sooner because the distribution is every quarter. Under the former practice, endowment earnings distributions were aggregated throughout a 13-month period and distributed only once a year.

Q: Since you are distributing funds quarterly, can I still spend our funds the way I used to?

A: Yes, you can. There is no change in the timing of payment activity from your project grants. However, you will need to look at spending authority more from a budget planning perspective. We will provide an estimated annual distribution amount from which you can plan expenditures throughout the year. It will be good practice to monitor your project grant activity on a quarterly basis in order to stay informed about the actual income posted quarterly.

Q: What happens if I withdraw principal from a fund during the year?

A: The income estimate posted at the beginning of the year was based on the principal balance at that time. However, each quarter’s actual income will be based on actual earnings, and if principal is withdrawn, income will drop accordingly. This will produce a variance between estimated and actual income, and you will need to manage accordingly.

Q: How will our statements and reports change?

A: The Project Grant Statement [PGS001] will be enhanced to include these new fields: estimated annual distribution, estimated distribution remaining, and estimated balance. The Departmental Statement Report [DSR] will not show the estimated balance. On the Invested Fund report [IF002] reports, the actual annual income will be replaced by an estimated annual distribution.
Q: What is the IAC?

A: The “IAC” is the Infrastructure and Administrative Charge. It will help offset some of the central costs that the University incurs to support endowed activities, such as building maintenance, administrative services, information systems, and financial systems. This is a common cost accounting practice that was reviewed and approved by our Office of General Counsel. The Princeton University Board of Trustees approved the establishment of the Infrastructure and Administrative Charge at its January 2011 meeting. Please click here for the full IAC Policy.

Q: How are you going to charge the IAC?

A: The IAC will be deducted centrally. Thus, you will see only the net spending distribution in your departmental project grants.

Q: How can I receive training in these policy and reporting changes?

A: We are offering an information training session called “Changes to the Endowment Distribution Policies” on June 30, July 11, and July 12. Please register here. In addition, reporting changes will be incorporated into training sessions about PeopleSoft financial reports offered through the Employee Learning Center, and there will be an e-learning tutorial available in the summer.

Q: If I have questions about this, who can I call?

A: Please contact Steven Semenuk, associate budget director in the Office of Finance and Treasury, at semenuk@princeton.edu or 258-5523.