

Endowment Funds and Invested Income Earnings FAQ.

Q: How often are invested income earnings distributed?

A: Invested income earnings are distributed annually by July 31st. The invested income earnings are the net amount distributed into spending funds after the deduction of IAC.

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. 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 is deducted centrally. Thus, you will see only the net spending distribution in your departmental funds.

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

A: The invested income estimate posted at the beginning of the fiscal year is based on the principal balance at that time. However, actual income will be based on actual earnings, and if principal is withdrawn, income will drop accordingly.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.- An income adjustment will occur in the next quarter.

Q: Can all of our funds be spent in the first quarter of the year?

A: Yes, they can. However, you will need to look at spending authority more from a budget planning perspective. The amount distributed in July is an estimate from which you can plan expenditures throughout the year. There may be adjustments to the distributed amount throughout the year, it is good practice to monitor your fund activity in order to avoid deficits.

Q: What reports are available that contain additional information about my endowed fund and the spendable balances?

A: The "Fund Restriction with Payout and MV/BV" report contains the most recent book and market value along with the use purpose restrictions of the fund with capabilities to drill to the supporting documentation of the fund.

The "Fund Restriction with Spendable Balance" report contains the most recent spendable balance along with the use purpose restrictions of the fund with capabilities to drill to the supporting documentation of the fund.

For specific transactions the “Revenue and Expense” report or the “Spendable Balance” reports provide additional financial information. Both reports give an overview of financial activity with the ability to drill to specific transactions.

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

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