University of Kentucky - Restricted Fund Participation in Investment Earnings Policy

Purpose:

To provide guidelines for long-term investment of restricted funds

Policy:

Restricted gifts are donated to the University of Kentucky to support the current operation of specific activities, programs, and/or organizational units. Under special circumstances, individual restricted funds may be invested.

Procedures:

1. Individual restricted funds with a balance of $50,000 or more may be long term invested as quasi-endowments:
   - The Board of Trustees must approve participation in the endowment and subsequent withdrawal for expenditure purposes.
   - Spending distributions from quasi-endowments are made on a monthly basis to support current expenditures, in accordance with the Board’s endowment spending policy.

2. Individual restricted funds may be short term invested on an exception basis only:
   - A minimum of $50,000 must be set-aside for twelve months during which the funds cannot be expended.
   - A Short Term Investment Participation Agreement must be completed and submitted for approval to:
     a. the appropriate Dean or Director;
     b. the Area Fiscal Officer; and
     c. The Office of Planning, Budget and Policy Analysis.
   - When submitted for approval, the Short Term Investment Participation Agreement must be accompanied by:
     ➢ an explanation of the purpose of the restricted gift; and
     ➢ an explanation of why investment participation is appropriate to the purpose of the gift, such as restricted gifts in support of building or renovation projects that will not commence until fundraising is completed.
   - There will be no peroration of income for funds withdrawn early.
   - The amount of interest credited at the end of the investment period will be determined by the average rate of return received by the University on short-term investments during that period.