

1.0 PREAMBLE

1.1 Simon Fraser University ("University") actively seeks and welcomes donations in support of the activities of the institution.

1.2 This policy is subject to and consistent with the University's Investment Governance Policy ([B10.09](#)) and the Responsible Investment Policy ([B10.16](#)).

2.0 PURPOSE

2.1 The University has created an Endowment Fund to ensure that it is able to maintain the quantity and quality of projects and programs that are possible through the generosity of donors.

- 5.5 The University's primary investment objective for the Endowment Fund is to generate a target absolute rate of return over the mid and long term, after Investment Management Expenses, that exceeds the Inflation Adjustment Factor plus the Spending Income Allocation Rate and University Management Fee Rate.
- 5.6 The purchasing power of the Endowment Fund will be preserved by the application of Purchasing Power Adjustment based on an Inflation Adjustment Factor to each Endowment Principal.
- 5.7 The University maintains an Endowment Stabilization Reserve where investment income in excess, net of Investment Management Expenses, is initially recognized. The fair market value of the Endowment Fund is the sum of the amounts held in individual Endowment Principal Accounts plus the Endowment Stabilization Reserve. The Endowment Stabilization Reserve is intended to enhance the stability of annual Spending Income Allocation Rate by retaining Investment Income earned in excess of targeted returns.
- 5.8 The Spending Income Allocation Rate is set by the Board of Governors on the recommendation of the Vice-Prs4.6

efforts to seek the advice of the individual donors regarding changes. Any such change is recommended by the Vice-President, Advancement and Alumni Engagement and approved by the Board of Governors.

- 5.14 The University will only establish an account for the Endowment Fund if there is sufficient capital to justify the administrative costs associated with the fund and is expected to generate sufficient funding to support the intended purpose of the fund.
- 5.15 The Vice-President, Advancement and Alumni Engagement will review the status of individual Endowment Income Accounts periodically to ensure that endowment funds are being spent appropriately.

6.0 ROLES AND RESPONSIBILITIES

- 6.1 Roles and responsibilities under this policy are subject to, and will be consistent with, the Investment Governance Policy.
- 6.2 The Board of Governors is responsible for setting the Spending Income Allocation Rate, ceiling rate to be applied in the Inflation Adjustment Factor and the University Management Fee Rate every three years or more frequently as needed, on the recommendation of the Vice President Finance and Administration.
- 6.3 The Vice-President Finance and Administration is responsible for:
 - 6.3.1 the implementation and administration of this policy;
 - 6.3.2 making recommendations to the Board of Governors;
 - 6.3.3 recommending Spending Income Allocation, Purchasing Power Adjustment and University Management Fee;
 - 6.3.4 authorizing exceptions to a specific endowment;
 - 6.3.5 reporting to the Board of Governors as set out in section 7.0.
- 6.4 The Vice-President, Advancement and Alumni Engagement is responsible for providing oversight on Endowment Income Accounts to ensure that funds are being expended appropriately.
- 6.5 Each Endowment Principal and Endowment Income Account has a designated Fund Administrator who is responsible for the effective use of funds and compliance with the Terms of Reference.

7.0 REPORTING

- 7.1 On an annual basis, the Vice-President, Finance and Administration will provide a report to the Board of Governors providing information on the investment results of the Endowment Fund and the balance in the Endowment Stabilization Reserve.

8.0 RELATED LEGAL, POLICY AUTHORITIES AND AGREEMENTS

8.1 The legal and other University Policy authorities and agreements that may bear on the administration of this policy and may be consulted as needed include but are not limited

8.1.1 [University Act R.S.B.C. 1996, c. 468](#)

8.1.2 [Freedom of Information and Protection of Privacy Act R.S.B.C. 1996, c. 165](#)

8.1.3 Investment Governance Policy [B10.09](#)

8.1.4 Responsible Investment Policy [B10.10](#)

8.1.5 Donations Policy [GP03](#)

9.0 ACCESS TO INFORMATION AND PROTECTION OF PRIVACY

9.1 The information and records made and received