



## ASECS Investment Policy

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### I. General

It is the general policy of the American Society for Eighteenth-Century Studies (ASECS) to invest funds to achieve growth in principal value over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. The funds include permanently restricted funds, temporarily restricted funds, Board-designated funds, and unrestricted funds.

Notwithstanding this general policy, all restrictions placed by donors on the interest and investment earnings on donated funds will be honored.

### II. Categories, Objectives and Authority

#### *Unrestricted Funds*

- Description. These funds are not restricted in their use and are sometimes referred to as short-term funds or operating funds. They include cash, surplus from current operations, unexpended portions of unrestricted grants, and other unrestricted funds received.

- Investment Objective. Preservation of principal. These funds will be invested in a manner that minimizes the risk of loss of principal while seeking to maximize earnings in a way that allows for immediate liquidity to meet ongoing operational requirements.
- Authority. The Executive Director and Treasurer have authority to invest the funds, and to spend principal and interest to meet the operational needs of ASECS.

#### *Board-Designated Funds*

- Description. These funds are designated by the Board to be held in reserve to support future years' operations or specific programs. They may include accumulations from past years' annual results of operations, investment income, and other funds designated by the Board.
- Investment Objective. The objective for funds held in reserve to support future years' operations is the same as the objective for Unrestricted Funds.
- Authority. The Executive Director and Treasurer have authority to invest the funds, and to spend principal and interest to meet the operational needs of ASECS.

#### *Temporarily Restricted Funds*

- Description. These funds are restricted in time or purpose. They include donated funds that are restricted to program use or, over time, expected to be used for operating expenses. They also include accumulated earnings on endowments that have not yet been distributed in accordance with the purpose of the particular endowment.
- Investment Objective. The objective for donated funds that are expected to be used for operating expenses within five years or less is the same as the objective for Unrestricted Funds.
- Authority. The Executive Director and Treasurer have authority to invest the funds, and to spend principal and interest to meet the operational needs of ASECS in accordance with donor restrictions. With regard to the accumulated earnings on endowments, the authority will follow the policy for investment of the underlying endowment funds.

#### *Permanently Restricted Funds*

- Description. Permanently Restricted Funds are endowments that have been given in perpetuity, through which the principal of the fund remains intact and the income used by the organization.
- Investment Objective. Preservation of real purchasing power of principal, while seeking to maximize earnings in a way that allows for sufficient liquidity to meet ongoing distribution requirements.
- Authority. The Finance Committee will establish the appropriate asset allocation targets or ranges for investment of these funds.

### **III. Authorized and Unauthorized Investments**

#### *Authorized Investment Types*

- Cash or cash equivalents, including money market instruments and certificates of deposit.
- Fixed income obligations of the U.S. government, its agencies, or corporations.
- Mutual funds or exchange traded funds that own fixed income or equity securities.
- A collection of equities and / or fixed income securities managed by investment professionals.

#### *Unauthorized Investment Types*

- Individual equity securities.
- Hedge funds.
- Private equity funds.
- Commodities.
- Real estate.

#### *Exceptions*

The Finance Committee may authorize additional investment types on an exception basis to cover unusual situations, provided such authorization is obtained in advance and the Finance Committee concludes that permitting the additional investment type does not cause undue risk to ASECS.

## **IV. Spending Policy**

ASECS adopts spending policies for its endowments in compliance with the [Uniform Prudent Management of Institutional Funds Act](#) (UPMIFA), which has been adopted by both Illinois and Oregon, the state of charter and business location, respectively.

### Roles and Responsibilities

#### **Finance Committee Responsibilities**

- The Finance Committee is responsible for the oversight of all of ASECS' funds.
- The Finance Committee is responsible for reviewing the Investment and Spending Policies on a periodic basis, and recommending any necessary changes to the ASECS Board of Directors.
- The Finance Committee will review investment performance and portfolio allocations for Permanently Restricted Funds and the related accumulated earnings, as well as any appropriate Board-Designated Funds, on at least a semi-annual basis, and will direct the Executive Director and Treasurer to make any changes as appropriate.
- The Finance Committee will also oversee investment performance for Unrestricted Funds, Board-Designated Funds, and Temporarily Restricted Funds, where the investment objective is preservation of principal, to ensure that the Executive Director and Treasurer are using appropriate investment vehicles consistent with the investment objectives.

#### **Executive Director and Treasurer Responsibilities**

- The Executive Director and Treasurer are 1) responsible for monitoring the investment performance and portfolio allocations between periodic reviews by the Finance Committee, and 2) delegated the authority to take action to rebalance funds in between such reviews.
- The Executive Director and Treasurer are responsible for the appropriate investment of Unrestricted Funds, Board-Designated Funds, and Temporarily Restricted Funds where the investment objective is preservation of principal.
- At least semi-annually, the Executive Director and Treasurer will provide the Finance Committee information about 1) asset allocation, 2) investment performance, 3) future investment strategies, and 4) any other matters of interest to the Committee.

- At least annually, the Executive Director and Treasurer will report on overall investment performance to the ASECS Executive Committee and Board of Directors, including a comparison of investment results to appropriate indices.
- Subject to Finance Committee approval, the Executive Director and Treasurer may agree that one or the other is primarily responsible for the duties above, and will consult with the other party as necessary.
- The Executive Director and Treasurer will make reasonable efforts to rebalance new gifts according to the schedule below.
  - Under \$3,000: Will normally rebalance during the next periodic rebalancing.
  - \$3,001 – \$10,000: Will normally rebalance as soon as practical.
  - \$10,001 – \$24,999: Will normally rebalance over three months.
  - \$25,000 – \$100,000: Will normally rebalance or invest over three months.
  - \$100,000 – \$250,000: Will normally rebalance or invest over six to twelve (6-12) months.
  - > \$250,000: Will normally rebalance or invest the account over twelve (12) months.
- For gifts > \$250,000, the President will be consulted.
- If a donor recommends a schedule different from above, ASECS will strongly consider such a recommendation.
- With consultation of the President, the Executive Director and Treasurer may, at their sole discretion, rebalance or invest according to an accelerated or extended schedule. They will consult the Finance Committee as appropriate.

## V. Other Policies

### **Fees for Administrative Oversight of Endowed Fellowships, Grants, and Awards**

- **Description.** ASECS has existing endowment funds whose earnings are used to support fellowships, grants, and awards. The principal of endowment funds will be kept intact, and the income distributed to support the purpose of the funds.
- **Fees.** The process for reviewing grant applications and selecting recipients of fellowships and scholarships can require significant support from ASECS and fees related to the administration of the fund. Accordingly, unless prohibited by the endowment fund guidelines, the Executive Director is authorized to charge a fee against fund assets of an appropriate amount, not to exceed one percent (1%) of the average fair market value of the fund at the end of the last twelve (12) quarters, in order to recoup ASECS staff costs and associated fees.

### **Fees for Administrative Oversight of Fellowships, Grants, and Awards**

- **Description.** In addition to endowment funds whose earnings are used to support fellowships, grants, and awards, ASECS also receives current gifts that are designated to support similar programs. These designated funds normally are given with the intent that they be spent within the fiscal year of donation for the designated purposes.
- **Fees.** The process for reviewing grant applications and selecting recipients of fellowships, grants, and awards can require significant support from ASECS.

Accordingly, unless specifically prohibited by the donor, the Executive Director is authorized to charge a fee against current designated gifts of an appropriate amount, not to exceed twenty percent (20%) of the designated gift amount (*e.g.*, \$500 for a designated gift of \$2,500).