

American Library Association
Endowment¹ Policy 8.5.1
(Spending/Payout/Distribution/Withdrawal)

¹ AKA Long-Term Investment Fund

Endowment – Long Term Investment - Fund Spending/Payout/Distribution/ Withdrawal Policy

Use in Budget Preparation

In the preparation of the ALA annual budget, the ALA Executive Director is authorized to include a payout rate of 3% - 5% of the five-year trailing calendar quarterly (20) rolling average of the net asset balance of the ALA Future Fund. Additionally, the Executive Directors of the Divisions and the liaisons for the Round Tables and others responsible for endowment funds are authorized to include in the preparation of their annual budgets, the anticipated payout value as provided by the Finance department. The payouts will be subject to any donor restrictions related to a particular fund and will be made from allowable temporarily restricted and unrestricted net assets. Additionally, the annual payout rate (3% - 5%) will be reviewed, determined and recommended by the ALA Endowment Trustees and the Finance and Audit committee of the ALA Executive Board, with final approval by the ALA Executive Board.

Use of Fund

Listed below are the primary instances whereby additional funds may be withdrawn from the Long-Term Investment Fund can be made.

A. Program Support

The General Fund, Divisions and Round Tables can request funds from their respective long- term investment funds to support one-time programs.

B. Emergencies

Emergencies will include financial disaster due to a major revenue shortfall, act of God, building catastrophe, major lawsuit, etc.

C. New Initiatives

New Initiatives will include projects or programs that are multi-year in nature and deemed important to the

future of the Association, Divisions, Round Tables or units.

Amounts requested to be withdrawn in excess of the determined payout rate will require repayment with interest.

D. Scholarships & Awards

Allowable withdrawals from temporarily restricted and unrestricted Long-Term Investment funds designated for named scholarships and awards will be made to the extent necessary to support the award or scholarship according to its stipulations and requirements. If the funds available from the annually determined payout rate of 3% - 5% of a named scholarship or award is not adequate, the amount in the temporary restricted and unrestricted investments designated for named scholarships may be used up to the limits of any permanent or donor restrictions.

E. Life Membership Funds

Allowable withdrawals from temporarily restricted and unrestricted Long-Term Investment funds designated for Life Membership, will be made from the Life Membership Fund to the extent necessary to support the annual membership fee for the participants.

F. Transfer of Existing Funds

It is allowable to make a transfer from an existing unrestricted funds for the establishment of a new and or in support of an existing scholarship fund, program or initiative fund within the Long-Term Investment Fund.

Withdrawal-Transfer-Repayment

Each withdrawal for any of the purposes referenced in A, B, C and the annually determined payout rate of 3% - 5% of the five-year trailing calendar quarterly (20) rolling average net asset balance must be approved by the Executive Board.

Withdrawals from the Long-Term Investment Fund above and beyond the annually determined payout rate of 3% - 5% of the five-year trailing calendar quarterly (20) rolling average net asset balance, for any of the following events:

- a. Program Support
- b. Emergencies
- c. New Initiatives

will require repayment at the prevailing ALA borrowing rate with the term to be recommended by management and approved by the Executive Board.

The annual withdrawal of interest and or dividends from the Long-Term Investment Fund will not require repayment.

