

Computing semi-annual payment from LJGTRC Endowment at San Diego Foundation

From

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- 1) Our spending is calculated using a 36-month rolling average of the principal balance of the Endowment.
- 2) Because we receive inflows and outflows all the time, we use a monthly calculation to determine the spending policy. It is rolling.
For a month like December 2022, we look at the 36 month rolling average of principal balance and apply $1/12^{\text{th}}$ (as we do this monthly) of the spending policy and add that to your distributable balance. We call distributable the amount that accrues month to month that a donor can spend. Our Fiscal year ends in June, but for Endowments the above calculation is the right way to think about the process.

Please keep the following in mind. While we distribute 5% gross a year to donors, we deduct the TSDF administrative fee from the 5% spending rate. I don't know off the top of my head what your fee is, but by way of example, if it is 1% a year, [NOTE LJGTRCF fee is .5% per SDF Advisor Audrey Lewis] then a net 4% a year is distributed.

- 3) I may have already answered this question above. If we are calculating your December 2022 payout, it is based on the 36 month rolling principal balance from January 1, 2020, through December 31, 2022. We take one twelfth of that number and that is what you would receive for that month. By way of further example, when we are calculating the payout for January 2023, we would take the rolling 36 month principal balance from February 1, 2020 through January 31st, 2023 and also add one twelfth of the spending rate to your distributable balance.