

Georgia Baptist Foundation, Inc.

Income Spending Policy – Ministry Trust Fund

The goal of the Income Spending Policy of the Ministry Trust Fund (Fund) is to allocate total earnings between current spending and reinvestment to increase future spending, and to provide a predictable and growing stream of income to accomplish the Foundation's and participating ministries' goals and objectives. The Income Spending Policy's payout may be taken from current income, or if current income is less than planned spending, principal. The Income Spending Policy is designed to ensure that the Fund preserves real purchasing power in perpetuity while providing consistent financial support to all the ministries the Foundation serves.

The Trustees of the Georgia Baptist Foundation, Inc. shall oversee the Fund and Income Spending Policy as it determines to be prudent for the uses, benefits, purposes, and duration for which the Fund is established. In making a determination to distribute or accumulate assets, the Foundation shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the beneficiary institution and the endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the beneficiary institution; and
- (7) The Georgia Baptist Foundation's Investment Policy

The Trustees have established a spending payout goal of 4% - 5% annually. The spending payout shall be calculated and distributed as a dividend for each share of the Fund. The Investment Committee of the Board of Trustees will review the dividend annually with the intent of increasing the dividend by 3% each year unless the resulting dollar amount is more than 5% or less than 4% of the applicable market value of the Fund. The staff of the Foundation will review the dividend at least quarterly to determine if the dividend remains in the 4% - 5% corridor. If the dividend moves outside the corridor, the Foundation staff will adjust the dividend so that it remains within the corridor.

Policy Exception

Under UPMIFA, the calculation of historic dollar value has been eliminated, thus relieving the burden of restricting the income distribution when the endowment market value falls below the original gift value (underwater) and instead requires prudence to be exercised. The Trustees of the Georgia Baptist Foundation have adopted guidelines for spending to identify and administer underwater irrevocable endowments.

The market values of irrevocable endowment investments are compared to their original gift values as of December 31 each year. If the market value is less than 80% of the original gift value, neither the Spending Policy payout, nor the income portion of the Cost Recovery Fee, will be distributed from the endowment for the upcoming year. The Spending Policy payout will be reinvested in the Fund until the market value of the investment recovers to 80% of the original gift value, measured as of December 31. Exceptions to this Policy must be approved by the Board of Trustees.

The Spending Policy is reviewed periodically to consider if appropriate adjustment is necessary.

Approved by the Board of Trustees August 6, 2020, and amended from time to time.

