Unitrust, Annuity Trust and Pooled Income Funds Investment Policy #5.60

OBJECTIVE

To manage the investments in a manner that will provide an income payout to the beneficiary(s) in accordance with a trust agreement and to preserve the purchasing power of a trust when it transfers to the university.

POLICY

Applies to: All university personnel responsible for managing trust agreements or individuals participating in trust agreements.
Issued: 02/2008

I. Overview

A. The preferred investment vehicle used in managing trusts will be index mutual funds or exchange traded funds designed to replicate the return of the overall markets at a low cost. The investments will be made to diversify the assets in a prudent manner.

B. The asset allocation will be reviewed on a periodic basis and revised based on market conditions and the ages of the beneficiary(s).

C. The responsibility for investment of those funds is with The Office of Financial Services.

II. Targets

A. The initial target for maintaining purchasing power on a newly established trust is to preserve two-thirds of the present value based on the beneficiary(s) life expectancy.

B. The secondary target is to preserve one-half of the present value based on the beneficiary(s) life expectancy plus five years.

PROCEDURE

Applies to: All university personnel responsible for managing trust agreements or individuals participating in trust agreements.
Issued: 02/2008

I. Asset allocation

A. Typically the types of asset classes that will be utilized include:
- Domestic Equities
- International Equities
- Domestic Fixed Income
- Inflation Protected Securities
- Money market

B. Depending on the age(s) of the beneficiary(s), the allocation can be short, intermediate or long-term in nature.

RESOURCES

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