

March 16, 2023

MEMORANDUM

TO: Virginia Tech Foundation Endowment Account Holders

FROM: Elizabeth A. McClanahan 

SUBJECT: FY 2023–2024 Endowment Program Payout

We review and adjust the endowment's payout annually in accordance with the Spending Policy of the Consolidated Endowment Fund that is approved by the Investment Committee of the Foundation's board of directors. The policy considers changes in the Consumer Price Index (CPI), within constraints to protect the endowment's long-term ability to support the donor-directed purpose of each fund through the annual payout. Specifically, the policy requires endowment spending to fall within the approved range of 3.00% and 4.40% of the three-year average of endowment values.

For fiscal year 2023-24, the endowment unit program payout will be \$1.48118 per unit, only slightly changed from last year's payout of \$1.48659 per unit. When measured against the current three-year average of endowment values, the University's payout remains at the maximum policy level of 4.40%. In a period of market volatility and relatively lower overall returns during the past year, the ability to retain the payout at the maximum policy limit is a strong indication of Virginia Tech's success in growing the level of donor support and the Foundation's approach to managing this investment.

Aggregate unspent income has increased over the past ten years from \$21.1 million in 2013 to \$35.6 million as of December 31, 2022. As you plan for FY23–24, you can help increase the full benefit of the endowment's potential to support programming if you use account balances to the fullest extent possible. Along those lines, we encourage you to consider transferring unspent income to endowment principal. This helps increase future payout distributions.

Thank you for all the work you do to deploy annual income from the endowment in ways that honor donor intentions and support the students, faculty and programs of Virginia Tech.

cc: Timothy D. Sands
Cyril R. Clarke
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Ken E. Miller
Terri T. Mitchell
Anne B. Keeler
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Development Officers