

USMS Investment Spending Policy

Policy Statement:

The Spending Policy applies to those investment assets that United States Masters sets aside for longer-term use and manages as required under the USMS Statement of Investment Objectives, Goals and Policy Guidelines. These assets are held in a custodial account at a selected Investment Advisor. The Policy does not apply to any endowment funds held at the USMS Swimming Saves Lives Foundation or the Central Indiana Community Foundation, Inc.

It is the USMS's intention that the Spending Policy, in particular the Spending Rate, will be ordinarily followed and not revisited every year, but that the Board of Directors may consider departing from it on a case-by-case basis in extraordinary circumstances. Any budget considered by the Finance Committee (FC) and the Board that requires a departure from the Spending Rate will clearly specify the reasons for such departure.

Spending Rate

The Spending Rate will be 4.0% of the combined average of the United States Masters Swimming Investment Portfolio value ending June 30 each year for two full rolling portfolio performance years, but only in extenuating circumstance greater than the Spending Cap (see below) except as noted below. The Spending amount will be determined as soon as final portfolio values are known, and the amount will be withdrawn in the next budget year at the discretion of the Treasurer and CFO after giving notice to the Investment Committee. This will be the process for each succeeding two year rolling period.

Maximum Spending Amount

Irrespective of the amount calculated under the Spending Rate, no draw will be taken from the Portfolio of Investments in excess of 5.5% of its prior year-end market value ("Spending Cap") except with Board approval. Further, the spending draw will be taken in the 3rd quarter of each applicable fiscal year to be used in the approved Business Plan for the following year.

Oversight and Implementation

The Spending Policy and any revisions are subject to the oversight of the Board of Directors, with the assistance of the Investment and Finance Committee. In exercising its discretion under this Policy, the Board will consider such factors as it considers relevant and prudent, including: the duration and preservation of the Portfolio of Investments, the purpose of the institutional need, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the institution, and the investment policy of the institution.

The implementation of this Policy is the responsibility of the USMS Treasurer and President.

Initial approval by the Board of Directors on 7/2012.

Reviewed by the Board of Directors on 11/18/2013.

Reviewed and amended by the Board of Directors on 2/22/2022.

Affirmed by Board of Directors on 11/17/2025.