



USMS Swimming Saves Lives Spending Policy

Policy Statement:

The USMS Swimming Saves Lives Spending Policy (Spending Policy) applies to those investment assets that United States Masters Swimming (USMS) sets aside for longer-term use for Swimming Save Lives (SSL) and manages as required under the USMS Statement of Investment Objectives, Goals and Policy Guidelines. These assets are held in a custodial account at our selected investment advisor, Northern Trust (NT)

The SSL investment portfolio remains the same USMS investment portfolio that continues to be invested and managed under the NT model portfolio for growth and income investment objectives. These are the same investment objectives as the USMS investment portfolio. The only difference in management between the two portfolios is that SSL is passively managed to follow the NT model portfolio whereas the USMS investment fund is managed within the model portfolio guidelines with tactical variations selected in consultation between the committee and our NT advisor.

It is 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 (Board) 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 USMS Investment Portfolio value ending June 30 each year for two full rolling portfolio performance years, 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 The Spending amount will be determined as soon as final portfolio values are known, and the amount will be withdrawn in the next budget year at the discretion of the Treasurer and Controller after giving notice to the Investment Committee.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, with the assistance of the Investment and Finance Committees. In exercising its discretion under this Spending 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 SSL funds shall not be used for the general operations of USMS.



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

Approved by the USMS Board on May 15, 2023.