



Stark Community Foundation
CHARITABLE PAYOUT POLICY

I. Purposes

- A. To exhibit prudent judgment in balancing the requirements (1) to protect the inflation-adjusted asset value of the foundation's endowment, (2) to allow for asset value growth of endowment on a long-term basis, and (3) to provide sufficient current charitable grantmaking funds.
- B. To separate investment decisions from any cash income requirement; this may require that some assets be sold from time to time in order to make cash available when required.
- C. To specifically determine the amount of funds available annually for both charitable grantmaking and for administrative expenses not covered by fee income. This amount is hereinafter termed "Available Funds."

II. Initial Spending Rate

The Spending Rate for the Base Year is set at four and three-quarters percent (4.75%). The Spending Rate does not include investment costs, custodial fees, trustee fees, and other direct costs incurred for investment purposes and paid to banks, investment managers, securities brokers, and other entities outside the foundation.

III. Calculation of Available Funds

For the Base Year and each succeeding calendar year, the Vice President and Chief Financial Officer will calculate the Available Funds by multiplying the average ending market value of assets for the preceding twenty quarters by the Spending Rate. The Available Funds sum will be approved by the Distribution Committee at its first meeting after February 1 each year.

IV. Annual and Special Review of the Spending Rate

By December 1 of each calendar year, the Distribution Committee, with advice from its Investment Review Committee, will consider current financial market conditions, interest rates, and investment returns. The Distribution Committee will then lower, retain, or raise the Spending Rate for the succeeding calendar year, but by no more than one-quarter of one percent (0.25%). Upon review by the Investment Review Committee and action by a 3/4 majority of the Distribution Committee to change by more than one-quarter of one percent because of unprecedented conditions in the financial markets, a greater incremental change may be made, but this type of action is expected to be infrequent and to be taken with careful regard of Purpose Clause IA above.

V. **Coordination with the Amended Resolution and Declaration of Trust
Creating Stark Community Foundation (“Trust Agreement”)**

The term “income” as used in the Trust Agreement will be construed as Available Funds as defined herein, and calculated as shown in Section IV of this Policy. Under emergency conditions, the Distribution Committee may use original Trust principal as permitted by Article VI, Section B of the Trust Agreement.

VI. **Coordination with Fund Agreements**

The term “income” as used in various fund agreements will be construed as Available Funds as defined herein and calculated as shown in Section IV of this Policy.