

Spending Policy and Fees

SPENDING POLICY

The Foundation’s spending policy and investment strategy are designed to work together to preserve the inflation-adjusted value of the portfolio over time. This protects the community from erosion of the “purchasing power” of the endowment and provides for investment growth to increase future grantmaking.

The Foundation uses a total return investment approach, with annual spending for all funds set at 5% of the previous 20 quarters’ average market values. This is subject to a floor of 4.25% of *current* assets, and a ceiling of 5.75% of *current* assets.

FEES

The chart below explains the administrative fees applicable to various types of funds. The administrative fees are calculated annually on the previous four quarters average market value of each fund and are charged directly to that fund.

In addition to the administrative fees, the Hartford Foundation incurs investment-related fees, which are netted out of investment results before fund balances are reported to the donor. The full costs of the Foundation’s investment-related activities on an annual basis generally range from 85 to 95 basis points of the endowment portfolio average market value. The cost of the services of the professional investment managers retained by the Foundation represents approximately 65 to 75 of the total basis points. The remaining costs covered by these fees are the costs of custody of the assets, investment consulting services, and the administrative fees of the Trustee (if applicable to a given fund) of all community foundations.

Administrative Fees, as of January 1, 2020

Administrative Fees in basis points ¹		
Administrative Fees cover the services provided by the Foundation’s staff and other administrative costs. The Foundation takes pride in the fact that its administrative fees are among the lowest of all community foundations.	Unrestricted Fund	100
	Field of Interest Fund	100
	Donor-Advised Fund	100 (first \$500,000) 90 (next \$500,000 to \$1 MM) 85 (next \$1 MM to \$1.5 MM) 60 (next \$1.5 MM to \$4 MM) 55 (next \$4 MM to \$5 MM) 50 (over \$5 MM)
	Named Award in the General Endowment Scholarship Fund	140
	Individual Scholarship Fund	150
	Designated Fund	60 (first \$1 MM) 45 (next \$1 MM to \$2 MM) 35 (over \$2 MM)
	Build-up Fund	60

¹A basis point is one one hundredth of 1% (.01%).