

MILESTONE FOR *Foundations*

A PRESENTATION BY
PAUL C. SPOELSTRA CFP® AIF®



MILESTONE
WEALTH MANAGEMENT



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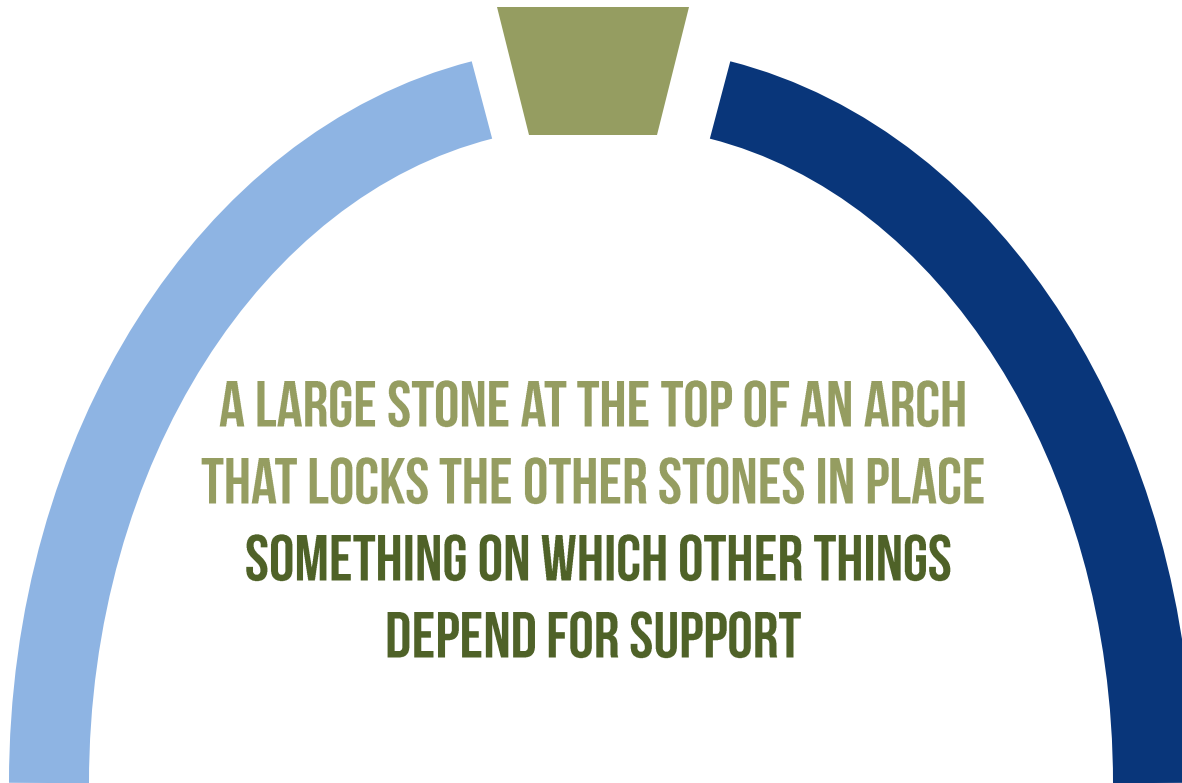
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Milestone Wealth Management

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A KEYSTONE

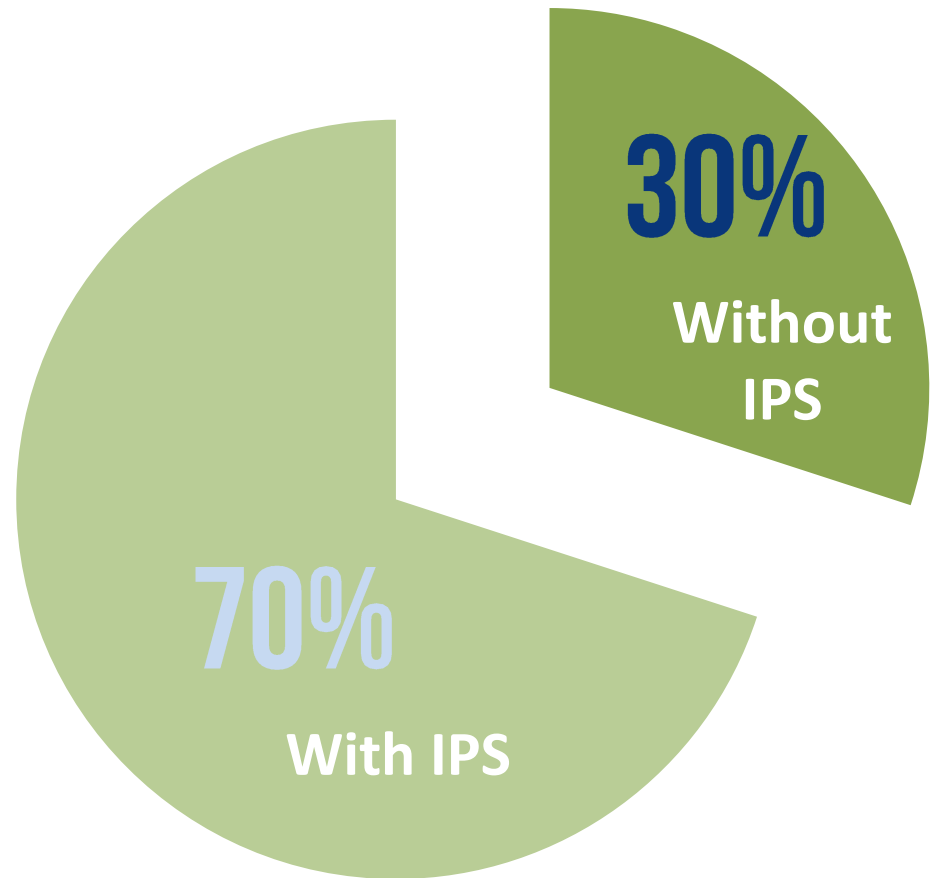


THE FOUNDATION GAP

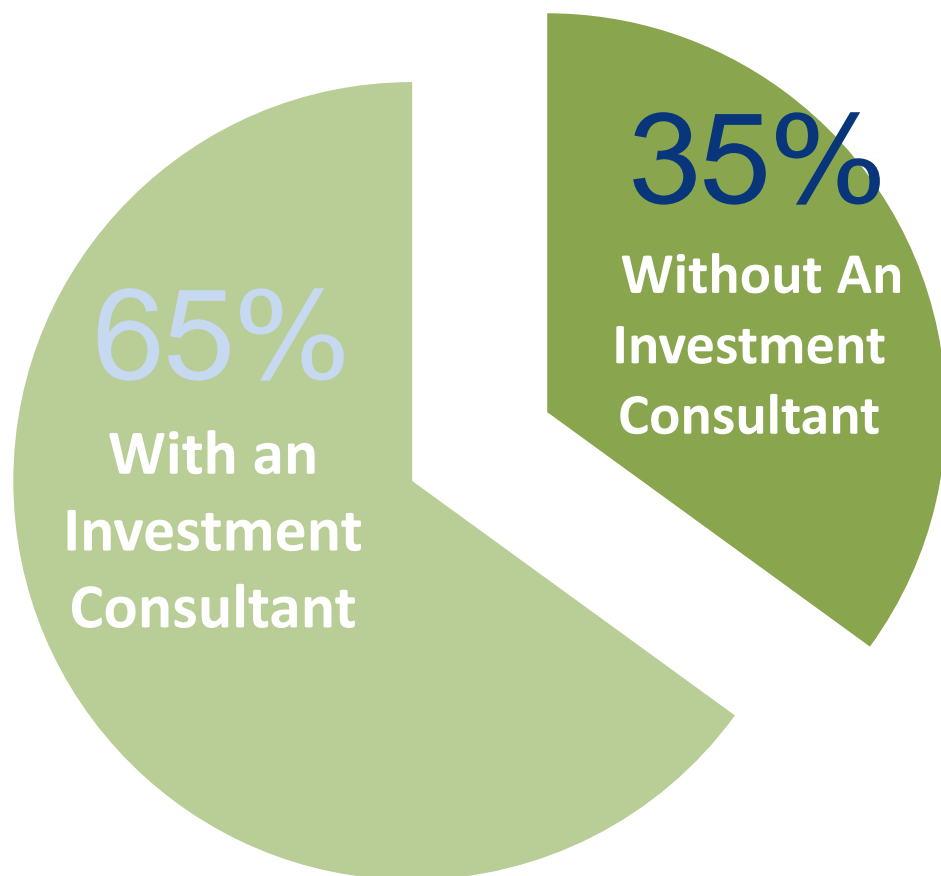
\$1-10 Million Private
Foundations:

30%

**Do *Not* Have An
Investment Policy
Statement (IPS)**



The Foundation gap



\$1-10 Million Private Foundations:

35%

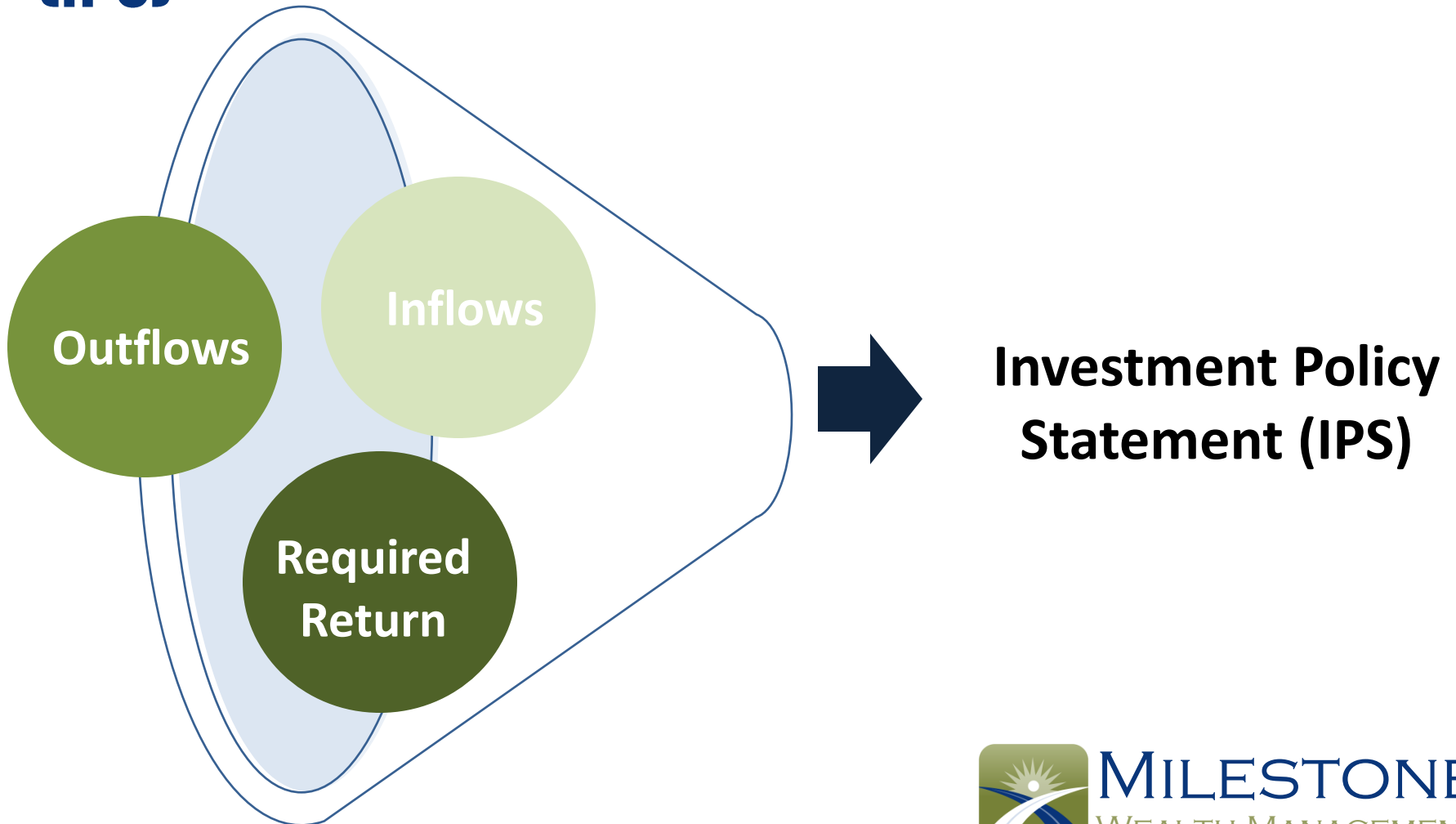
Do Not Have An Investment Consultant

Source: Association of Small Foundations:
Foundation Operations & Management Report, 2009-2011

SUSTAINABLE WITHDRAWAL RATE (SWR)

- ▶ SWR (“safe”), is the maximum amount of money, one can withdraw from a retirement portfolio on a periodic basis with **no probability** of depleting these savings during one’s lifetime
 - ▶ Based on market history and expressed as a percentage of portfolio value (90%)

3 LEVERS & THE INVESTMENT POLICY STATEMENT (IPS)





Inflows


What is the expected size of annual inflows (gift, revenue, fees?)

How predictable or volatile are these inflows?


Any anticipated changes to the size or rate of inflows on the horizon?




Outflows



What is the spending policy and does the IPS support it?



Are the outflows firm OR flexible commitments?



Are there unexpected outflows that are NOT planned for?

Required Return

%

What are the expected annual *net* cash flows as a % of portfolio assets?

%

Is your withdrawal rate (WR) *forcing* your required return?

%

What minimum rate of return (above inflation) is required to sustain the fund's long-term mission?

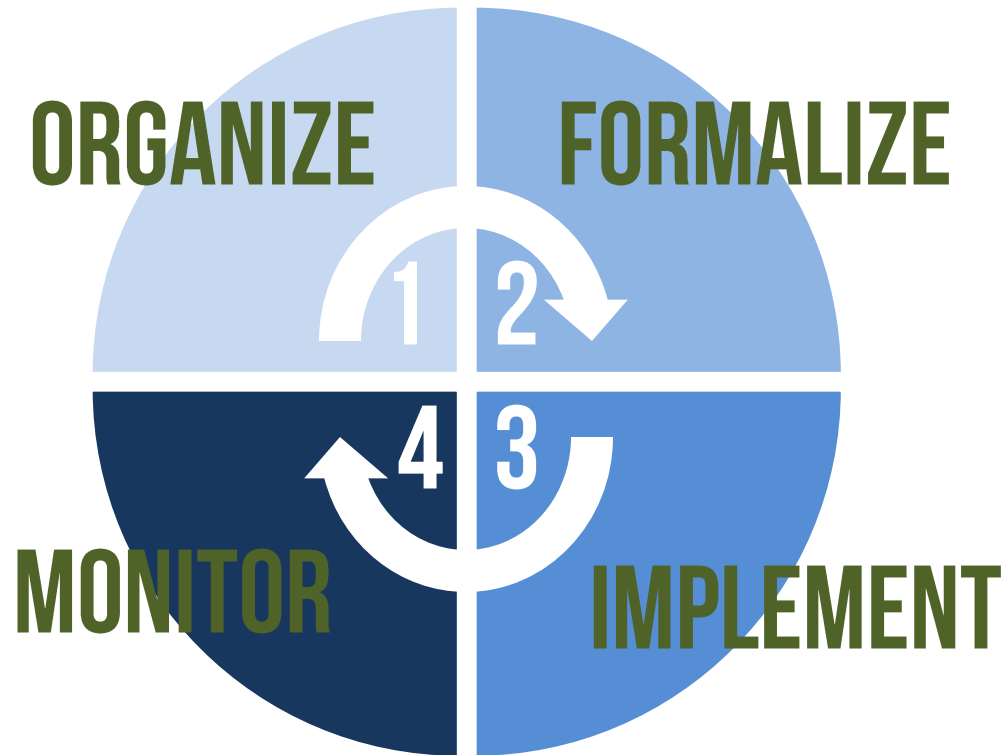


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INVESTMENT POLICY STATEMENT (IPS)

- ▶ Provides investment objectives in coordination with foundation's intentions of meeting them
- ▶ Gives trustees clear roadmap
- ▶ Fulfills fiduciary duties
- ▶ Educates new trustee/committee member

BECOMING PROTECTED INVESTMENT STEWARDS



HOW DOES A FOUNDATION MINIMIZE ITS FIDUCIARY RISK?


- ▶ One of the most effective ways to minimize fiduciary risk is to **implement** a process AND **follow it**.



IS IT TIME TO OUTSOURCE?

- ▶ Prep Time?
- ▶ Presentation Time?
- ▶ Driven by One?
- ▶ Rotating board membership?
- ▶ Emotions?

WHAT IS YOUR REAL FOCUS?



What are Your Goals?

What is Your Mission?

Are you Serving Others?

Or just....Managing Your Financial Assets?

That's why Milestone for Foundations is here



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