Fiscal Year 2026
Spending Policy

Fairfield County's Community Foundation (FCCF) adopts an annual spending policy to preserve and build the endowed funds entrusted to the Foundation and to maintain grant levels during periods of "down markets." Endowment studies by the Council on Foundations and the Commonfund Institute demonstrate that prudent spending levels allow a fund to grow, while spending more than net returns after inflation reduces the fund's purchasing power over time. The Foundation's spending policy model is:

6.7% (long-term net investment returns) – 2.7% (long-term rate of inflation) + 0.5% (to support current need) =
4.5% (Grants & administrative spending)

The spending rate for **FY26** is **4.5%** and includes grants and administrative fees.

This recommendation is based on careful consideration of Connecticut's UPMIFA regulations (§45a-535c of the Conn. Gen Statutes) and include such factors as preservation of the fund, general economic conditions, inflation or deflation, the expected total return from income, and the appreciation of investments.

Additional Information about the Spending Policy

- FCCF's spending policy is based on "total return," rather than "income-only." This enables FCCF to invest for the highest possible long-term return, regardless of the source and whether the gains are realized or unrealized, consistent with the Foundation's investment policy. This definition applies to existing Foundation documents that refer to "income" or "net income."
- This policy applies to discretionary, donor designated, field of interest, scholarship, and other permanent funds from which grants are recommended by FCCF Program Committees, unless the donor has clearly expressed a different intent. This policy is optional for donor advised funds.
- The spending rate is applied to average fund balances for the prior 12 quarters to determine spending levels for the next fiscal year.
- The intent of the policy is to set a maximum amount available for spending for each covered fund, but not to mandate that such an amount be spent. When a fund is established, staff reviews with donors the benefits of adhering to the spending policy.
- The spending rate is reviewed annually by the FCCF Investment Committee and recommends the Board approve in June when the budget is approved.