

Fiscal Stewardship: Reinvestment

(Endowed Funds Only)

Overview

Re-investment is the process where unused operating fund balances are put back into the principal, resulting in increased value of the endowment and future distributions. Making a *one-time* reinvestment means that a specified amount (up to the current balance of the operating fund balance) is transferred back to the principal account (99* budget number) to add to the total value of the endowment. As funds are invested quarterly, this infusion will then increase the distribution amount for that fund's operating account in the following quarter.

For example: The "ABC Endowed Fund" currently has \$100,000 in the principal budget and a fund balance of \$10,000; making a *one-time* reinvestment of the \$10,000 fund balance on January 1 will increase the principal account total to \$110,000. The March 31 distribution will then be based on the new principal account total of \$110,000.

Instructions

The Endowed Fund Administrator (e.g., unit chair/director) should send an email approval of a reinvestment decision to the Unit Administrator with the following information, and copy:

Erika Hargadine (ehargad@uw.edu)

Zanne Gerrard (sgerrard@uw.edu)

Vivianne Yang (vivianne@uw.edu)

A copy of this authorization email should be attached to the JV transfer request.

Reinvestment Authorization Email Template

Subject Line: Endowed Fund Reinvestment Authorization

[Unit Administrator],

On behalf of the *[Department/School/Program of _____]* I am authorizing a *one-time* reinvestment of \$_____ from *[operating budget name (operating budget #)]* into its principal budget (*[principal budget #]*), to be effective at the next quarterly investment. Please submit a JV request to initiate this transfer.

Thank you,

[Endowed Fund Administrator]

**Please make sure to include your title and contact information in the email*

REINVEST UNSPENT ENDOWMENT EARNINGS

We encourage unit to use endowment distributions per the donor’s intent. However, unspent endowment earnings can also be transferred back to the principal account to grow the corpus of the endowment for larger future distributions.

Unspent endowment earnings can be transferred back to the principal budget through MyFinancial Desktop following the steps below.

- Log into MyFinancial Desktop, go to the TRANSACTIONS dropdown menu, and click on Journal Voucher.
- The data required in order get it processed is included below,
 - a) Form Name/Description: Enter a short description of the transfer, like “reinvestment to 99-1234”;
 - b) Explanation: Enter in a more detailed explanation here but mostly where the funds are coming from and moving to as well as the reason why (e.g., “reinvestment of unspent endowment earnings from [OPERATING BUDGET #] to [PRINCIPAL BUDGET #]”);
 - c) Approver UWNNetID: Administrator or a person who can approve the transfer;
 - d) Distribution List: Include the NetIDs of people who should be informed about the transaction (In the College of the Environment, at a minimum this list should include: cfeng, sgerrard, vivianne, robertcb);
 - e) Document Attachments: Add backup documentation to this JV (e.g., email from Endowed Fund Administrator (usually the unit chair/director) approving/requesting the transfer);

The screenshot shows the MyFinancial Desktop interface. The header includes the logo and navigation options like HELP, SETUP, and GLO. The main menu has TRANSACTIONS, REPORTS, QUERIES, and MORE SYSTEMS. The form is titled 'Journal Voucher' and contains the following fields:

- Date Prepared: 07 / 07 / 2020
- JV Number: [Empty]
- * Form Name/Description: Reinvestment to 99-4292
- * Explanation: Reinvest unspent endowment earnings from 64-0149 to 99-4292
- * Approver UWNNetID: robertcb (UWNNetIDs only separated by comma)
- Preparer Information: Caroline Feng cfeng +1 206 616-8374
- * Department: ENV: Dean: Finance & Administration
- Distribution List: cfeng, sgerrard, vivianne, robertcb (UWNNetIDs only separated by comma)
- * Document Attachments: Add Attachments button
- Period JV s/b recorded: Current (default) Prior Fiscal Year

- f) In the JV Transactions Table (see example below), the top row is showing where funds are moved from.
- 1) Description: Enter "to 96-9300"
 - 2) Fund or Budget Number: Enter the operating budget number where the funds will be moved from
 - 3) Obj Sub Ssub: Enter "948198" which is the revenue code for funds to "transfer out"
 - 4) Debit: Enter the amount that will be transferred
 - 5) Credit: leave this blank
 - 6) Task/Option/Project: only use this if your unit requires the use of these
- h) The second row is used for the Endowment Suspense budget (969300) the funds are moved to.
- 1) Description: Enter "from (budget number)"
 - 2) Fund or Budget Number: Enter 969300
 - 3) Obj Sub Ssub: Enter "948098" which is the revenue code for funds to "transfer in"
 - 4) Debit: leave this blank
 - 5) Credit: Enter the amount that will be transferred
 - 6) Project: Enter the 6 digit allocation code for the endowment you are transferring funds into

Add new Transaction rows

i The maximum number of lines is 2500 per JV.

	Debit	Credit
Totals	10,000.00	10,000.00

JV Transactions												
#	* Description	* Fund or Budget Number	* Obj Sub Ssub	Amount		Cost Accounting Only			Payroll Data			
				* Debit	* Credit	Task	Option	Prj	Pos	Occup	Sv	
1	To 96-9300	640149	948198	10,000.00				GNWEND				
2	From 64-0149	969300	948098	0.00	10,000.00			GNWEND				
3												
4												
5												
6												
7												
8												
9												
10												
			Totals	10,000.00	10,000.00							

Alt Contact Information

Reference Number

To learn more about how to submit a Journal Voucher in MyFinancial Desktop, please go to <https://finance.uw.edu/myfd/eLearning/journalvoucher>.

Vivianne Yang (vivianne.yang@uw.edu) should be cc'd on the reinvestment authorization email so that she has the details of the one-time transfer and can move the appropriate funds from 96-9300 to each specific endowment principal account. If she was not cc'd on the email authorization, after submit the Journal Voucher online, please email Vivianne Yang the details.

Transfers will be processed quarterly and will influence payouts at the next distribution date. For example, if reinvestment is requested and funds transferred prior to 6/30, the amount will be added to 7/1 purchase, and the payout on 9/30 will reflect the change.

If you have any question, please email Caroline Feng (cfeng@uw.edu).