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Killam Trusts Endowments Spending Procedure

Office of Accountability:	Vice President (University Services and Finance)
Office of Administrative Responsibility:	Finance, Procurement and Planning – Investments and Treasury
Approver:	Killam Trustees
Scope:	Compliance with this University policy extends to all academic, support and excluded staff, postdoctoral fellows, and academic colleagues as outlined and defined in the Recruitment Policy (Appendix A and Appendix B : Definitions and Categories).

Overview

Established in 1965 by Izaak Walton Killam and his wife Dorothy J. Killam, the Killam Trusts fund doctoral scholarships, Postdoctoral Fellowships, Annual Professorships, Killam Memorial Chairs and assorted prizes at the University of Alberta.

In October 1999, the Supreme Court of Nova Scotia approved an agreement made between the Killam Trusts and the Killam Institutions dated January 8, 1999. Pursuant to this Agreement, in Fiscal Year 1999-2000 and the years thereafter, the University of Alberta adopted the “total-rate-of-return” approach and included the transfer of realized capital gains as a supplement to interest and dividends, to the extent necessary to permit annual spending to reach the 5% level, or such other amount as approved.

The Trustees have authorized the expenditure of realized capital gains as a supplement to interest, dividends and other forms of income, to the extent necessary to fund the calculated level of spending.

The Killam Trusts are invested within the University Endowment Pool (UEP), the Killam Trusts along with the UEP are intended to support current and future beneficiaries in perpetuity. The

UEP Spending Policy, University Funds Investment Policy, and Statement of Investment Principles and Beliefs are interrelated and designed to maintain the real value of the UEP over time in order to preserve the future purchasing power of the assets.

The annual review of the Killam Trusts Spending Procedure is designed to ensure that it remains appropriate with respect to the Killam endowments' overall goals and objectives.

Purpose

The purpose of this Spending Procedure in conjunction with the University Endowment Pool Spending and Investment Policy is to preserve the Real value of endowment assets over time, while maintaining an appropriate and stable level of support to the current generation of beneficiaries.

Procedure

Spending from the Killam Trusts Endowments shall be in accordance with the following procedures effective fiscal years commencing April 1, 2018:

1. The Killam Trusts Endowments Annual Spending Allocation is based on 3.5% of the 60 month average Valuation ending on December 31 of the prior calendar year and applied against the endowment Valuation at the beginning of each fiscal year.
2. If the market value of the Killam Trusts Endowments exceeds the Killam Inflation Tracking Target by more than 15% the Annual Spending Allocation is aligned with the UEP Spending Policy rate of 4.0% of the 60 month average Valuation ending on December 31 of the prior calendar year.
3. The Killam Trusts Endowments will not be subject to the Administrative Assessment in the UEP Spending Policy.
4. All other aspects of the UEP Spending Policy will apply to the Killam Trusts Endowments.
5. When the market value of the Killam Trusts Endowments exceeds the Killam Inflation Tracking Target by 15% or less, the Trustees will be notified on a timely basis and a review of the Killam Trusts Endowments Spending Procedure will be initiated.
6. The Killam Trustees shall review this spending procedure on an annual basis for continued appropriateness. Any required changes will be presented to the Killam Trustees for approval.

Definitions

Any definitions listed in the following table apply to this document only with no implied or intended institution-wide use.

Administrative Assessment	Indirect cost recovery for centrally funded goods and services that support the activities and development of the endowed programs.
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Annual Spending Allocation	Amount allocated to fund the activities of the endowed programs.
Inflation Tracking Target	Total cumulative Killam endowment contributions indexed by Total CPI.
Real	Used in conjunction with asset values and rates of return and restates these nominal amounts by inflation or deflation.
Total CPI (Consumer Price Index)	A Statistics Canada index of retail prices for goods and services. Increases in the CPI are also referred to as increases in the cost of living and are directly correlated to increases in inflation. As published by the Bank of Canada at: http://www.bankofcanada.ca/rates/price-indexes/cpi/
University Endowment Pool (UEP)	The pooling of investment assets accumulated by or donated to the University for endowment purposes to facilitate investment management and administration of the funds.
Valuation	An accounting process that allocates each individual endowment with its proportionate share of Investment Earnings, Annual Spending Allocation, Administrative Costs and Direct Costs.

Related Links

[University Endowment Pool Spending Policy](#)

If any of the links are broken, please contact uappol@ualberta.ca
 Contact for questions about this procedure: policy.treasury@ualberta.ca