Unitrust, Annuity Trust, and Pooled Income Funds Investment

University Policy

Applies to: All university personnel responsible for managing trust agreements or individuals participating in trust agreements

Responsible Office

Office of Business and Finance

POLICY

Issued: 02/01/2008
Revised: 01/07/2021 (minor revision)

The Office of Financial Services (Financial Services) is responsible for investing and managing the university’s trust agreements.

Purpose of the Policy

To manage investments in a manner that will provide an income payout to the beneficiary(s) in accordance with a trust agreement and to preserve the purchasing power of a trust when it transfers to the university.

Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Exception</td>
<td>Any violation of or noncompliance with a university policy issued by the Office of Business and Finance (Business and Finance).</td>
</tr>
<tr>
<td>Waiver</td>
<td>Permission granted to a unit to operate differently than specified or required by a university policy issued by Business and Finance.</td>
</tr>
</tbody>
</table>

Policy Details

I. Overview
   A. The preferred investment vehicle used in managing trusts will be index mutual funds or exchange traded funds designed to replicate the return of the overall markets at a low cost. Investments will be made to diversify the assets in a prudent manner.
   B. Asset allocation will be reviewed on a periodic basis and revised based on market conditions and the ages of the beneficiary(s).
   C. Responsibility for investment of those funds is with Financial Services.

II. Targets
   A. The initial target for maintaining purchasing power on a newly established trust is to preserve two-thirds of the present value based on the beneficiary(s) life expectancy.
   B. The secondary target is to preserve one-half of the present value based on the beneficiary(s) life expectancy plus five years.

PROCEDURE

Issued: 02/01/2008
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I. Asset Allocation
   A. Typically, the types of asset classes that will be used include:
      1. Domestic equities,
      2. International equities,
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3. Domestic fixed income,
4. Inflation protected securities, and
5. Money market.
B. Depending on the age(s) of the beneficiary(s), the allocation can be short, intermediate, or long-term in nature.

II. Waivers to this policy must be approved in advance and documented by the Office of Business and Finance, using the Business and Finance University Policy Waiver Request.

III. Policy Violations
A. All policy violations must be tracked as an exception in accordance with the Fiscal Stewardship policy.
B. The university may require successful completion of training.
C. The university may enforce corrective action, up to and including termination, in accordance with applicable policies or rules.
D. The university may seek restitution, as appropriate.
E. Criminal charges may be filed, as appropriate.

Responsibilities

<table>
<thead>
<tr>
<th>Position or Office</th>
<th>Responsibilities</th>
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</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>Manage investment funds covered by this policy.</td>
</tr>
</tbody>
</table>

Resources

University Policies, policies.osu.edu
Fiscal Stewardship, go.osu.edu/fiscal-stewardship-policy

Forms and Other Resources
Business and Finance University Policy Waiver Request, go.osu.edu/busfinpolicywaiverrequest

Contacts

<table>
<thead>
<tr>
<th>Subject</th>
<th>Office</th>
<th>Telephone</th>
<th>E-mail/URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy questions</td>
<td>Financial Services, Office of Business and Finance</td>
<td>614-292-6261</td>
<td>busfin.osu.edu/university-business/treasurer</td>
</tr>
</tbody>
</table>

History

Issued: 02/01/2008
Reviewed: 01/01/2015
Edited: 06/01/2019 Number removed from title
Revised: 01/07/2021 Minor revision