

Appendix B: TRCF Community Endowment model examples June 2021



Endowment Scenarios

Endowment funds are managed as investments in perpetuity. We therefore take a long term approach and some volatility in returns is to be expected. The draw down percentage is kept under review on a rolling multi year basis but is intended to provide a consistent and sustainable stream of funding for grant making and to smooth any fluctuations in investment returns. These scenarios therefore assume that our existing draw down policy would continue in the event of changing investment returns but this would be subject to recommendations from our Investment committee and consultation with the donor panel.

5% + CPI investment return and 5% total return draw down

Initial donation (£)	Year1			Year2			Year3			Year5			Year10		
	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f
100,000	0	1,750	104,250	3,399	1,814	105,293	3,435	1,829	106,345	3,509	1,861	108,483	3,701	1,943	114,017
250,000	0	4,000	261,000	8,885	4,165	263,610	8,976	4,204	266,246	9,162	4,284	271,598	9,642	4,489	285,452
500,000	0	7,750	522,250	18,029	8,084	527,473	18,212	8,162	532,747	18,583	8,321	543,455	19,543	8,733	571,177
1,000,000	0	15,250	1,044,750	36,428	15,809	1,055,198	36,820	15,940	1,065,749	37,615	16,205	1,087,171	39,674	16,891	1,142,628
2,000,000	0	27,750	2,092,250	75,709	28,903	2,113,173	76,494	29,165	2,134,304	78,087	29,696	2,177,204	82,210	31,070	2,288,263
5,000,000	0	65,250	5,234,750	193,553	68,184	5,287,098	195,516	68,839	5,339,968	199,501	70,167	5,447,302	209,818	73,606	5,725,169

3% + CPI investment return and 5% total return draw down

Initial donation (£)	Year1			Year2			Year3			Year5			Year10		
	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f
100,000	0	1,750	102,250	3,329	1,784	101,228	3,293	1,768	100,215	3,224	1,736	98,221	3,066	1,651	93,407
250,000	0	4,000	256,000	8,710	4,090	253,440	8,620	4,052	250,906	8,444	3,976	245,913	8,018	3,793	233,860
500,000	0	7,750	512,250	17,679	7,934	507,128	17,499	7,857	502,056	17,146	7,706	492,065	16,294	7,340	467,949
1,000,000	0	15,250	1,024,750	35,678	15,559	1,014,503	35,294	15,431	1,004,357	34,551	15,165	984,371	32,845	14,434	936,127
2,000,000	0	27,750	2,052,250	74,209	28,403	2,031,728	73,440	28,147	2,011,410	71,924	27,641	1,971,383	68,264	26,421	1,874,766
5,000,000	0	65,250	5,134,750	189,803	66,934	5,083,428	187,878	66,293	5,032,568	184,084	65,028	4,932,420	174,927	61,976	4,690,683

1% + CPI investment return and 5% total return draw down

Initial donation (£)	Year1			Year2			Year3			Year5			Year10		
	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f	Available for grants	Contribution to costs	Value of endowment fund c/f
100,000	0	1,750	100,250	3,259	1,754	97,243	3,160	1,702	94,325	2,974	1,601	88,751	2,554	1,375	76,213
250,000	0	4,000	251,000	8,535	4,015	243,470	8,271	3,902	236,166	7,768	3,686	222,208	6,635	3,201	190,818
500,000	0	7,750	502,250	17,329	7,784	487,183	16,801	7,558	472,567	15,794	7,126	444,638	13,527	6,155	381,826
1,000,000	0	15,250	1,004,750	34,928	15,309	974,608	33,861	14,869	945,369	31,845	14,005	889,498	27,311	12,062	763,842
2,000,000	0	27,750	2,012,250	72,709	27,903	1,951,883	70,446	27,149	1,893,326	66,120	25,707	1,781,430	56,391	22,464	1,529,775
5,000,000	0	65,250	5,034,750	186,053	65,684	4,883,708	180,389	63,796	4,737,196	169,566	60,189	4,457,228	145,223	52,074	3,827,573

2. Contribution to TRCF costs are on a banded scale:

First £100,000	1.75%
£100,000 - £,1000,000	1.50%
£1,000,001 +	1.25%

**** This example is for information only and does not constitute professional investment advice. The value of investments may fall as well as rise and past performance is not a guarantee of future results. ****