



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

Term	Definition
Exception	Any violation of or noncompliance with a university policy issued by the Office of Business and Finance (Business and Finance).
Waiver	Permission granted to a unit to operate differently than specified or required by a university policy issued by Business and Finance.

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

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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

Position or Office	Responsibilities
Financial Services	Manage investment funds covered by this policy.

Resources

University Policies, policies.osu.edu

Fiscal Stewardship, busfin.osu.edu/sites/default/files/111_internalcontrols.pdf

Forms and Other Resources

Business and Finance University Policy Waiver Request, docusign.net/Member/PowerFormSigning.aspx?PowerFormId=fd68959a-4afb-48bb-a0ae-67521b9ad821&env=na1&acct=387d1013-fb1c-4705-9bd9-7cf575f484ce&v=2

Financial Code of Ethics, busfin.osu.edu/sites/default/files/financial-code-of-ethics.pdf

Contacts

Subject	Office	Telephone	E-mail/URL
Policy questions	Financial Services, Office of Business and Finance	614-292-6261	busfin.osu.edu/university-business/treasurer

History

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