2020 FINDINGS SNAPSHOT

An Evaluation of Private Foundation Model Portfolios, Investment Returns, & Payout Rates

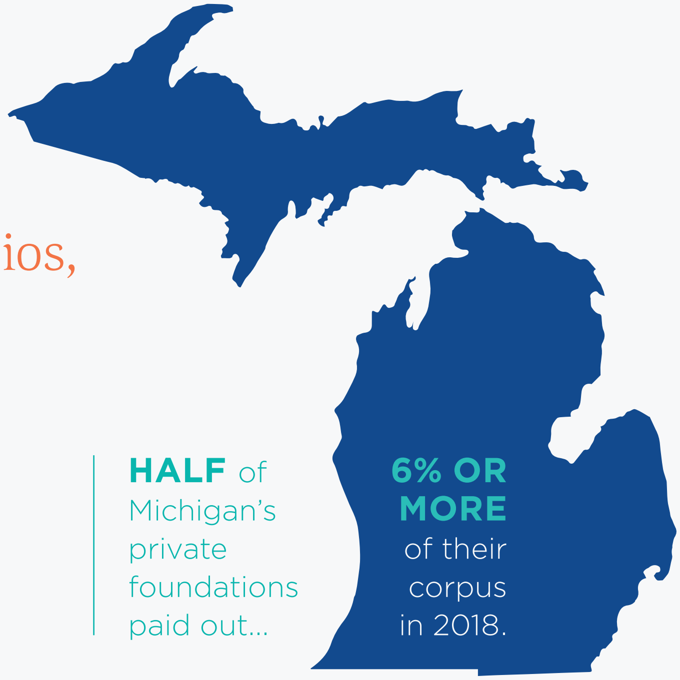
- Nearly **50,000 filings were analyzed**, representing **84%** of the nation's private foundations.

- **Nearly a quarter** of foundations across the nation **paid out 15% or more** of their corpus in 2013–2018.

- Research shows that a **mandated payout rate above 5% would be difficult to sustain** on an inflation adjusted basis.

- Calculated investment performance from 2014 to 2018 **fell well short of the 5% payout threshold** for private foundations in Michigan and across the nation.

HALF of Michigan's private foundations paid out...



If payout rates increased, it may take up to...

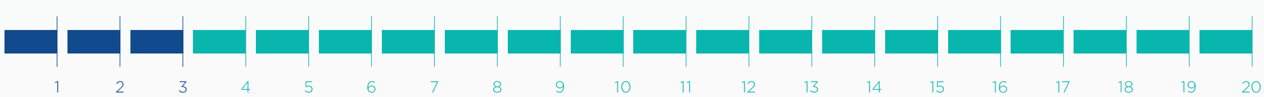
18–20 YEARS

for assets to return to their current balance,* even if investment returns remain above long-run historical averages.

If future investment returns continue to be well below the long-run historical averages, increasing payout rates may cause assets to end...

20–35% BELOW

their current balance,* even after 20 years.



INCREASING payout rates in the short term can be equivalent to...

DECREASING grants for **17 years** in favor of increased grants for the first 3 years.

Current balance is on a real basis.

Council of Michigan Foundations

JOHNSON CENTER AT GRAND VALLEY STATE UNIVERSITY

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