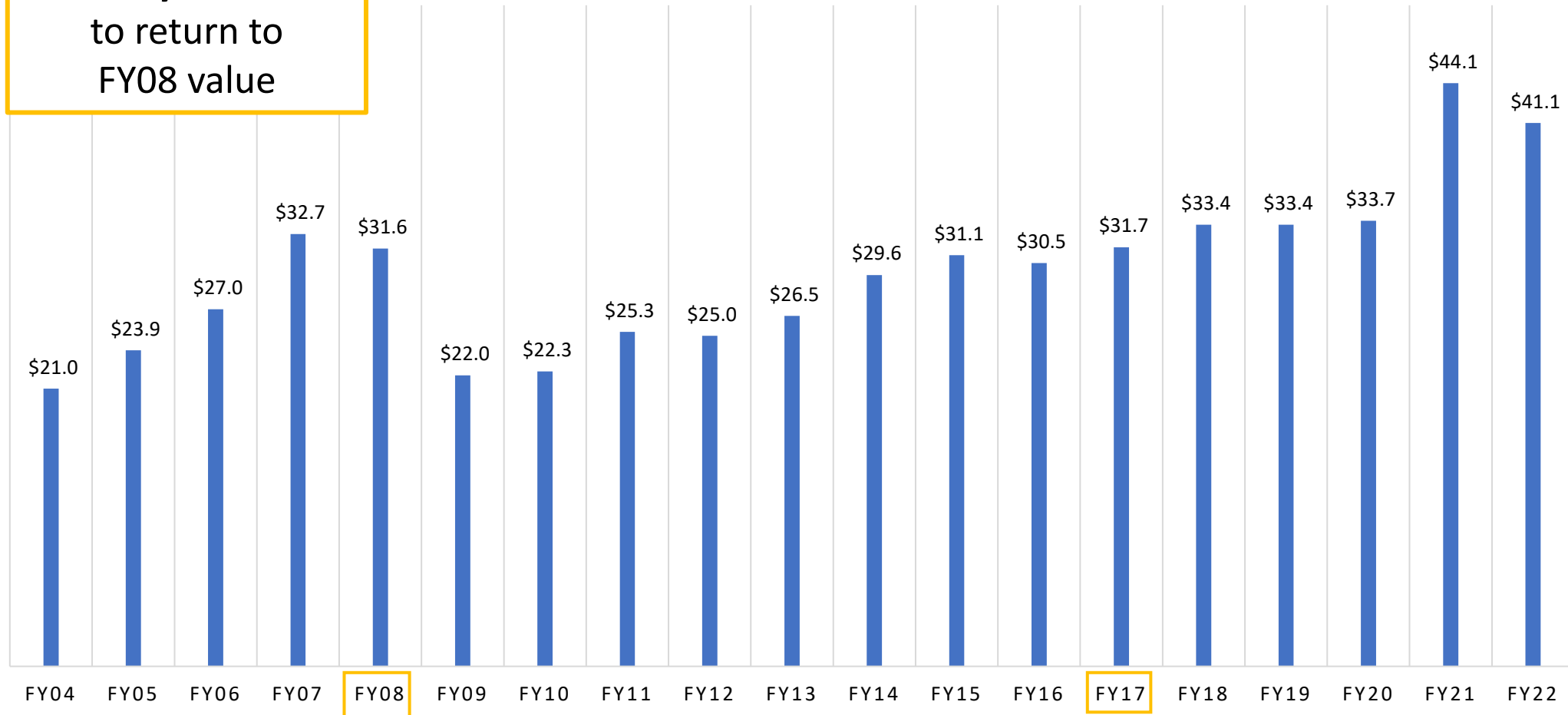


Yale

Yale is committed to improving the world today and for future generations through outstanding research and scholarship, education, preservation, and practice. Yale educates aspiring leaders worldwide who serve all sectors of society. We carry out this mission through the free exchange of ideas in an ethical, interdependent, and diverse community of faculty, staff, students, and alumni.

Endowment Market Value Year Over Year

9 years
to return to
FY08 value



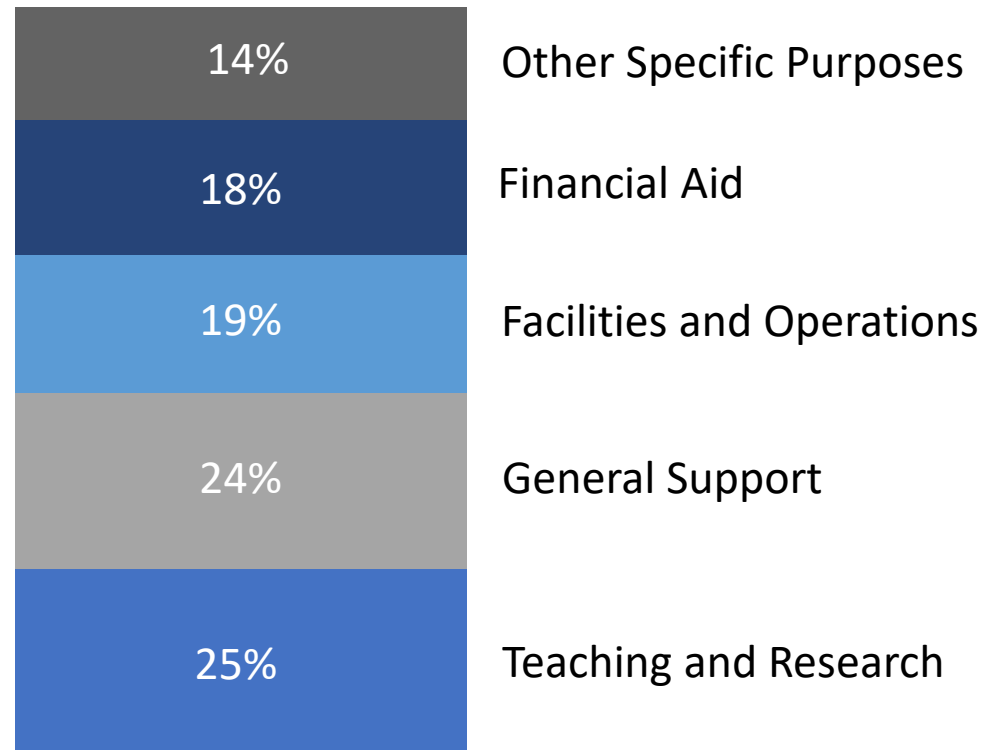
Endowment Spending Rule

The university's spending policy attempts to balance the objectives of preserving purchasing power over time and providing substantial current support by using a **long-term target payout rate of 5.25% combined with a smoothing rule** that adjusts spending gradually for changes in endowment market value.

The payout under the spending rule is equal to 80% of the prior year's spending plus 20% of the long-term target spending rate applied to the previous year's beginning endowment market value, with the sum adjusted for inflation. The payout formula also has a floor and a ceiling intended to prevent the spending rate from falling below 4% of endowment market value in years when market value is growing rapidly or rising above 6.5% in years when market value is declining rapidly.

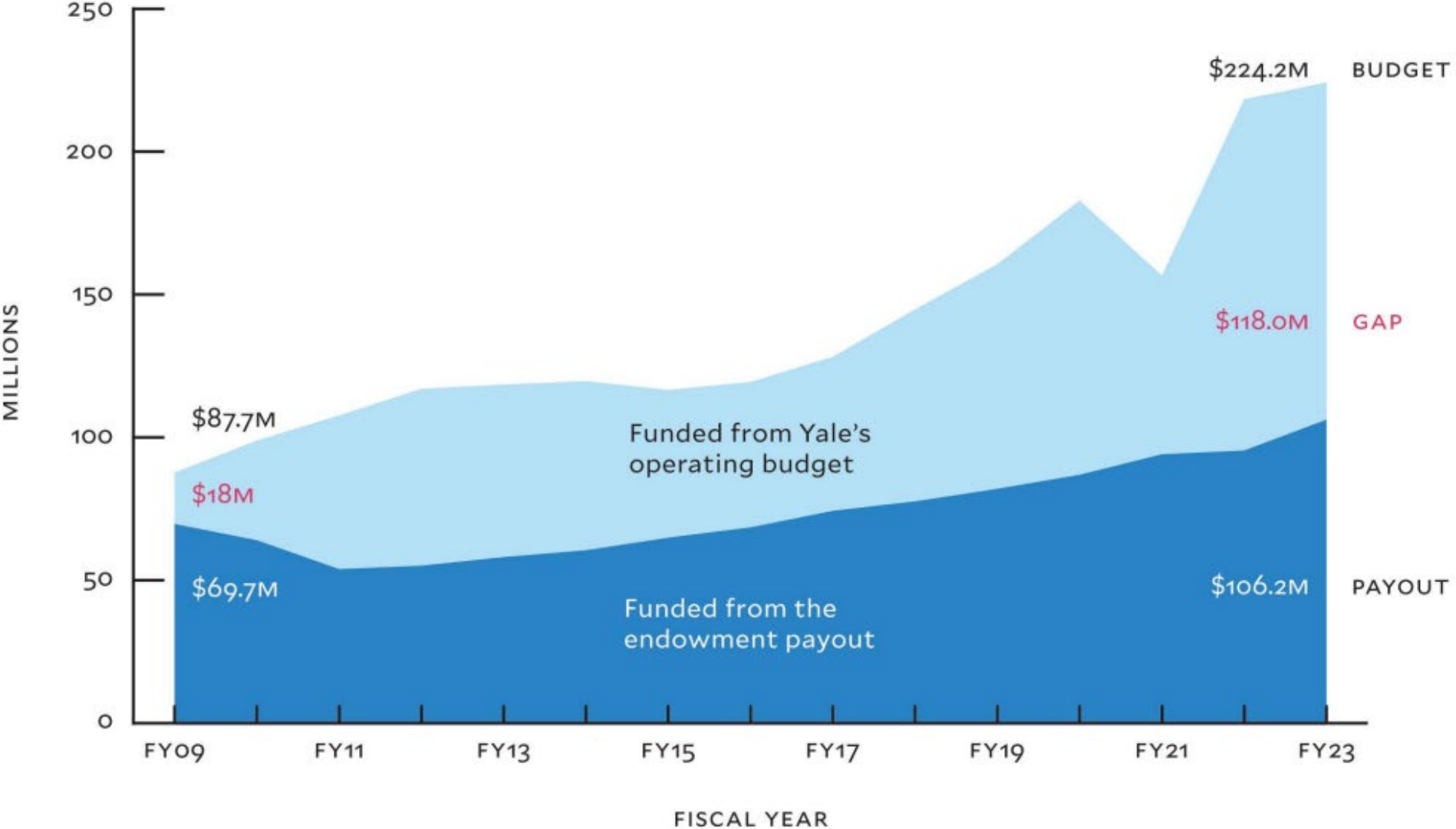
Endowment by Purpose

FY22 ENDOWMENT ALLOCATION



~80%
has a legal
restriction

Yale College Financial Aid Budget



Less than 50%
of financial aid
budget covered
by the
endowment

.....

Your Gifts Close the Gap

Each year, the endowment payout covers just a portion of Yale's spending on scholarships and fellowships. The balance comes chiefly from operating funds.

Financial aid budget for Yale University



Funding from
endowment



Funding Gap

Financial aid budget for Yale College



Funding from
endowment



Funding Gap

Takeaways

- Established in 1718 from an initial fund of £562 provided by Elihu Yale, the endowment has grown to more than \$40 billion in value today. The annual distribution from the endowment is designed to support the mission of Yale today and for the Yale of tomorrow.
- Subject to the vagaries of economic conditions, the endowment is managed to ensure that the distributions are steady and won't adversely affect the annual budget requirements.
- 80% of the total endowment is in restricted funds, which means that only 20% of the annual distribution is available for new investment and innovation
- In 2009, the annual financial aid budget for Yale College was \$85+million, of which 75% was supported by endowments designated for scholarship; in 2023, due to the expansion and increased diversity of the student body, the financial aid budget has increased to \$224+million annually, of which roughly only 48% is covered by endowments designated for scholarship.