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SEI Releases 2021 Update of Research on Nonprofit Organizations' Spending Policies

Survey finds the percentage of nonprofits that expect to increase spending has doubled over the last five years

OAKS, Pa., May 25, 2021 /PRNewswire/ -- SEI (NASDAQ:SEIC), a leading provider of outsourced chief investment officer (OCIO) services and custom platforms to support insourced investment staffs, today announced the findings of its most recent update to its series on spending practices among nonprofit organizations in North America. The paper highlights that more than two-thirds (69%) of participants say the pandemic has had no effect on their spending rates.

"While the spending rates for almost half of respondents surveyed (48%) didn't change, certain types of nonprofit organizations actually increased. For example, 44% of Community Foundations increased spending in the past year, in response to heightened needs related to COVID. Looking ahead, those organizations that anticipate increasing spending in the near future more than doubled (39%) since our last survey (19%) in 2016," said Mary Jane Bobyock, Managing Director of the Nonprofit Advisory Team, SEI Institutional Group. "This increase solidifies the importance of a periodic and regular review of a nonprofit's spending policy, to analyze its alignment with the organization's current needs, as changing market conditions and events can alter an organization's strategy towards their long term mission."

The range of average spending rates also varied by type of organization. According to the survey findings, private foundations had the highest average spending rate of 5.59% and other organizations with average spending rates between 4.08% and 4.93%.

Additional findings highlighted the spending methodologies across nonprofit types, with key takeaways including:

- 64% of participants use the moving average spending rate methodology.
- Only one in ten (10%) of those polled said their organization is considering changing the methodology used for their spending policy.
- 11% of participants use a banded inflation methodology, which grew in usage since 2016. This signalled that nonprofit organizations were looking for a better predictability

factor in 2020, in order to help manage volatility and distributions year to year, while incorporating incremental increases and expenses.

102 participants, representing nonprofits with endowments ranging from \$25 million to more than \$5 billion, completed the survey, conducted in 2020-2021 by The SEI Nonprofit Management Research Panel. None of the respondents are current clients of SEI. To download a copy of the research, visit seic.com/nonprofitspending.

About SEI's Institutional Group

SEI's Institutional Group provides institutional investors with outsourced investment management services and custom platforms to support insourced investment staff. SEI is one of the first and largest global providers of outsourced or OCIO investment management services to the institutional marketplace and recently launched its Enhanced CIO services globally to institutional investors that desire to have internal resources. The company delivers these integrated solutions to more than 450 clients in 9 countries, as of March 31, 2021. Our solutions are designed to help clients meet financial objectives, reduce business risk and fulfill their due diligence requirements through implemented strategies for the management of defined benefit plans, defined contribution plans, endowments, foundations and board-designated funds. For more information visit: seic.com/institutional-investors

About SEI

After 50 years in business, SEI (NASDAQ:SEIC) remains a leading global provider of investment processing, investment management, and investment operations solutions designed to help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of March 31, 2021, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages, advises or administers approximately \$1 trillion in hedge, private equity, mutual fund and pooled or separately managed assets, including approximately \$384 billion in assets under management and \$836 billion in client assets under administration. For more information, visit seic.com.

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