



March 3, 2026

TO: Principals, Deans, Academic Directors and Chairs
Divisional Business and Financial Officers via AMS listserv

RE: Endowment Payout Planning for Fiscal 2026

To assist with year-end planning, I am writing to provide a projected endowment payout rate for fiscal 2026. Subject to changes in investment markets over the final months of the fiscal year, the net endowment payout for program spending will be \$10.34 per unit, excluding the allocation for investment in fundraising capacity via the AIM program.

As you know, beginning April 30, 2024, the University initiated a new Advancement Investment Model (AIM) to support divisional and university-wide priorities for growth in fundraising and engagement. The AIM assessment is set at 0.26% based on a target payout of 4% of the five-year average market value of the endowment. For 2026, this results in an AIM allocation of \$0.72 per unit. The University Advancement office will coordinate with Planning & Budget and each division to manage the allocation of funds generated via the AIM.

The total endowment payout of \$11.06 per unit, inclusive of AIM, represents a 4.0% increase over last year's payout rate. The increase in payout takes into account the following factors:

- From May to January 2026, LTCAP achieved an actual return of 12.7%. Given the current period of economic uncertainty, we have conservatively assumed a moderation of this return to 7.0% by the end of the fiscal year, which is aligned with our target rate of return of 4% plus CPI.
- The projected 4.0% increase in the payout rate for fiscal 2026 is intended to provide funding for increased operating costs due to inflation.

The gross payout of \$11.06 per unit for fiscal 2026 will represent 4.0% of the 5-year average market value of the endowment. This falls within the target 3% to 5% corridor for endowment spending in accordance with policy. The distribution will provide a total of \$145 million to beneficiaries and \$7.8 million to support the AIM program.

More information is available in the endowment annual financial report, which is accessible at <http://finance.utoronto.ca/reports/endowment/>. If you have any questions about the payout for this year, please contact Jenny Cheng, Associate Director of Restricted Fund Accounting at jenny.cheng@utoronto.ca. The annual payout for 2026 will be distributed by Monday, April 20, 2026.

Jeff Lennon
Interim Chief Financial Officer