



## Uniform Prudent Management of Institutional Funds Act (UPMIFA)

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) is a set of laws that regulate the management and investment of endowment funds by nonprofit organizations in the United States. UPMIFA was developed to update and replace the Uniform Management of Institutional Funds Act (UMIFA), which was originally adopted in 1972.

UPMIFA provides guidance on the management and investment of charitable endowment funds to ensure that they are used effectively to support the mission and goals of the organization. The law establishes a prudent-person standard for managing endowment funds, requiring nonprofit organizations to exercise care, skill and diligence when investing and managing their funds. The law also allows nonprofit organizations to spend a portion of their endowment funds, known as “underwater” funds, if the funds have lost value due to market conditions or other factors.

Under UPMIFA, nonprofits are allowed to spend up to seven percent of the average fair market value of the endowment over the preceding three years, or a different amount agreed upon by the organization’s board.

UPMIFA requires nonprofit organizations to adopt policies and procedures for managing and investing their endowment funds, and to regularly review and update these policies to ensure they are consistent with the law and the organization’s mission and goals. The law also requires organizations to provide regular reports to donors and other stakeholders on the management and performance of their endowment funds.

The goal of UPMIFA is to provide nonprofit organizations with the flexibility they need to manage their endowment funds effectively while ensuring that these funds are used in a way that is consistent with the organization’s mission and goals. By adopting best practices for managing endowment funds, nonprofit organizations can help ensure their long-term financial sustainability and the ability to fulfill their mission.

---

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER  
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863 // [RAYMONDJAMES.COM](https://RAYMONDJAMES.COM)