

Treasurer's Report to the Membership

Fiscal Year 2012

Dear Colleagues,

The past fiscal year ending in June 2012 turned out to be a mediocre period for endowments overall. The Society's endowment has been no exception, coming in with a return of -0.6%. Put another way, in our \$4.6 million portfolio we fell about \$28,000. The National Association of College and University Business Officers, which crunches the numbers for the endowments of institutions nationwide, has issued a preliminary report in which it anticipates the majority of endowments to show similarly negative results, with the average expected to come in somewhere between 0% and -2%. The downbeat mood among endowments this year has been exacerbated by the sudden drop compared to 2011, when the Ivy Leagues, for example, returned from 18% to 23%, and our AMS portfolio came in right in the middle of that illustrious group at +20.7% (revised from the +20.3% reported in the February 2012 *Newsletter*).

As I write this column in late November, there are some signs in the new fiscal year for improvement in the global financial situation, and our AMS endowment stands 4.8% above where it was on June 30, now at a new all-time high of \$4.8 million. The stock market, however, has shown volatility after the national election, and the outcome of fiscal cliff negotiations (which will certainly move markets and our endowment one way or the other) remains uncertain.

The other crucial decision that confronts any endowment, besides how to invest its money, is how to spend it. In this regard, the Board of Directors voted at its recent meeting to lower annual endowment spending from 5.0% to 4.5%, to be phased in over a three-year period. Our 5.0% level had been established in 2001 when that was the average among endowments. Since then, however, endowments have steadily lowered their spending to the point that from 2006 to the present the figure has been hovering between 4.4% and 4.6%. This trend toward fiscal restraint was further reinforced by the global financial crisis of 2008–09. That event has caused the boards of many endowments to adopt a viewpoint that the world has entered a new financial environment in which we cannot, as a matter of course, rely on the same returns from stocks and bonds as in prior years. The goal of our move to a 4.5% level of spending is to help ensure that the AMS endowment will remain financially secure in perpetuity, so

American Musicological Society

that all future generations of musicologists will be able to enjoy the same benefits from our programs that we enjoy today.

Sincerely,

James Ladewig

AMS Treasurer

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Calendar year membership tally: 3,462 (as of October 31, 2011)