



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2009 Wisconsin Act 33
[2009 Senate Bill 31]

**Uniform Prudent Management of
Institutional Funds Act**

Act 33 repeals the prior law, which was entitled the Uniform Management of Institutional Funds Act and was enacted in Wisconsin in 1976. The Act replaces that law with the Uniform Prudent Management of Institutional Funds Act, which was approved by the National Conference of Commissioners on Uniform State Laws in 2006.

The new Act creates standards of conduct in managing and investing an institutional fund, which is defined as a fund held by an institution exclusively for charitable purposes, with specified exceptions. The term “charitable purpose” is defined as the relief of poverty, the advancement of education or religion, the promotion of health, the promotion of a governmental purpose, or any other purpose the achievement of which is beneficial to the community. The Act specifies factors to be considered in managing and investing an institutional fund. In addition, it specifies factors that an endowment fund is required to use in making a determination to appropriate or accumulate funds. An “endowment fund” is defined as an institutional fund or part of an institutional fund that, under the terms of a gift instrument, is not wholly expendable by the institution on a current basis.

The Act specifies that each person responsible for managing and investing an institutional fund must manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The Act also specifies requirements regarding the release or modification of restrictions contained in a gift instrument on the management, investment, or purpose of an institutional fund.

Effective Date: The Act takes effect on August 4, 2009.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.state.wi.us/>.