

SOUTHEASTERN ARCHAEOLOGICAL CONFERENCE BUSINESS MEETING 2020

COMMITTEE/TASK FORCE ANNUAL REPORTS

Investment and Finance Committee Report: SEAC Life Fund Update Submitted by Paul Welch November 4, 2020

Committee Members: Paul Welch, Chair; Lynne Sullivan; Al Goodyear; Kandace Hollenbach



Activities during Fiscal Year 2019-2020 (ending October 31, 2020)

The Life Fund balance at the end of October, 2020, was \$295,784.41. The balance at the end of last fiscal year was \$291,183.97. However, FY 2020 earnings in the Life Fund were substantially higher than the \$4,600.44 difference between these two figures. In accordance with the Bylaws, the Board authorized transfer of part of the FY 2019 earnings from the Life Fund to Operating during FY 2020. The total transferred during FY 2020 was \$26,000. The first \$16,000 was transferred in January, 2020, to help the 2020 Annual Meeting organizers make a deposit for facilities use. A further \$10,000 was transferred in September, to “cash in” more of the unusually large earnings from the 2019 fiscal year. Adding these transferred amounts to the \$4,600.44 difference between year-end totals indicates a net increase of \$24,600.44. The Treasurer received new payment of Life dues during the fiscal year, but the payment was not credited to the Vanguard Life Fund account until early November, so it is not included in the numbers reported above. Therefore, the net Life Fund earnings during FY 2020 were \$24,600.44, an 8.3% increase from the end of FY 2019. This is the maximum amount the Board may withdraw from the Life Fund during FY 2021.

In August this year, the Investment & Finance Committee felt that the stock market was significantly overvalued, and that there was an increasing likelihood of a significant “correction” or crash. The reasons for this opinion were that the stock market was at record height at a time when the COVID-19 pandemic is getting worse, more economic stimulus had little to no chance of passing Congress until/unless the Democrats take over the Senate, there was considerable political uncertainty for what would happen in November, and the stock market had unsustainably high price/earnings ratio . In simple terms, the market was entering “bubble” territory.

We recommended to the Board, and the Board approved, that up to 10-11% (roughly \$30,000) of the Life Fund investments be moved to the essentially risk-free money market account. This money market account is not a transfer out of the Life Fund, but a shift within the Life Fund. The money-market account is part of the Life Fund, but normally we do not keep much money there because, although it has almost no risk, it earns almost no interest. In early September \$10,000 was transferred. In early October the stock market rose even further, despite all the risk factors named above getting worse. In light of this, another \$10,000 was transferred on October 12.

31/Oct/2020	Fund totals	Current % of investments	Allocation target
Index 500	\$97,584.38	37.8%	40%
Small Cap Index	\$19,094.10	7.4%	8%
Intl Growth	\$19,416.43	7.5%	8%
Health Care	\$12,144.59	4.7%	5%
REIT Index	\$9,329.81	3.6%	4%
Long-term Bond Index	\$100,881.84	39.0%	35%
Total investments	\$258,451.15	100.00%	100.0%
Money Market	\$37,333.26		
Life Fund balance	\$295,784.41		

Vanguard accounts that are not part of the Life Fund

A portion (\$ 57,047.79 at the end of Friday, October 30) of Operating Fund money is held in the Vanguard LifeStrategy Income mutual fund. This is not Life Fund money, and will be reported as Operating money by the Treasurer.

The Hudson Fund, a donor-restricted fund, is held in the Vanguard LifeStrategy Moderate Growth mutual fund. In late October \$800.00 was withdrawn from the Hudson Fund and sent to the Treasurer to make the first Hudson Fund Award. The balance in this account was \$ 22,865.37 at the end of October, 2020.

