



TX PSF: SPENDING POLICY ANALYSIS - UPDATE

NOVEMBER 16, 2022

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SPENDING ANALYSIS: EXECUTIVE SUMMARY

- **SBOE approved a new Policy in June 2022, increasing the expected return to 6.32% and the top of the spending range to 3.29%**
 - Geometric model established rate – 3.29%*
 - Expected return 6.32%
 - Inflation of 2.70%
 - Student growth 0.25%
 - PSF expenses 0.08%
 - Contributions 0.0%

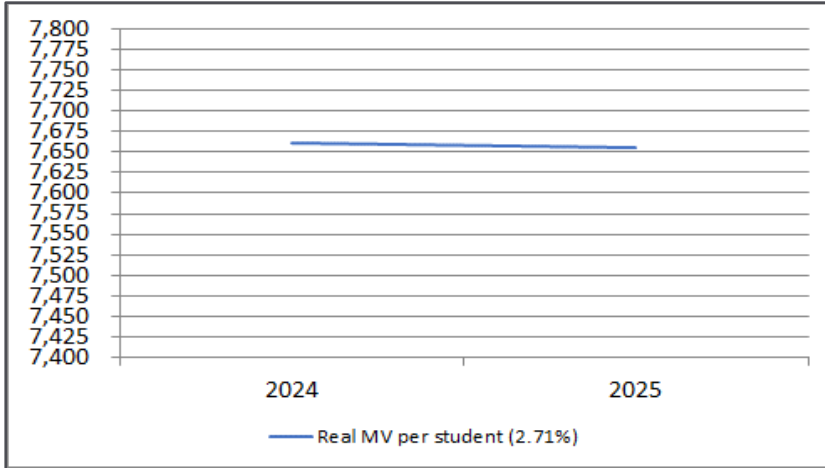
- **A distribution rate within the range of 2.71% to 3.29% is acceptable, however;**
 - Return projections are based on the implementation of the current long-term strategic Policy
 - Changes in the allocation and the timing of these changes will affect these projections and the potential allowable spending rates
 - Changes in contribution rates and distribution methodology for the Plan will affect these projections and the potential allowable spending rates



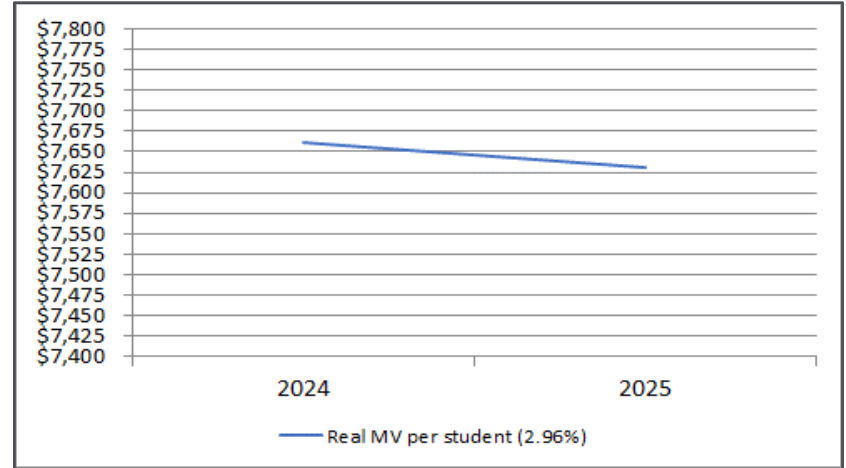
#SLB contribution estimate provided by PSF Staff. *Inflation based on NEPC assumption for domestic inflation (CPI). Historical 5-year student growth rate and PSF expenses provided by staff.

INTERGENERATIONAL EQUITY ANALYSIS: SPENDING RATE RANGE 2.71% – 3.29%

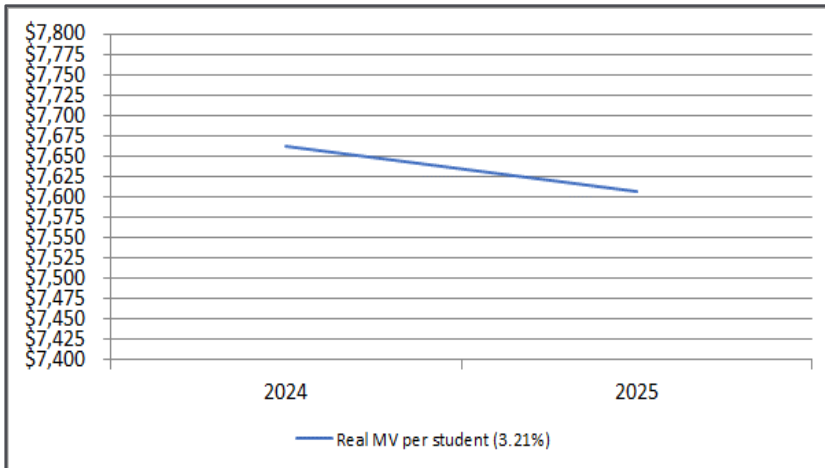
Real Market Value Per Student (2.71%)



Real Market Value Per Student (2.96%)



Real Market Value Per Student (3.21%)



Real Market Value Per Student (3.29%)

