



# TURUN KAUPPATIETEIDEN YLIOPPILAAT RY

## ASSOCIATION OF ECONOMICS STUDENTS IN TURKU

### Turun KY's Finance strategy

## 1 INTRODUCTION

- The purpose of this strategy is to define the long-term financial plan of the Turku School of Economics student association (Turun kauppatieteiden ylioppilaitos ry). The board, particularly the chair of the financial committee, alongside the committee, is responsible for its implementation.

## 2 PURPOSE OF FINANCIAL OPERATIONS

- The purpose of this strategy is to define the long-term financial plan of the Turku School of Economics Student Association (Turun Kauppatieteiden Ylioppilaitos ry). The implementation of the strategy is the responsibility of the board, especially the chair of the financial committee, supported by the committee.
- Increasing members' financial management skills.
- Asset accumulation. Accumulated assets prepare for:
  - Large, currently unknown investments.
  - Funding the maintenance of Parkki (the association's premises).
- The long-term goal is to achieve financial independence from external income sources, such as membership fees and corporate partnerships.
  - Steps towards this goal:
    - By 2030, 50% of general administrative costs will be funded by investment portfolio returns (minimum portfolio value of €2,500,000 before withdrawals).
    - By 2035, all general administrative costs will be funded by investment portfolio returns (minimum portfolio value of €3,300,000).
    - By 2040, the association will be able to fund its core operations through the returns from the investment portfolio (minimum portfolio value of €4,200,000).
  - To ensure sustainability, no funds will be withdrawn from the portfolio for organizational expenses if the investment assets are diminishing in the long term.
  - As a financially independent organization, the association can use external income, such as corporate partnership revenue, to cover event costs for the organization.

## 3 ORGANIZATIONAL ACTIVITIES AND ADMINISTRATION

- The goal in the organizational economy is a small positive cash flow. Any surplus is directed toward investments with consideration.
- The association closely monitors financial management for oversight and development.
- The medium-term financial plan (KTS) supports strategic financial planning. The KTS is updated annually in the spring and serves as the basis for budgeting, which is approved by the board based on the financial committee's proposal.
  - The budget, created by the KTS, sets profit targets for committees and projects. The general assembly approves the budget at the autumn meeting.
- Wasteful spending in organizational activities is avoided, though rewarding operators is considered.
- Financial management training is ensured, and common goals are clearly communicated to all elected officials.

## **4 INVESTMENT OPERATIONS**

- Investment assets or returns are not primarily used for the organizational economy until the shift toward financial independence begins.
- From an investment horizon perspective, the association's operations are assumed to continue indefinitely.
- No exotic financial instruments are used, and risks are thoroughly assessed.
- The target allocations and instruments used in the portfolio are defined in the association's investment plan.
- Investment activities and portfolio development are actively monitored and overseen. The investment plan is updated as the goal of financial independence progresses.

## **5 BUSINESS ACTIVITIES**

- The association's corporate governance is guided by the corporate governance strategy.
- Business activities should not jeopardize the association's finances.
- The primary goal is to achieve returns better than from stock market.
- The secondary goal is to provide business experience to some members.
- The association considers divesting businesses when conditions are favorable.
- Effective tax planning is practiced in the association's businesses whenever possible.
- There are no conditions for capitalizing businesses other than for tax planning purposes, except for extremely compelling reasons. Significant financial investments in existing or new businesses are decided by the general assembly.
- Capital to be invested in businesses must be determined in advance, and the association has a clear, defined process for approving financing.

## **6 PARKKI**

- The need for Parkki's repairs is constantly monitored, with assessments conducted as needed.
- Investments in Parkki are made steadily to avoid accumulation.
- Parkki's repair investments are primarily financed by the organizational economy, which utilizes Parkki.
- Parkki's costs are critically and regularly assessed.

## **7 CORPORATE PARTNERSHIPS**

- Long-term work to secure stable, multi-year cash flow.
- In corporate partnerships, the perspective of member services is considered, favoring financial compensation over products or similar alternatives.