

***HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION  
NEW JERSEY CHAPTER***

**Policy: B05**

**Title: Investment Policy**

**Date Approved by the Board of Directors: May 10, 2011**

**Most Recent Revision:**

**Last Reviewed:**

**Effective Date: May 10, 2011**

**Title: Investment Policy**

**Policy:** The Policy of the Chapter is to invest excess cash in investments that will protect principal, attain a optimal return and maintain liquidity.

**Purpose:** The objective of the Chapter regarding investments of cash is to:

- Attain an optimal return on invested funds without jeopardizing the principal.
- Maintain liquidity to meet the obligations of the Chapter without incurring penalties.
- To achieve the HFMA National recommended days cash on hand level, as updated annually.

**Procedures:** The funds of the chapter may be invested in the HFMA Chapter Investment Program, individual instruments or mutual funds. The instruments allowed are:

- **Certificate of Deposits** - The amount invested in any one banking or savings institution shall not exceed the \$250,000 FDIC insurance limit. Maturity of any CD will be no longer than one year.
- **Cash Management Accounts** – These investments shall be limited to an amount not to exceed \$100,000.
- **US Government Securities** – These investments shall include securities issued by the federal agencies backed by the full faith and credit of the US government, including Treasury bills and notes.
- **Corporate Bonds or Notes** – These investments shall be limited to ratings of AA- or better by Standard & Poors and Aa3 or better by Moody's for commercial paper and a rating of AA or better for investment grade corporate bonds.
- **Other Investment Vehicles** – As approved by the Board of Directors

At the end of each annual budget cycle, the Treasurer will project the cash flow needs for the following year on a monthly basis to determine when excess cash may be invested or when there may be a need to transfer monies from the investment account into the operating account.

The Treasurer will provide quarterly reporting to the NJ Chapter Board regarding the return on investment and invested balances by category.