



# RESERVE CONTRIBUTIONS – THEY’RE NOT ABOUT THE FUTURE!



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One of the biggest misconceptions about Reserve contributions I hear, even more than “they’re too much” or “we can’t afford them” (which I’ll address in another post), is that they are for the future. I don’t know how I can be any more clear on this matter. Reserve contributions are not for the future. Reserve contributions offset ongoing, day to day, current deterioration.

Reserve contributions offset the current deterioration that is occurring each month while the current owners are enjoying those assets. The owners using these assets should pay for their use. It’s only fair. If every owner pays their fair share of deterioration, on an ongoing basis, the future takes care of itself. While big Reserve expenditures arrive infrequently, the cost accrues slowly and regularly on a daily basis. This is not a game of “musical chairs” the Board plays, hoping to dodge or defer a big expense when it occurs. Those big bills come about due to deterioration that occurred slowly, steadily, usually in plain sight and on a very predictable schedule, for years.

Reserve contributions are not charity for some other owners in the future. The ongoing cost of Reserve deterioration is as real as any other bill the association faces. Appropriately sized Reserve contributions pay that bill on an ongoing basis, so future owners don’t have to pay the bills you left unpaid!