

# **SWARTHMORE COLLEGE**

## **Gift Annuity Disclosure Statement**

### **Description of a Gift Annuity**

A gift annuity is a simple contract between the donor(s) and Swarthmore College (hereinafter "Swarthmore"). In exchange for the donor's(s') contribution, Swarthmore promises to make fixed, guaranteed payments for life to one or two annuitants (usually, but not necessarily, the donor(s)). The amount paid is based on the age(s) of the annuitant(s), in accordance with Swarthmore's rate schedule.

### **Not a Commercial Investment**

The act of establishing a gift annuity with Swarthmore is not, and should not be viewed as, an investment. Rather, it is a way to receive annuity payments while making a charitable donation. In this respect, a gift annuity issued by Swarthmore is different from a commercial annuity. However, the fact that you are making a charitable gift may provide you with tax benefits, including a current federal income tax charitable deduction (if you itemize your deductions), annuity payments which are partially tax-free, and future estate tax savings.

### **Gift Annuity Rates**

Generally, the gift annuity rates paid by Swarthmore are those suggested by the American Council on Gift Annuities, which is a national organization of charities that has been in existence since 1927. These rates have been calculated so as to provide attractive payments to the donor and/or other annuitant(s) and also to result in a significant portion of the contribution remaining for the charity. Because a charitable gift is involved, the rates are lower than those available through commercial annuities offered by insurance companies and other financial institutions.

### **Assets Backing Annuity**

The annuity payments are a general obligation of Swarthmore, and they are backed by all of our assets (subject to security interests). On 6/30/2018 our total invested funds (which includes gift annuity reserves invested separately) exceeded \$2.2 billion, and they are invested in domestic and international equities, bonds, marketable alternatives, and private equity. We also maintain a gift annuity reserve fund valued at more than \$21.6 million that is invested in accordance with the laws of the states in which we offer gift annuities. Assets received by Swarthmore for gift annuities are managed internally, in a conservative and disciplined manner. If Swarthmore should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of Swarthmore.

Responsibility for governing Swarthmore, which was established in 1864, is vested in a Board of Managers comprised of 36 persons, who are nominated by board committee and then submitted to the Board of Managers for approval. Common investment funds managed by our organization are exempt from registration requirements of the federal securities laws, pursuant

to the exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995 (P.L. 104-62). Information in this letter is provided to you in accordance with the requirements of that Act.

### **Points to Remember**

- A contribution for a gift annuity is irrevocable. The principal you contribute cannot be returned to you.
- The right to annuity payments may not be assigned to any person or organization, other than Swarthmore.
- The gift date is the date the assets are no longer in your possession. In the case of cash, it is the date you mail or deliver a check. In the case of an electronic transfer of securities, it is the date they are received into Swarthmore's account. If you have certificates, it is the date they are properly endorsed and mailed or delivered.
- The gift annuity is governed by applicable state laws.

### **For More Information**

This disclosure statement is intended to provide basic information regarding the gift annuities issued by Swarthmore. If you have additional questions concerning Swarthmore's gift annuity program, please call, write, or e-mail Gregory N. Brown, Vice President for Finance and Administration, 500 College Avenue, Swarthmore, PA 19081, (610) 957-6038, [gbrown1@swarthmore.edu](mailto:gbrown1@swarthmore.edu).