



# Gift Strategies

FALL 2010

News and Information from Harvard University Planned Giving

## ALSO IN THIS ISSUE

School Ties: Reunions Inspire Donors  
PAGE 4

Trust Performance Comparison  
PAGE 5

Family, Finance, and Philanthropy Dinners  
PAGES 6 and 7

How to Make a Bequest to Harvard  
PAGE 7



Jane Mendillo

## Mendillo Positions HMC for Long-Term Support of University Priorities

Jane Mendillo, CEO of Harvard Management Company (HMC), recently had the opportunity to discuss her experience managing endowments with students in an investment management class at Harvard Business School.

“Some of the students came up with the idea that Harvard should just raise its tuition to cover costs,” said Mendillo. “I pointed out to them that, as an educational institution, Harvard had chosen a different challenge, and that we at HMC needed to be thinking about how first-rate endowment management could help Harvard meet its goals and honor its priorities—like giving more students access through financial aid.”

Jane Mendillo’s commitment to the mission of Harvard University is clear in her approach to managing the endowment. Shortly after the September

*(Continued on page 3)*

## Lifelong Learners Give Back to the Graduate School of Education

From their early small-town schoolroom experiences to their distinguished careers as internationally known educators, counselors, and researchers in the fields of counseling and wellness, Allen EdM '57, EdD '59 and Mary Ivey have demonstrated a deep-rooted passion for learning. With an eye to the future, the Iveys recently converted two rental properties they owned into an annuity gift that will help support the next generation of dedicated educators at the Graduate School of Education (GSE).

Born in the small town of Mt. Vernon, Washington, Allen attended a two-room school with a student body so small that “by the eighth grade, I was the eighth grade.” Mary, who comes

from Bemidji, Minnesota, had a similar upbringing as well. Both Allen’s and Mary’s educational experiences inspired a shared interest in counseling, an interest that they translated into their professional lives. They have dedicated their careers to training counselors around the world and have also published a number of instructional texts.

The support that Allen received as a student through funding from Harvard and other sources was critical. During the summer of 1954, a National Student Association scholarship made it possible for him to study at Harvard’s Summer School; he then traveled to Denmark on a Fulbright Scholarship. Allen ultimately found



Mary and Allen Ivey

himself back at Harvard, this time at the GSE, where he completed master’s and doctoral degrees. Mary earned a master’s degree at the University of Wisconsin-Madison and then a doctoral degree at the University of Massachusetts.

*(Continued on page 2)*

## Lifelong Learners Give Back to the Graduate School of Education *(Continued from page 1)*



Longfellow and Byerly halls at the Harvard Graduate School of Education

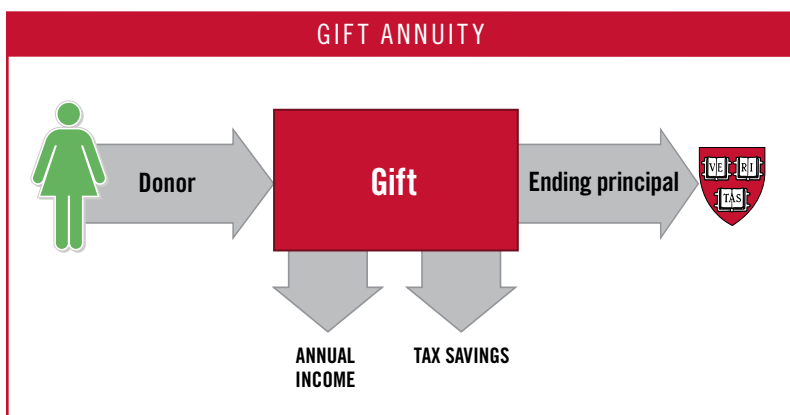
For the Iveys, their gift to the GSE is a way for them to “give back to Harvard for all it has given us,” said Mary. Scholarships and financial support from Harvard not only allowed Allen to continue his studies, but his time at the GSE proved to be a source of inspiration throughout his career. According to Allen, “Harvard’s financial support of me as a student absolutely made what I do possible. I think Harvard was very generous toward me and also crucial in helping me make professional connections as well.”

When the Iveys were ready to establish a gift, Harvard’s portfolio of unique and flexible giving options emerged as a clear choice. “Harvard just seemed like the perfect place to make a donation,” Mary said. “We wanted to do something to support the program that has helped Allen so much, and the process makes it very easy.”

Working with Harvard to find a buyer for the properties lets the Iveys benefit from the direct lifetime income generated by the annuity established as part of the gift without having to sell the property themselves. The gift was attractive from a tax perspective too.

“In fact,” noted Allen, “if we look at things in terms of direct income, we will probably earn more from the gift than we would have if we had continued renting out the property.”

The Iveys continue to enrich their relationship with Harvard through research partnerships with faculty members and by attending workshops and seminars offered by Harvard. For these lifelong learners, Harvard has served as a place of inspiration throughout their careers, and they look forward to helping make that same inspiration possible for others. ❖



### Flexible Deferred Payment Gift Annuity

If ensuring reliable income for your future needs is a goal, you may find the flexible deferred payment gift annuity an excellent way to make a charitable gift and achieve the personal financial goals most important to you.

Hundreds of donors have established Harvard gift annuities for themselves, for family members, or for friends. Harvard’s flexible deferred payment gift annuities offer many benefits, including the ability to choose, at some time in the future, when your payments will start. The longer you defer, the larger the annual payments. Your annuity payments are backed by the assets of Harvard University.

## Mendillo Positions HMC for Long-Term Support of University Priorities *(Continued from page 1)*

release of the HMC Endowment Report, she shared some thoughts on the year just past, and her own and HMC's commitment to supporting the teaching, learning, and research that goes on at Harvard every day.

### **Q: How did FY10 feel in comparison with FY09?**

I thought it felt great, especially given the fact that we had a largely new team and a lot on our plates. During 2008–2009, my first year back at HMC, we spent a good deal of time in crisis-management mode, along with the rest of the world. This past fiscal year, in contrast, was a year of productively realigning the portfolio, strengthening our organization, and generating value over and above our benchmarks. We successfully adjusted our strategy to create improved flexibility in the portfolio, we instituted stronger risk management, and we made a significant number of high-potential new investments across geographies and asset classes.

In addition, I felt we became more aligned with the priorities of the University. I serve as a member of the University's Financial Management Committee, which also includes new Executive Vice President Katie Lapp, Harvard Corporation Treasurer Jim Rothenberg, several Harvard faculty members, and alumni from the business sector. Charged by President Drew Faust with providing insights on, and assessments of, the University's financial strategies and resources, the committee meets monthly and has

been tremendously helpful in ensuring an integrated approach to financial management across the board.

### **Q: What are your objectives for the portfolio in the coming year?**

We have created some room to maneuver in the portfolio, and we have assembled an excellent team. Given this, I am confident that we will be able to continue to seek out new investment opportunities that will result in strong long-term, risk-adjusted returns. That sums up my objective for this year and the years to follow. However, I will note that we are still living with very uncertain markets—it will undoubtedly take time to regain all of the value lost in the endowment in 2008–2009.

Already this year, we are pursuing innovative investment strategies, including thinking in new ways about the policy portfolio, growing our base of talent, and pursuing cross-asset class investments. We are constantly keeping our eye on the long term, so that we can appropriately manage risks and liquidity across the portfolio and maximize the potential to generate strong long-term returns for the University.

### **Q: What were the major accomplishments within the portfolio last year?**

It was a productive year. The portfolio was valued at \$27.6 billion as of June 30, 2010, after achieving an 11 percent total investment return. In the majority of individual asset classes, our active management added value for the year compared with the relevant market benchmarks. During the year, we made some important and valuable additions to the HMC team, both

within our internal trading area and in the external management group. The balance between internal and external management in the portfolio is driven by our commitment to employing the best possible talent across a wide range of markets and geographies. This hybrid model also turns out to be very cost-efficient, resulting in savings to the University of over a billion dollars in management fees over the past decade.

### **Q: How do you engage with market information on a daily basis?**

Our entire investment operation is actively focused on finding the best investments for Harvard's portfolio, day in and day out. That involves closely monitoring market dynamics since, as we all know, there can be wide fluctuations in the markets on a daily basis, which can often lead to investment opportunities. In addition to keeping tuned to the markets, my time is spent developing and assessing our long-term investment strategy and managing the HMC organization to ensure that we have the right team in place. Our ultimate goal is to generate strong long-term returns for the University, so we focus on developing strategies and insights that will drive long-term value creation and then turn all of our attention to implementing the strategy through active participation in the markets. ♦

### **Harvard Management Company Endowment Report**

To read the 2010 HMC Endowment Report, please visit <http://alumni.harvard.edu/give/planned-giving/resources-events/publications>

## School Ties: Reunions Inspire Donors



James J. Goodman and Robin J. Tapper

For James J. Goodman AB '80, JD '83, MBA '83 and Robin J. Tapper AB '80, the “yard”—whether the schoolyard or Harvard Yard—has been a common theme throughout both their lives.

The couple graduated from the same high school in Newton, Massachusetts, and then went on to attend the College as members of the Class of 1980, but it took a chance meeting at their 10th high school reunion to bring them together. In part, it was their affinity for reunions that motivated them to give to Harvard. For Jim and Robin, establishing a trust “seemed like a great way to make reunion-related gifts.”

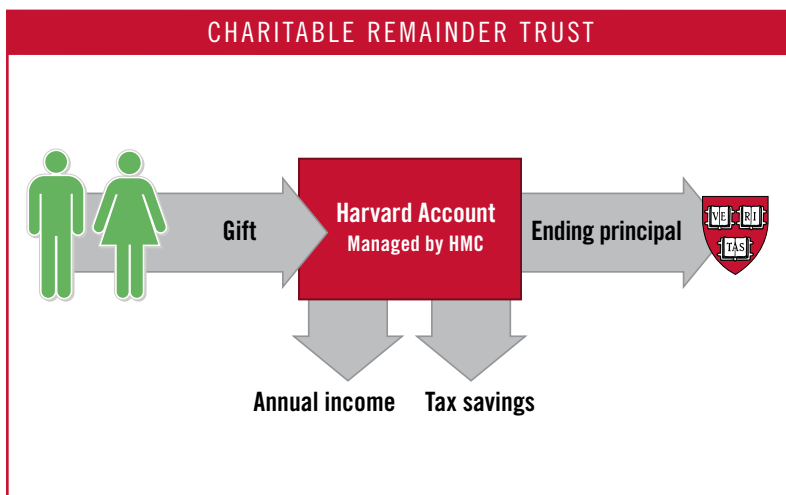
The couple’s connection to Harvard, strengthened by their shared experiences as undergraduates, inspired them to establish two charitable remainder trusts during milestone reunion years.

Goodman and Tapper established their first trust in 2006 to coincide with Jim’s upcoming 25th reunions at Harvard Law School (HLS) and Harvard Business School (HBS). They distributed their gift among the College, HLS, and HBS. With their 30th College reunion approaching, Jim and Robin expressed an interest in contributing further to the College, and they worked with Planned Giving staff to establish a second trust that benefits the College.

These trusts, which guarantee them an income for life, are a flexible way for donors to give to Harvard. “From my perspective,” noted Jim, “it’s a way to give a substantially larger gift than one would otherwise be comfortable giving because you create a stream of lifetime income while retaining flexibility in how to allocate that gift.”

Jim, an investment professional, was also intrigued by the opportunity to invest in Harvard’s endowment through a trust. “I’d known for many years about Harvard Management Company’s impressive track record,” he said, “so when I learned that there was an option to create a trust and invest in the endowment, I found it very appealing.”

Robin, who went on to study medicine at New York Medical College after Harvard and returned to Newton to practice, sees the trusts not just as



By establishing a charitable remainder trust, you can receive income for life, and/or provide income for someone else, save taxes, and benefit Harvard in the future.

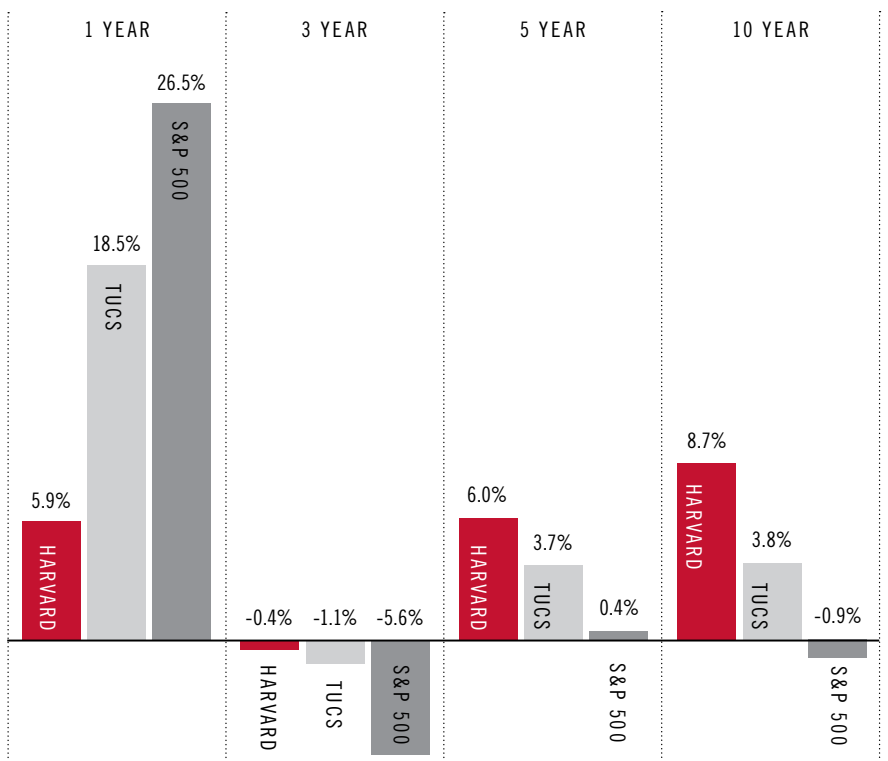
*“It’s an investment in our future, but it’s also an investment in Harvard...and in Harvard’s commitment to making this excellent education accessible to everyone.”*

**ROBIN J. TAPPER AB '80**

attractive financial investments but as a way to look to the future while supporting Harvard’s priorities today. “It’s an investment in our future,” she said, “but it’s also an investment in Harvard: an investment in the pursuit of academic excellence, in Harvard’s culture of service, and in Harvard’s commitment to making this excellent education accessible to everyone.”

Although reunions will always be a cherished time for Jim and Robin, they plan to contribute to their trusts on an annual basis. Using their previously established trust allocation proportions, they will be able to direct future gifts to the College, HLS, and HBS. “Our intent,” said Jim, “is to make regular donations through these two trusts. Out of all of the different ways one can support Harvard financially—for us, this seemed like the best.” ❖

**TRUST PERFORMANCE COMPARISON**



The chart above shows how a Harvard Charitable Remainder Trust, invested 95 percent in the Harvard endowment and 5 percent in cash 10 years ago, would have performed on a calendar-year basis as compared with the S&P 500 and the Trust Universe Comparison Service (TUCS). The TUCS performance incorporates available data on 165 large institutional investors. Past performance is not indicative of future results.

Join us for dinner and a discussion on  
*Family, Finance, and Philanthropy*

Learn about family wealth and governance, the Harvard endowment, and charitable planning techniques that can benefit you and your family.

If you are interested in sponsoring a session in your area, please let us know.

Please call University Planned Giving at 800-446-1277 for more information.

UPCOMING SESSIONS INCLUDE:

**Washington, D.C.**  
Thursday, December 9, 2010

**Los Angeles, California**  
Tuesday, March 1, 2011

**San Francisco, California**  
Wednesday, March 2, 2011

**New York, New York**  
Thursday, May 5, 2011



**SARASOTA, FEBRUARY 2010**

1. Pamela Chen, Peter Laszlo Koenig EdM '71
2. Hosts Patricia R. Lombard and James M. Lombard AB '61, HBS '63, KSG '95
3. Lisa F. Berkman, Thomas D. Cabot Professor of Public Policy and of Epidemiology
4. Jennifer A. Pline, HMC, host Paul R. Judy AB '53, MBA '57, Charles W. Collier MTS '73, P'99, host Mary Ann Judy



**LOS ANGELES, APRIL 2010**

1. Suzanne Solov Labiner MAT '55 and Elizabeth Markovitch
2. Morelle Levine, Norman D. Levine AB '52, MD '56, Charles Wolf, Jr. SB '44, MPA '48, PhD '49, Charles A. Collier, Jr. AB '52, LLB '55
3. Jessie L. Sherrod MD '75, Mary A. Flowers MD '78, GSA '74, Bernard J. Hamilton AMP '84, Carolyn Hamilton
4. Kenneth B. Waltzer AB '80, MPH '85, Carole B. Markin AB '80

**Make a Bequest**

Leaving a bequest to the University is easy—simply include the following language in your estate plan:

*“I give ( \_\_\_\_\_ dollars or \_\_\_\_\_ percent or all of the residue of my estate) to the President and Fellows of Harvard College, a Massachusetts educational, charitable corporation (for its general purposes or for the benefit of School or Unit).”*

*To learn more*

Contact Harvard University’s Planned Giving professionals at 800-446-1277 or [pgo@harvard.edu](mailto:pgo@harvard.edu) to obtain personalized information on the income and tax benefits that are available to you.



University Planned Giving  
 Harvard University  
 124 Mount Auburn Street  
 Cambridge, Massachusetts 02138-5795

Non-Profit Org.  
 U.S. POSTAGE  
 PAID  
 NASHUA, NH  
 Permit No. 375

**How to Reach Harvard's Planned Giving Professionals**

University Planned Giving Harvard University 124 Mount Auburn Street Cambridge, MA 02138-5795 Email: <a href="mailto:pgo@harvard.edu">pgo@harvard.edu</a> Internet: <a href="http://alumni.harvard.edu/give/planned-giving">http://alumni.harvard.edu/give/planned-giving</a>	617-495-4647 800-446-1277 617-495-8130 (fax)	Anne McClintock
Business School	617-495-6027	Peter Doyle
Harvard College, GSAS	617-495-4352	Peter Kimball
Law School	617-496-9265	Charles Gordy
Medical School	617-384-8449 800-922-1782	Mary Moran Perry
Senior Philanthropic Adviser	617-495-5218	Charles Collier

**University Planned Giving professionals can help you develop gift plans for any part of the University:**

- Harvard University President's Fund
- Harvard College
- Graduate School of Arts and Sciences
- Business School
- School of Dental Medicine
- Graduate School of Design
- Divinity School
- Graduate School of Education
- School of Engineering and Applied Sciences
- Extension School
- Kennedy School
- Law School
- Medical School
- School of Public Health
- Radcliffe Institute for Advanced Study
- Harvard Art Museums
- Memorial Church
- American Repertory Theater
- Arnold Arboretum

