



GiftStrategies

JUNE 2011

News and Information from Harvard University Planned Giving



Jennifer Pline

Lead Trusts Yield Short- and Long-Term Benefits

Q&A with Jennifer Pline, Managing Director of Trusts and Gifts, Harvard Management Company

In her role as managing director of trusts and gifts at Harvard Management Company (HMC), Jennifer Pline oversees the trust assets and noncash gifts given to Harvard by generous alumni and friends. In March, *Gift Strategies* sat down with Pline to discuss lead trusts, which offer donors a way to plan for the future while supporting vital activities and programs at Harvard in the present.

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Cultivating Connections: Donors Enrich Their Harvard Experience Through Giving

Napa Valley winemakers Barry Murphy AB '73 and Rosemary Dunbar understand the importance of cultivation, not only for the vines that produce the grapes used in their Silverpoint Cellars wines but also for the relationships with the people and places that enrich their lives. For the couple, the trust that they recently established and their long history of giving through the Harvard College Fund form an integral part of their sense of connection to Harvard. "It feels good to be connected after so many years," said Barry. "And, for us," added Rosemary, "giving just strengthens our ties even more."

A desire to give back to Harvard also inspired the couple. "Like so many kids," said Barry, "I was the first in my family to go to college, and it just would not have happened if Harvard hadn't given me a scholarship.

I remember being discouraged by the counselors in high school from applying to 'fancy' colleges. Luckily, my parents didn't buy into that."

To show their gratitude and commitment to supporting undergraduate financial aid, Barry and Rosemary became active members of the Class of 1973 Reunion Gift Committee, and they also recently established a Harvard trust in support of undergraduate scholarships.

Barry, a California native, graduated from Harvard with a concentration in government and then headed back to California to study law and public policy at the University of California, Berkeley. While studying for the bar, Barry met Rosemary, a fellow Californian and recent UC, Berkeley graduate who was attending law



Barry Murphy AB '73 and Rosemary Dunbar

school at the University of San Diego. They both passed the bar and began to practice law in San Francisco.

In need of a change and some "enrichment," the couple packed up a few years later and moved to New York. Barry then took a position with American Express, and the couple, along with their growing family, embarked on a 20-year journey that took them from New York to Miami,

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Historic Tax Rules Create Incentives for Planned Gifts

Dear Alumni and Friends,



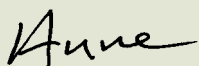
This year and next hold tremendous opportunity for financial and estate planning. For example, the amount that high-net-worth individuals can give to family free of gift and generation-skipping taxes has increased five-fold, from \$1 million to \$5 million per

person, or \$2 million to \$10 million per couple. As you look at ways to take advantage of this opportunity, I hope you will call on us to explore how you can create financial benefits for your family and Harvard through charitable trusts and annuities managed by Harvard Management Company. My colleagues and I stand ready to be of assistance.

As I approach my 25th anniversary as a member of Harvard's staff, I have been reflecting on the countless individuals and families who have established creative and effective gifts over the years. Their generosity benefits themselves and their families as well as Harvard and the vast world beyond Harvard's gates.

Thank you for your interest and support.

With all best wishes,



Anne D. McClintock

*Executive Director
Harvard University Planned Giving*

Cultivating Connections: Donors Enrich Their Harvard Experience Through Giving

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Buenos Aires, Minneapolis, and eventually back to California. During that time, Barry continued to rise in the ranks of American Express, and Rosemary, after completing an MFA at the University of Miami, began a career as a professional painter. Throughout their travels, the couple appreciated how each step of their journey helped shape the next; each new place offered an opportunity to grow and build on past experiences.

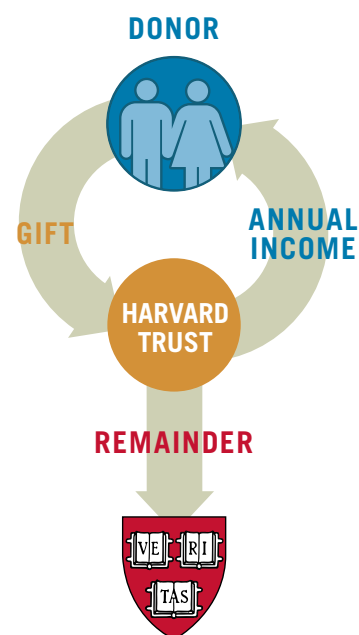
After retiring and settling in Napa in 2007 to pursue their new venture in wine production, Barry and Rosemary looked back to their educational roots as an inspiration for their gift. "We knew that we wanted to give back to undergraduate education," said Rosemary, "and we're so proud to be able to support it at Harvard."

Hoping to maximize the reach of their gift, Barry and Rosemary decided to establish a trust. "By setting up this trust," noted Barry, "the amount that we will be able to give Harvard in the long term is so much bigger and will have a much greater impact than any amount of money that we could have saved, and we even get to profit in the short term by receiving a steady lifetime income."

The couple continues to enrich their Harvard ties in new ways. They recently joined Harvard Alumni in Wine and Food, a Harvard Alumni Association Shared Interest Group (SIG), and went with members on a tour of a private vineyard in Napa. "Even though we live three thousand miles from Cambridge," noted Barry, "Harvard doesn't feel very far away at all." ♦

CHARITABLE REMAINDER TRUST

You can establish a charitable remainder trust that will be invested with the Harvard endowment and pay you and/or someone else annual income. The minimum gift is \$100,000.



Lead Trusts Yield Short- and Long-Term Benefits

(Continued from page 1)

Q: How would you describe a lead trust?

A lead trust is a trust set up by a donor for the benefit of a charity, in this case Harvard, right away. The donor works with us to determine a specific amount to be paid from the trust to Harvard each year. The trust typically has a maturity date of somewhere between 10 and 20 years, and the payout can be structured to be either an annuity or a percentage of the market value. Once the trust matures, the remainder returns to the donor, or to the donor's heirs. It is a fantastic way to support Harvard in the short term while planning for a tax-efficient way to provide for future generations in the long term.

Q: How is a lead trust different from other kinds of trusts (e.g., remainder trusts)?

For those readers familiar with the more commonly established remainder trust, where the donors receive an income for life and then the remainder is released to Harvard, a lead trust basically is the reverse: the income generated by the trust goes to Harvard first, and the remainder after the trust has matured returns to the beneficiary or to the beneficiary's heirs. Typically, lead trusts established through Harvard start with a larger initial funding amount than other kinds of trusts.

Q: What is the process for establishing a trust with Harvard?

As donors are establishing trusts, we work with them to personalize the asset allocation. We spend some time talking to donors about their longer-term objectives, their risk tolerance, and their general view on the asset classes in which we invest.

HMC serves as both the trustee and the investor of the trusts; we are committed to doing everything appropriate to managing the trust in a way that is prudent and that serves both Harvard and the donor or the donor's family. In addition, donors can establish lead trusts for Harvard and have a third party invest and act as trustee; the income still benefits Harvard, even though the trust is held externally.

Q: Once the trust is established, what happens?

Since lead trusts, unlike remainder trusts, are taxable entities, we manage the gift in the most tax-efficient way possible, normally by holding a diversified pool of nonendowment, tax-efficient mutual funds and/or exchange-traded funds. When we do all of the management and servicing of the trust at HMC, we are able to provide very personalized attention. We do the investing, the taxes, and the accounting; if the donors have a question and they call, they reach us, not a call center.

Q: Why is now an attractive time to set up a lead trust?

With low IRS discount rates, it is possible to get a bigger "bang for your buck" in terms of the tax deduction. So it is possible to provide for a future transfer of wealth to your heirs, benefit Harvard in the meantime, and do so at a very low, or even no, tax cost. Further, some of our donors are using lead trusts to leverage the unprecedented increased amount of lifetime gifts that can be transferred to heirs free of tax during the next two years. We have seen an uptick in the number of lead trusts established in the latter part of 2010 and early 2011. ♦

"This lead trust lets me not only give back to Harvard now but also provide for my family in the future."

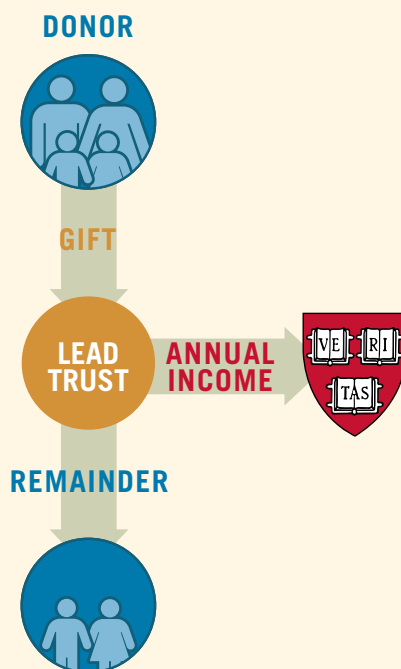
BILL KARGMAN AB '61

"Setting up a lead trust gave us the satisfaction of helping Harvard while leaving something for our heirs."

MICHAEL AB '53 AND
MARY HRP '57 GELLERT

CHARITABLE LEAD TRUST

With a charitable lead trust, you can make annual gifts to Harvard for a term of years, after which the property reverts to your family at little or no tax cost.



Lifetime Achievement: HSPH Alumna/Professor Celebrates 60-Year Connection to Harvard



Isa Valadian MPH '53 pictured with her mentor and colleague, Harold C. Stuart.

"I remember Dr. Stuart with great respect and affection; not only was he a visionary in pediatrics, but he also was a kind and remarkable man."

ISABELLE VALADIAN MPH '53

"There are two important things in my life," said Isabelle Valadian MPH '53, "my parents and my life at the Harvard School of Public Health [HSPH]." To honor both, Isa (as she prefers to be called) established a series of gift annuities in support of financial aid at HSPH as part of the Gohar and Valad Valadian Fund, named in memory of her mother and father.

Although, as with typical annuities, Isa could continue to receive income for the rest of her life, she recently made the choice to give up her income from the annuities so that the fellowship could be activated during her lifetime. She noted, "When I made the gifts, there was one thing that made me sad: I would not be able to see them realized, but when I found out that I could activate the gifts if I gave up my annuity income, I did not hesitate."

Isa's more than 60-year career at Harvard began in 1949 when she

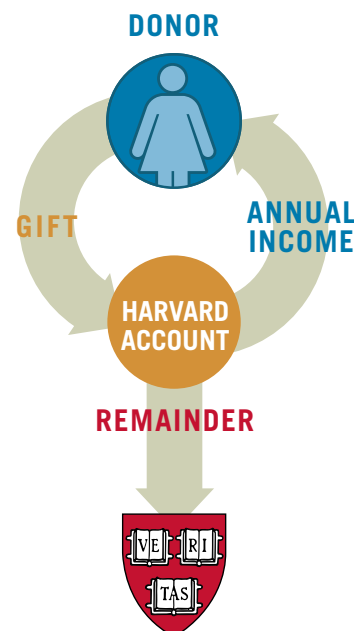
arrived in Boston from Beirut, Lebanon, for a pediatric fellowship at Harvard Medical School. Though originally from Georgia, she grew up and attended schools in Iran (then known as Persia), Lebanon, and France, receiving a medical degree from the French University in Beirut.

She then went on to a fellowship in pediatrics at the University of Paris Faculty of Medicine before making the journey to Boston. After securing visas for herself and her parents, she moved with her family to the United States and pursued her interest in public health at HSPH.

At the request of her mentor Harold C. Stuart, who served as a professor of maternal and child health and head of the Department of Maternal and Child Health at HSPH, she joined the faculty after graduating and embarked on a passionate career as a valued member of HSPH's Department of Maternal and Child Health.

CHARITABLE GIFT ANNUITY

A charitable gift annuity is a simple contract between you and Harvard that offers a tax-advantaged way to provide guaranteed income for yourself and/or someone else. The minimum gift is \$25,000.



She became a full professor and then chair of the department, celebrated for her “open door” policy with students and her dedication to teaching. In addition to her work in the classroom, Isa joined Professor Stuart (and eventually led the project after his retirement) in his longitudinal research of child health and development, which has been described as a classic study of human growth and development. After her “official” retirement in 1991, she continued to teach, conduct research, and lecture; she remains an active member of the HSPH community and still attends events at the School.

For Isa, giving back to HSPH seemed like a natural extension of her long relationship with the School as well as a way of cherishing the memory of her parents, who, as firm believers in the importance of education, were instrumental in cultivating her love of learning. “My parents inspired me to study hard, work hard, and do my best,” said Isa. “I wanted to do something for my parents and for the School where I spent so much of my life, so I decided to establish a fellowship.” Her gift for financial aid allows her to coalesce the different moments of her past while helping HSPH prepare for the future. ♦

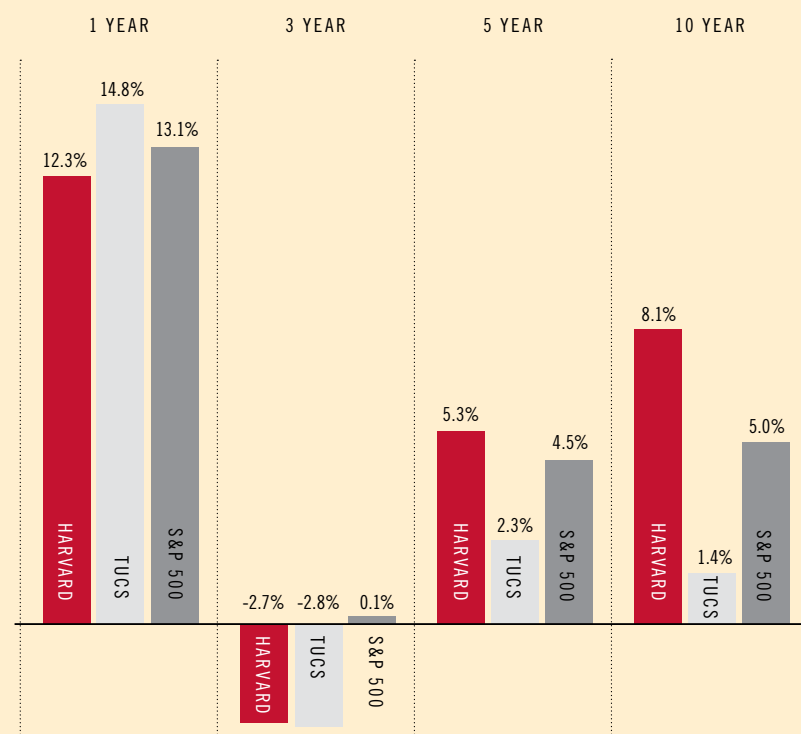
For more information about Isa's work at HSPH, visit <http://www.hsph.harvard.edu/news/hphr/alumni/2009-alumni-award-of-merit-winners-valadian/index.html>

HARVARD UNIVERSITY GIFT ANNUITY RATES

Annuity rates are based on your age or the age(s) of your beneficiary(ies) when quarterly payments begin.

Donor makes a gift today at current age(s)...	...and annuity begins immediately at this rate:	...or waits 5 years before annuity begins at this rate:
60	5.8%	7.4%
60/60	5.3	6.9
70	6.2	8.7
70/70	5.8	7.8
80	8.0	11.4
80/80	7.5	9.5

CHARITABLE REMAINDER TRUST PERFORMANCE COMPARISON



This chart shows how a Harvard Charitable Remainder Trust (year ended December 31, 2010), 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 181 large institutional investors. Past performance is not indicative of future results. The returns of the Harvard endowment have been internally calculated, using consistent valuation methodologies.

Family, Finance, and Philanthropy

Dinner and Discussion

WASHINGTON, D.C., DECEMBER 9, 2010

If you are interested in receiving materials or sponsoring a program in your area, please contact Mary Abbott at (800) 466-1277 or pgo@harvard.edu.

1. Joseph J. Smith III MBA '62 and Rosalind Avnet Lazarus AM '66, JD '73
2. Jeremy E. Brown MBA '73, Rose Cohen, and Charles W. Collier MTS '73
3. Allan Wendt MPA '67 and John J. Hurley, Jr. MPA '70
4. Elisabeth C. Fleischman AB '80 and Charles M. Fleischman AB '80



Tax-Free IRA Rollover

The IRA rollover gift opportunity is extended until December 31, 2011.

If you are 70½ or older, you can transfer up to \$100,000 from your IRA to Harvard in the form of an outright gift. You can meet your required minimum distribution and avoid income tax on the transfer.

Visit <http://alumni.harvard.edu/give/ira> or call University Planned Giving at 800-446-1277 for more information and sample instruction letters to initiate your gift.

A View to the Future

A Celebratory Luncheon

NEW YORK CITY, OCTOBER 28, 2010

A University Planned Giving meeting and luncheon at the Harvard Club of New York City brought together alumni and friends who have provided for Harvard through their estate plans, life income gifts, or other planned gifts. Speakers included Jane Mendillo, president and chief executive officer, and Jennifer Pline, managing director of trusts and gifts, both of Harvard Management Company, and Kenneth Rogoff, the Thomas D. Cabot Professor of Public Policy and professor of economics at Harvard University.

1. Mark S. Campisano AB '75 and Kimberly Campisano
2. James O. Welch, Jr. AB '52, Virginia B. Welch, Roger P. Cheever AB '67, MLA '77, and Thomas S. Shattan AB '72
3. Nan Rothschild Cooper, Thomas P. Hirschfeld AB '83, and Rita Gail Johnson AB '84, MBA '88
4. Rita E. Hauser HLS '58 and Kenneth S. Rogoff



Mary Abbott



Lauren LaHatte

New Staff

UPG welcomes two new staff assistants to the team, Mary Abbott and Lauren LaHatte. Mary recently graduated from Northeastern University with a degree in political science and a concentration in public policy and administration. Lauren, a Florida native, graduated from Florida State University with a degree in business administration.



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How to Reach Harvard's Planned Giving Professionals

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Cambridge, MA 02138-5795		
Email: pgo@harvard.edu		
Internet: http://alumni.harvard.edu/give/planned-giving		

Business School	617-495-2745	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
American Repertory Theater
Arnold Arboretum
Harvard Art Museums
Memorial Church

