Legacy and Endowment Gifts Help University Increase Access to a Penn Education By Eliminating Student Loans

Continued from page 2.

and cultural backgrounds and contrasting life experiences who live and learn together, which this initiative will enhance.

Penn’s recent financial-aid enhancements since 2004 have already improved access for lower-income families, with a doubling of admitted high-need students with loan-free packages in the past year.

“Many students and their families are not aware of the opportunities available to them at Penn,” James Riepe, chair of the Board of Trustees, said, “because some families take one look at the listed tuition and fees for a selective university like Penn and never even consider applying. The University’s trustees are absolutely committed to assuring such families that they can afford Penn and encouraging them to give us a chance to show what their children can become.”

Editor’s Note: To learn more about the University’s financial-aid initiative, view an on-line video at www.sfs.upenn.edu/paying/paying-pro-video-wm.htm.
Legacy and Endowment Gifts Help University Increase Access to a Penn Education By Eliminating Student Loans

To ensure that talented, high-achieving students can chart their educational paths without regard to financial resources, the University of Pennsylvania has launched a new financial-aid initiative to make a Penn education affordable for students from low- and middle-income families.

Penn has the largest undergraduate enrollment at 10,160. With the new financial-aid initiative, Penn will spend more than $130 million annually from its operating budget for need-based grants to undergraduates. Penn is one of fewer than 50 private institutions in the U.S. with need-blind admissions policies, accepting academically qualified students without regard to their families’ ability to pay. The University will finance this initiative largely through funds raised from the recently launched “Making History” Campaign, which includes a $550 million goal to add to undergraduate financial aid endowment. More than 400 new endowed scholarships have already been created, many funded in part by legacy gifts by Harrison Society members.

Increasing educational access has been a priority of Penn President Amy Gutmann since she took office in 2004. Studies show that low- and middle-income students are underrepresented in enrollment at most of the nation’s highly selective colleges and universities, both public and private, including Penn. Dr. Gutmann feels that it is Penn’s responsibility to educate future generations of leaders, regardless of economic background. The excellence of the education Penn offers on its campuses depends on the University attracting students with varied economic backgrounds. (Continued on page 4.)

Legislative Update


Over 400 members of the Harrison Society have set up charitable gift annuities to provide income to themselves, family or friends for life, with the remainder to benefit designated areas of the University when the annuities end. The amount of the payments from the gift annuities are set at the time the gifts are made and locked in for the entire length of the gift annuity contracts. Due to this guaranteed income, the gift annuity has become an attractive giving vehicle for those a) over 70 who are looking to support a particular area at Penn but also want the security of a fixed income stream for life and b) who are still working and want to make a gift now but defer the start of payments until the future to supplement their retirement income with guaranteed fixed payments.

Payout Rates for New Gifts After July 1

<table>
<thead>
<tr>
<th>Age(s)</th>
<th>Current Payout Percentage</th>
<th>July 1 Payout Percentage</th>
<th>Current Payout Amount</th>
<th>July 1 Payout Amount</th>
<th>Decrease in Payout Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>75</td>
<td>7.1%</td>
<td>6.7%</td>
<td>$1,775</td>
<td>$1,675</td>
<td>$100</td>
</tr>
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<td>80</td>
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<td>6.1%</td>
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<td>$1,410</td>
<td>$100</td>
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<td>8.3%</td>
<td>$3,375</td>
<td>$3,235</td>
<td>$150</td>
</tr>
<tr>
<td>95</td>
<td>6.3%</td>
<td>5.7%</td>
<td>$1,450</td>
<td>$1,350</td>
<td>$50</td>
</tr>
</tbody>
</table>

Charitable gift annuities are regulated by individual states to ensure that charities like Penn are setting reasonable payout rates and managing gift annuity investments appropriately. In order to comply with these regulations, the University follows the payout rates suggested by the American Council on Gift Annuities (ACGA). All 50 states have stipulated that if a charity follows the ACGA recommended rates, the gift annuities will meet state payout requirements.

In April, after reviewing the current economic climate and dropping interest rates, the ACGA announced a new set of recommended rates, effective July 1. The new rates apply only to NEW charitable gift annuities set up after June 30. If you currently have a gift annuity, there will be no change to your payment.

For those who might be considering a new gift annuity to support your favorite area at the University, the chart below illustrates the impact on your payments if you make your gift prior to the change in rates or after the rate change goes into effect, assuming a gift of $25,000.

If you are interested in setting up a charitable gift annuity before the rates drop, please return the enclosed reply card, email Cewan@upenn.edu, or call the Office of Planned Giving at 215.898.9486 / 800.223.8236. Marcie or Christine will be happy to assist you with this or any other gift planning need.