



## Gift Annuity Disclosure Statement

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### **Description of a *Pomona Plan* Annuity**

A *Pomona Plan* annuity is a simple contract between you, as the donor or donors, and Pomona College. In exchange for your contribution, the College promises to make fixed payments for life to one or two annuitants (usually, but not necessarily, the donor or donors). The annuity is based on the age or ages of the annuitant or annuitants and, subject to IRS rules described below, our rate schedule on file with the California Department of Insurance. Upon termination of the annuity obligation, the remaining proceeds release to benefit the non-profit educational mission of Pomona College.

### **Not a Commercial Investment**

A *Pomona Plan* annuity is a way to arrange for life-long annuity payments while also making a charitable contribution to Pomona College. The charitable remainder differentiates a *Pomona Plan* annuity from a commercial annuity. While both make payments that are usually partially tax-free, the charitable aspect of the *Pomona Plan* annuity results in additional tax benefits not available from a commercial annuity. Tax benefits include a current federal income tax charitable deduction (if you itemize deductions) and possible future estate tax savings.

### ***Pomona Plan* Annuity Rates**

*Pomona Plan* annuity rates typically exceed those suggested by the American Council on Gift Annuities, a national organization of charities founded in 1927. *Pomona Plan* rates have been set to provide attractive payments to you, or to the annuitant or annuitants you select, while also assuring that a significant portion remains at the end to support the non-profit educational mission of the College. Because a charitable gift is involved, it is important to factor in the potential tax savings from the available charitable deduction when comparing our rates to those for commercial annuities offered by for-profit insurance companies and other financial institutions.

When interest rates are low, we sometimes cannot qualify a gift annuity using our usual rates for younger donors who have longer actuarial life expectancies. IRS regulations require that more than 10% of the funding amount be allocated to the charitable interest, which is expressed in the charitable deduction. When our usual rates produce a charitable deduction below that 10% minimum remainder value test, we can offer you rates reduced from our rate schedule on file with the California Department of Insurance, and we will tell you that we have done so.

### **Assets Backing a *Pomona Plan* Annuity**

*Pomona Plan* annuity payments are a general obligation of Pomona College, backed by all of the College's assets. As of our June 30, 2020 audited financial statements, the value of the College's pooled endowment and annuity funds exceeded \$2.3 billion. In addition, our physical plant was valued at approximately \$417

million, net of accumulated depreciation. Out of total liabilities of approximately \$449 million, our liability to annuitants was \$94 million. A copy of the College's most recent audited financial statements can be found on the Resources tab of our website, <http://pomonaplan.pomona.edu>.

We invest annuity funds in our endowment pool, a highly diversified mix of assets which may include marketable securities (domestic and international equities, emerging markets, and fixed income funds) and non-marketable securities, also known as alternative assets, including venture capital, private equity, absolute return strategies, as well as real assets such as oil and gas, real estate, and timber. We do not reinsure our annuity obligations, relying instead on the size and strength of our endowment. If the College should ever fail financially, *Pomona Plan* annuitants will qualify as general creditors of Pomona College.

### **Governance**

Established in 1887, Pomona College is a California nonprofit public benefit corporation governed by a Board of Trustees. 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 statement is provided to you in accordance with the requirements of that Act.

### **Educational Mission of Pomona College**

When your *Pomona Plan* gift annuity releases, the proceeds will support the educational mission of the College. Pomona challenges and inspires students of extraordinary promise to become the best that they can be. In addition to providing annuitants with secure payments for life, your *Pomona Plan* annuity allows you to support the College in delivering one of the finest residential liberal arts programs in the nation.

### **Points to Remember**

A contribution for a gift annuity is irrevocable. You will not be able to access the principal of the assets you contribute, except as principal is returned to you in your payments. Pomona's obligation to make payments continues for your life, even as the tax treatment changes if you outlive your actuarial life expectancy. The right to annuity payments may not be assigned to any person or organization, other than to Pomona College. The date of the gift is generally determined by the type of asset used to fund the gift annuity. When funded with cash, it is the later of the postmark or the date of the check; when funded with securities through electronic transfer, it is the date the shares are received into the College's account. A *Pomona Plan* annuity is executed in California and is subject to California law.

### **For More Information**

This disclosure statement provides basic information about *Pomona Plan* gift annuities and is not intended to serve as legal advice. We encourage you to consult your own legal and financial advisors about the appropriateness for you of funding a gift annuity. If you or your advisors have additional questions, please write, call, or email the *Pomona Plan*, Pomona College, Alexander Hall #238, 550 North College Avenue, Claremont, CA 91711-6326, 909-621-8143 or toll-free at 1-800-761-9899, [pomonaplan@pomona.edu](mailto:pomonaplan@pomona.edu). You can also find more information on our website, <http://pomonaplan.pomona.edu>.