2017-2018

ENDOWMENT, ANNUITY, AND LIFE INCOME REPORT

LEHIGH UNIVERSITY
Lehigh’s entrepreneurial Soterra team won an international competition for imagining, designing, and marketing an innovative device that allows women to call for help when threatened without a phone or internet connection.

Chairman, Tower Society
Michael J. Caruso ’67

Dear Friends,

I am pleased to report the endowment earned 9.5 percent for fiscal year 2018, net of all fees. Much of this fiscal year’s return was due to the healthy performance of U.S. public and private equity markets. While it is gratifying that the portfolio performed well in a year of several new investment initiatives, we remain focused on constructing a long-term portfolio that can weather market cycles and increased volatility.

Within the portfolio, we continued on the path with the new asset allocation and asset class “road maps,” which seek to take advantage of Lehigh’s ability to invest with a long-term view and tolerate short-term volatility. We have also been working diligently on concentrating the portfolio among fewer investment positions, such that each position in the portfolio can have a larger impact on overall portfolio performance.

Even more than last year, we are cognizant of a forward-looking market environment offering muted returns. The rising markets of the last several years have come with extended valuations, which have the effect of lowering expected future returns and reducing the margin of safety available in virtually all types of investments. In this environment, we will continue to maintain discipline and a long-term focus, diversify risk exposures, and remain vigilant for unique investment opportunities.

Thank you for your ongoing support of the Lehigh endowment and the very important role it plays in advancing Lehigh’s strategic priorities and programs.

Kristin Agatone
Chief Investment Officer

Dear Tower Society Members,

Lehigh taught me how to live a life that matters, and I am so grateful to the university for providing me with an outstanding education and rich life experiences. That is why I am so excited to see Lehigh moving forward with new programs like the College of Health, the renovation of the University Center, and many other opportunities that will equip Lehigh students for promising futures.

Your generosity has brought the university to this historic moment. During the quiet phase of the campaign, alumni and friends like you contributed more than $850 million toward the campaign’s $1 billion-plus goal. Your support and belief in the university for providing me with an outstanding education and rich life experiences.

Through these pages, we are able to share our appreciation for your generosity and keep you updated on your impact at Lehigh. We invite you to read about the Office of Planned Giving any questions or comments you may have about the information you find here.

Thank you for your support, your dedication, and your commitment to Lehigh. Together, we are growing the Lehigh experience, one that has meant so much to all of us, will remain strong for generations to come.

Michael J. Caruso ’67
Chairman, Tower Society
Lehigh people thrive on opportunity and collaboration. Our network works together to open doors and create opportunities for others.
Let’s go, Lehigh! The rallying cry that has cheered on generations has been embraced by the Lehigh community with the public launch of GO: The Campaign for Lehigh, as alumni and friends gathered on campus and around the country last October to ring in the next great era of Lehigh University.

At the on-campus event, President John D. Simon ’19P commented, “It is perfectly fitting that we are launching the public phase on Founder’s Day. A campaign launch is as much a celebration of those who have supported and advanced Lehigh, since its founding in 1865, as it is about the future we envision.”

Asa Packer’s initial $3 million gift to create the endowment secured Lehigh’s place as an institution that would tackle challenges through ideas and innovations. Since then, dedicated alumni and friends have followed in his footsteps, giving Lehigh the resources to provide an exceptional educational experience.

Faced with the challenges of a rapidly changing world — and a rapidly changing higher-education landscape — Lehigh is taking action today, so the university will continue to lead tomorrow. The campaign, once again, calls on our dedicated community to uphold the students of today and tomorrow. Endowment, which affirms a donor’s passion while creating a legacy of support, is a critical part of the effort.

The $1 billion-plus fundraising and engagement effort invests in three priority areas:

- **Access and Opportunity**, to ensure talented students have access to the Lehigh experience and a vibrant campus environment. Initiatives include financial aid and scholarships, the Lehigh Fund, programs for Student Access and Success, and the University Center and Bridge West building projects.
- **Experience and Impact**, to provide students with high-impact learning opportunities. A top initiative is the College of Health.
- **Research and Distinction**, to cultivate a research environment that fuels thought-leadership and the pursuit of groundbreaking discoveries. Initiatives include Interdisciplinary Research Institutes and the Health, Science, and Technology building project.

The campaign’s objectives perfectly reflect the spirit of Lehigh — providing the resources that allow our people to push boundaries, solve problems, and never settle for good enough.

Thank you for leading the way with your generosity and setting an example for our Lehigh community. Your continued leadership and commitment will ensure our institution excels for generations to come.

For more about Lehigh’s priorities and GO: The Campaign for Lehigh, visit GOcampaign.lehigh.edu.
Endowment Perspective

When Asa Packer founded Lehigh University in 1865, he realized that a solid financial base was necessary if his vision was to transcend the generations. His $3 million initial endowment fund, Lehigh’s first, is now one of the largest funds in Lehigh’s $1.353 billion endowment. Packer’s fund has been joined by more than 2,000 other endowments. Together, they advance Lehigh’s strategic priorities and the programs about which you care so deeply.

Consider the ways in which endowment has an impact:

Endurance. The endowment is one of Lehigh’s most powerful financial tools. Your support strengthens the very foundations of the university and creates a legacy for generations to come.

Quality and Reputation. The effect of a gift to Lehigh’s endowment, particularly one in support of financial aid and scholarship, ensures that the most talented students have access to a distinctive Lehigh education. This helps increase the quality of Lehigh’s academic profile and reputation.

Prestige. Named endowed funds allow Lehigh to recognize the generosity of the donors who make them possible and also carry great honor for the beneficiaries who put their knowledge and expertise to work to expand our impact as a university.

Agility. When continuous resources are provided by endowment, annual budget dollars become available to pursue ideas and innovations, allowing Lehigh to remain competitive and thriving in today’s rapidly changing world.

In the past ten years, the university’s endowment experienced growth based on donor support and investment return net of operating distributions. During this period, the market value has increased from approximately $886 million at June 30, 2009, to $1.353 billion at June 30, 2018.
The university’s endowment earned 9.5 percent for fiscal year 2018, net of all fees, exceeding the policy benchmark, which is a weighted average of market indexes that represent each asset class in the endowment’s policy asset allocation.

Lehigh’s endowment consists of four categories:

- **Permanent Endowments** are funds whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be removed by the university. Generally, the donors of these assets permit the university to use all or part of the investment income on related investments for general or specific purposes.

- **Funds Functioning as Endowments** (or quasi endowments) are funds that are free from donor-imposed restrictions, but may be designated by Lehigh's Board of Trustees or management for investment as part of Lehigh's endowment.

- **Term Endowments** are funds whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled or removed by actions of the university under the terms of those stipulations.

- **Funds Held in Trust by Others** are invested by an outside fiduciary, such as a bank, and Lehigh is the beneficiary of the income.

The university’s endowment earned 9.5 percent for fiscal year 2018, net of all fees, exceeding the policy benchmark, which is a weighted average of market indexes that represent each asset class in the endowment’s policy asset allocation.

The annual spending distribution from the university’s endowment was more than $66.858 million, with more than $24.336 million (36.4%) designated for scholarships. Endowed scholarships are critical to meeting the demonstrated need of all students.
Lehigh’s Investment Office manages the day-to-day operations of the investment program. The office is under the fiduciary oversight of the Investment Subcommittee of the Board of Trustees and is led by the chief investment officer. In the management of the endowment, there are three primary objectives.

Financial Objective
The principal financial objective of the investment program is to preserve and, if possible, enhance the real purchasing power of the endowment principal in order to ensure the university’s financial future. The endowment must strike a balance between the preservation of principal in real terms and support of the university’s current operating needs.

Investment Objectives
In order to achieve the financial objectives of the investment program, the investment goal of the endowment is to generate a real return of 5 percent annualized (net of inflation) over the long run. The 5 percent real return goal is expected to allow the university to grow the principal of the endowment in order to support future generations’ needs and to maintain its current spending objective which supports near-term university operations.

Spending Objective
Lehigh’s Investment Office manages the day-to-day operations of the investment program. The office is under the fiduciary oversight of the Investment Subcommittee of the Board of Trustees and is led by the chief investment officer. In the management of the endowment, there are three primary objectives.

Financial Objective
The principal financial objective of the investment program is to preserve and, if possible, enhance the real purchasing power of the endowment principal in order to ensure the university’s financial future. The endowment must strike a balance between the preservation of principal in real terms and support of the university’s current operating needs.

Investment Objectives
In order to achieve the financial objectives of the investment program, the investment goal of the endowment is to generate a real return of 5 percent annualized (net of inflation) over the long run. The 5 percent real return goal is expected to allow the university to grow the principal of the endowment in order to support future generations’ needs and to maintain its current spending objective which supports near-term university operations.

It is understood that the asset allocation of the endowment will be the primary driver of its performance over time. The Finance Committee and Investment Subcommittee set the asset allocation policy that is expected to achieve the 5 percent real return investment objective. While the Finance Committee and Investment Subcommittee set the asset allocation policy, the Investment Office is responsible for the implementation of the policy and the day-to-day management of the endowment.

Spending Objective
The endowment spending policy provides for a spending amount based on 5 percent of the twelve quarter moving average market value of the endowment with a minimum increase of 0 percent and a maximum increase of 10 percent over the prior year’s payout. The spending distribution from each endowment fund is used to support the purpose as specified in the endowment agreement between the donor and the university.

In October 2018, the Finance Committee approved a modification of the minimum and maximum increases of 0 percent and 10 percent to –2 percent and 5 percent, respectively. The university will transition to this new policy collar on or before fiscal year 2022.

Endowment Management
Lehigh’s Investment Office manages the day-to-day operations of the investment program. The office is under the fiduciary oversight of the Investment Subcommittee of the Board of Trustees and is led by the chief investment officer. In the management of the endowment, there are three primary objectives.

Financial Objective
The principal financial objective of the investment program is to preserve and, if possible, enhance the real purchasing power of the endowment principal in order to ensure the university’s financial future. The endowment must strike a balance between the preservation of principal in real terms and support of the university’s current operating needs.

Investment Objectives
In order to achieve the financial objectives of the investment program, the investment goal of the endowment is to generate a real return of 5 percent annualized (net of inflation) over the long run. The 5 percent real return goal is expected to allow the university to grow the principal of the endowment in order to support future generations’ needs and to maintain its current spending objective which supports near-term university operations.

It is understood that the asset allocation of the endowment will be the primary driver of its performance over time. The Finance Committee and Investment Subcommittee set the asset allocation policy that is expected to achieve the 5 percent real return investment objective. While the Finance Committee and Investment Subcommittee set the asset allocation policy, the Investment Office is responsible for the implementation of the policy and the day-to-day management of the endowment.

Spending Objective
The endowment spending policy provides for a spending amount based on 5 percent of the twelve quarter moving average market value of the endowment with a minimum increase of 0 percent and a maximum increase of 10 percent over the prior year’s payout. The spending distribution from each endowment fund is used to support the purpose as specified in the endowment agreement between the donor and the university.

In October 2018, the Finance Committee approved a modification of the minimum and maximum increases of 0 percent and 10 percent to –2 percent and 5 percent, respectively. The university will transition to this new policy collar on or before fiscal year 2022.

Endowment Management
Lehigh’s Investment Office manages the day-to-day operations of the investment program. The office is under the fiduciary oversight of the Investment Subcommittee of the Board of Trustees and is led by the chief investment officer. In the management of the endowment, there are three primary objectives.

Financial Objective
The principal financial objective of the investment program is to preserve and, if possible, enhance the real purchasing power of the endowment principal in order to ensure the university’s financial future. The endowment must strike a balance between the preservation of principal in real terms and support of the university’s current operating needs.

Investment Objectives
In order to achieve the financial objectives of the investment program, the investment goal of the endowment is to generate a real return of 5 percent annualized (net of inflation) over the long run. The 5 percent real return goal is expected to allow the university to grow the principal of the endowment in order to support future generations’ needs and to maintain its current spending objective which supports near-term university operations.

It is understood that the asset allocation of the endowment will be the primary driver of its performance over time. The Finance Committee and Investment Subcommittee set the asset allocation policy that is expected to achieve the 5 percent real return investment objective. While the Finance Committee and Investment Subcommittee set the asset allocation policy, the Investment Office is responsible for the implementation of the policy and the day-to-day management of the endowment.

Spending Objective
The endowment spending policy provides for a spending amount based on 5 percent of the twelve quarter moving average market value of the endowment with a minimum increase of 0 percent and a maximum increase of 10 percent over the prior year’s payout. The spending distribution from each endowment fund is used to support the purpose as specified in the endowment agreement between the donor and the university.

In October 2018, the Finance Committee approved a modification of the minimum and maximum increases of 0 percent and 10 percent to –2 percent and 5 percent, respectively. The university will transition to this new policy collar on or before fiscal year 2022.

Endowment Management
Lehigh’s Investment Office manages the day-to-day operations of the investment program. The office is under the fiduciary oversight of the Investment Subcommittee of the Board of Trustees and is led by the chief investment officer. In the management of the endowment, there are three primary objectives.

Financial Objective
The principal financial objective of the investment program is to preserve and, if possible, enhance the real purchasing power of the endowment principal in order to ensure the university’s financial future. The endowment must strike a balance between the preservation of principal in real terms and support of the university’s current operating needs.

Investment Objectives
In order to achieve the financial objectives of the investment program, the investment goal of the endowment is to generate a real return of 5 percent annualized (net of inflation) over the long run. The 5 percent real return goal is expected to allow the university to grow the principal of the endowment in order to support future generations’ needs and to maintain its current spending objective which supports near-term university operations.

It is understood that the asset allocation of the endowment will be the primary driver of its performance over time. The Finance Committee and Investment Subcommittee set the asset allocation policy that is expected to achieve the 5 percent real return investment objective. While the Finance Committee and Investment Subcommittee set the asset allocation policy, the Investment Office is responsible for the implementation of the policy and the day-to-day management of the endowment.

Spending Objective
The endowment spending policy provides for a spending amount based on 5 percent of the twelve quarter moving average market value of the endowment with a minimum increase of 0 percent and a maximum increase of 10 percent over the prior year’s payout. The spending distribution from each endowment fund is used to support the purpose as specified in the endowment agreement between the donor and the university.

In October 2018, the Finance Committee approved a modification of the minimum and maximum increases of 0 percent and 10 percent to –2 percent and 5 percent, respectively. The university will transition to this new policy collar on or before fiscal year 2022.

Endowment Management
Lehigh’s Investment Office manages the day-to-day operations of the investment program. The office is under the fiduciary oversight of the Investment Subcommittee of the Board of Trustees and is led by the chief investment officer. In the management of the endowment, there are three primary objectives.

Financial Objective
The principal financial objective of the investment program is to preserve and, if possible, enhance the real purchasing power of the endowment principal in order to ensure the university’s financial future. The endowment must strike a balance between the preservation of principal in real terms and support of the university’s current operating needs.

Investment Objectives
In order to achieve the financial objectives of the investment program, the investment goal of the endowment is to generate a real return of 5 percent annualized (net of inflation) over the long run. The 5 percent real return goal is expected to allow the university to grow the principal of the endowment in order to support future generations’ needs and to maintain its current spending objective which supports near-term university operations.

It is understood that the asset allocation of the endowment will be the primary driver of its performance over time. The Finance Committee and Investment Subcommittee set the asset allocation policy that is expected to achieve the 5 percent real return investment objective. While the Finance Committee and Investment Subcommittee set the asset allocation policy, the Investment Office is responsible for the implementation of the policy and the day-to-day management of the endowment.

Spending Objective
The endowment spending policy provides for a spending amount based on 5 percent of the twelve quarter moving average market value of the endowment with a minimum increase of 0 percent and a maximum increase of 10 percent over the prior year’s payout. The spending distribution from each endowment fund is used to support the purpose as specified in the endowment agreement between the donor and the university.

In October 2018, the Finance Committee approved a modification of the minimum and maximum increases of 0 percent and 10 percent to –2 percent and 5 percent, respectively. The university will transition to this new policy collar on or before fiscal year 2022.

Endowment Management
Lehigh’s Investment Office manages the day-to-day operations of the investment program. The office is under the fiduciary oversight of the Investment Subcommittee of the Board of Trustees and is led by the chief investment officer. In the management of the endowment, there are three primary objectives.

Financial Objective
The principal financial objective of the investment program is to preserve and, if possible, enhance the real purchasing power of the endowment principal in order to ensure the university’s financial future. The endowment must strike a balance between the preservation of principal in real terms and support of the university’s current operating needs.

Investment Objectives
In order to achieve the financial objectives of the investment program, the investment goal of the endowment is to generate a real return of 5 percent annualized (net of inflation) over the long run. The 5 percent real return goal is expected to allow the university to grow the principal of the endowment in order to support future generations’ needs and to maintain its current spending objective which supports near-term university operations.

It is understood that the asset allocation of the endowment will be the primary driver of its performance over time. The Finance Committee and Investment Subcommittee set the asset allocation policy that is expected to achieve the 5 percent real return investment objective. While the Finance Committee and Investment Subcommittee set the asset allocation policy, the Investment Office is responsible for the implementation of the policy and the day-to-day management of the endowment.

Spending Objective
The endowment spending policy provides for a spending amount based on 5 percent of the twelve quarter moving average market value of the endowment with a minimum increase of 0 percent and a maximum increase of 10 percent over the prior year’s payout. The spending distribution from each endowment fund is used to support the purpose as specified in the endowment agreement between the donor and the university.

In October 2018, the Finance Committee approved a modification of the minimum and maximum increases of 0 percent and 10 percent to –2 percent and 5 percent, respectively. The university will transition to this new policy collar on or before fiscal year 2022.
TIAA-CREF prepares an annual comparative study under the direction of the National Association of College and University Business Officers (NACUBO). The study is a useful tool for colleges and universities in evaluating the effectiveness of their endowment policies and investment performance.

The most recent report shows that, as of June 30, 2017, Lehigh ranked 78th in endowment size among 818 participating institutions. This is the most recent report available.

### NACUBO-TIAA Study of Endowments

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>MARKET VALUE ($000s)</th>
<th>FTE STUDENTS*</th>
<th>ENDOWMENT PER STUDENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice University</td>
<td>5,814,444</td>
<td>6,662</td>
<td>872,778</td>
</tr>
<tr>
<td>University of Notre Dame</td>
<td>9,352,376</td>
<td>12,256</td>
<td>762,463</td>
</tr>
<tr>
<td>Northwestern University</td>
<td>10,436,692</td>
<td>18,357</td>
<td>568,540</td>
</tr>
<tr>
<td>University of Pennsylvania</td>
<td>12,213,202</td>
<td>22,559</td>
<td>541,389</td>
</tr>
<tr>
<td>Emory University</td>
<td>9,305,465</td>
<td>13,082</td>
<td>493,635</td>
</tr>
<tr>
<td>Brown University</td>
<td>9,345,331</td>
<td>9,283</td>
<td>349,621</td>
</tr>
<tr>
<td>Vanderbilt University</td>
<td>4,066,465</td>
<td>13,090</td>
<td>342,139</td>
</tr>
<tr>
<td>Cornell University</td>
<td>6,757,750</td>
<td>23,388</td>
<td>288,941</td>
</tr>
<tr>
<td>University of Rochester</td>
<td>2,211,390</td>
<td>10,154</td>
<td>208,922</td>
</tr>
<tr>
<td>LEHIGH UNIVERSITY</td>
<td>1,278,120</td>
<td>6,606</td>
<td>193,479</td>
</tr>
<tr>
<td>Tufts University</td>
<td>1,738,706</td>
<td>11,017</td>
<td>157,820</td>
</tr>
<tr>
<td>Carnegie Mellon University</td>
<td>1,750,500</td>
<td>14,058</td>
<td>122,329</td>
</tr>
<tr>
<td>Georgetown University</td>
<td>1,667,745</td>
<td>18,525</td>
<td>89,703</td>
</tr>
</tbody>
</table>

*FTE based on IPEDS Fall 2016 full-time student count plus percent of part-time student count.
Planned Giving Overview

One of the most popular ways to make a gift now, without reducing your income, is through Lehigh’s Planned Giving Program. The following types of life income gifts are offered to help you provide meaningful support to Lehigh while also addressing your personal financial goals and plans.

Charitable Gift Annuity
Lehigh offers both immediate and deferred payment annuities. A person who enters into a gift annuity agreement with Lehigh is accomplishing two goals — making a gift to Lehigh and securing a fixed income for life. In the case of a deferred payment annuity, the person agrees to wait one or more years before life income payments start in return for a somewhat higher rate of return than the immediate annuity offers.

Lehigh bases its gift annuity rates on those established by the American Council on Gift Annuities, a national organization of charities that issue gift annuities. The council reviews rates periodically, at which time rates may be changed for new gift annuities.

The annuity rates are lower than those offered by insurance companies, but donors have the satisfaction of obtaining a charitable tax deduction for part of the value of the gift as well as doing something of lasting benefit for the university. The rates have been computed to produce a “residuum,” or gift to Lehigh at the expiration of the agreement, which is on average 50 percent of the amount of the initial contribution. The rates are based on actuarial studies of mortality experience among gift annuitant lives and consideration for the income rate expected from the invested reserve funds.

During fiscal year 2016, a large charitable remainder trust terminated, and the remainder interest of $25 million was moved from funds managed under the planned giving program to Lehigh’s endowment.

Beneficiaries receive monthly annuity payments for life according to the terms of a simple contract. These payments are fixed and guaranteed by the revenues and assets of the university. Information may be found online at lehigh.edu/plannedgiving.

Charitable Remainder Trusts
These gift vehicles have separately invested portfolios, each of which is individually managed by Lehigh or by a trustee chosen by you. These include charitable annuity trusts, charitable lead trusts, and charitable remainder trusts.

A charitable remainder trust pays the life income beneficiary a percentage of the fair market value of the trust assets, as revalued annually. This fixed percentage, no less than five percent (as dictated by the IRS), is determined jointly by you and Lehigh’s Treasurer’s Office at the time that the trust agreement is prepared. Income is paid on a quarterly basis.

Planned Giving Total Assets Under Management
Fiscal year ending June 30, 2018

<table>
<thead>
<tr>
<th>TYPE OF GIFT</th>
<th>MARKET VALUE</th>
<th>NUMBER OF PARTICIPANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable Gift Annuities</td>
<td>19,454,698</td>
<td>243</td>
</tr>
<tr>
<td>Pooled Life Income Funds</td>
<td>9,300,986</td>
<td>38</td>
</tr>
<tr>
<td>Charitable Remainder Unitrusts</td>
<td>7,160,103</td>
<td>20</td>
</tr>
<tr>
<td>Charitable Lead Annuity Trust</td>
<td>6,093,539</td>
<td>1</td>
</tr>
<tr>
<td>Funds Held in Trust by Others</td>
<td>4,222,702</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL PLANNED GIVING ASSETS</td>
<td>$47,258,036</td>
<td>317</td>
</tr>
</tbody>
</table>

Planned Giving Market Value Growth History
Fiscal year ending June 30, 2018

During fiscal year 2016, a large charitable remainder trust terminated, and the remainder interest of $25 million was moved from funds managed under the planned giving program to Lehigh’s endowment.

Fiscal Year
- Dollars in Millions
- '18
- '17
- '16
- '15
- '14
- '13
- '12
- '11
- '10
- '09

Pooled Income Fund
Lehigh’s pooled income fund is an irrevocable trust fund which operates similarly to a mutual fund. Your contributions are pooled under the trusteeship of Lehigh. All income earned by the fund in each quarter is paid out to the participants in pro rata shares. All dividends and interest must be paid out to life beneficiaries. The terms of the gift are irrevocable, and Lehigh ultimately receives the principal.

Charitable Remainder Trusts
These gift vehicles have separately invested portfolios, each of which is individually managed by Lehigh or by a trustee chosen by you. These include charitable annuity trusts, charitable lead trusts, and charitable remainder trusts.

A charitable remainder trust pays the life income beneficiary a percentage of the fair market value of the trust assets, as revalued annually. This fixed percentage, no less than five percent (as dictated by the IRS), is determined jointly by you and Lehigh’s Treasurer’s Office at the time that the trust agreement is prepared. Income is paid on a quarterly basis.

Charitable Lead Annuity Trust
These gift vehicles have separately invested portfolios, each of which is individually managed by Lehigh or by a trustee chosen by you. These include charitable annuity trusts, charitable lead trusts, and charitable remainder trusts.

A charitable remainder trust pays the life income beneficiary a percentage of the fair market value of the trust assets, as revalued annually. This fixed percentage, no less than five percent (as dictated by the IRS), is determined jointly by you and Lehigh’s Treasurer’s Office at the time that the trust agreement is prepared. Income is paid on a quarterly basis.

Charitable Gift Annuity
Lehigh offers both immediate and deferred payment annuities. A person who enters into a gift annuity agreement with Lehigh is accomplishing two goals — making a gift to Lehigh and securing a fixed income for life. In the case of a deferred payment annuity, the person agrees to wait one or more years before life income payments start in return for a somewhat higher rate of return than the immediate annuity offers.

Lehigh bases its gift annuity rates on those established by the American Council on Gift Annuities, a national organization of charities that issue gift annuities. The council reviews rates periodically, at which time rates may be changed for new gift annuities.

The annuity rates are lower than those offered by insurance companies, but donors have the satisfaction of obtaining a charitable tax deduction for part of the value of the gift as well as doing something of lasting benefit for the university. The rates have been computed to produce a “residuum,” or gift to Lehigh at the expiration of the agreement, which is on average 50 percent of the amount of the initial contribution. The rates are based on actuarial studies of mortality experience among gift annuitant lives and consideration for the income rate expected from the invested reserve funds.
Description of Reserve
Gifts to the annuity program are invested in accordance with state requirements. The assets held generate income to distribute to beneficiaries and provide a reserve of capital, if needed, to make up the difference between the income earned and the required distributions. Upon the termination of the life interests covered by a given contract, a proportionate share of the entire reserve is applied to the purpose outlined in the original gift annuity agreement. At maturity, the contract balance is invested in the endowment fund.

Lehigh has completed applications for all states with annuitants and all state requirements for registration of gift annuity programs. At June 30 each year, Lehigh performs an internal review of our gift annuity reserve compared to the total reserve assets to the present value of the reserve's liabilities. Our reserve assets at June 30, 2018, are well in excess of the present value of its liabilities.

Gift Annuity Disclosure Statement
This disclosure statement is intended to provide basic information regarding the gift annuities issued by Lehigh.

Description of a Gift Annuity | A gift annuity is a simple contract between the donor(s) and Lehigh University (hereinafter “Lehigh”). In exchange for the donor(s)’ contribution(s), Lehigh promises to make fixed 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 Lehigh’s rate schedule.

Not a Commercial Investment | The act of establishing a gift annuity with Lehigh is not, and should not be viewed as, an investment. Rather, it is a way to arrange for annuity payments while making a charitable donation. In this respect, a gift annuity issued by Lehigh is different from a commercial annuity. While both types of annuities make payments that are usually partially tax-free, the charitable donation aspect of establishing a gift annuity may result in additional tax benefits that are not available when purchasing a commercial annuity.

Gift Annuity Rates | The gift annuity rates paid by Lehigh 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(s) 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 Lehigh, and they are backed by all of our assets (subject to security interests). As of December 31, 2018, the market value of our total invested funds exceeded $1,000,000,000. We also maintain a gift annuity reserve fund valued at more than $18,000,000 in accordance with the laws of the states in which we issue gift annuities. Assets received by Lehigh for gift annuities are managed internally, in a conservative and disciplined manner. If Lehigh should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of Lehigh.

Governance | Responsibility for governing Lehigh, which was established in Pennsylvania in 1865, is vested in 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.04-62). This information is provided to you in accordance with the requirements of that act.

Gift Annuity Disclosure Statement

A contribution for a gift annuity is irrevocable.

The right to annuity payments may not be assigned to any person or organization other than Lehigh.

The gift date is the date when you actually transfer assets. In the case of an electronic transfer of securities, it is the date they are received into the account of Lehigh. 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.

If you have additional questions, please contact us.

Points to Remember

A contribution for a gift annuity is irrevocable.

The right to annuity payments may not be assigned to any person or organization other than Lehigh.

The gift date is the date when you actually transfer assets. In the case of an electronic transfer of securities, it is the date they are received into the account of Lehigh. 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.

If you have additional questions, please contact us.

Gift Annuity Disclosure Statement

A contribution for a gift annuity is irrevocable.

The right to annuity payments may not be assigned to any person or organization other than Lehigh.

The gift date is the date when you actually transfer assets. In the case of an electronic transfer of securities, it is the date they are received into the account of Lehigh. 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.

If you have additional questions, please contact us.

Points to Remember
Please share with the Office of Planned Giving any questions or comments you may have about the information within this report. Our planned giving team can also help explore the different gift options available to integrate your passion for Lehigh with your personal financial goals and plans.

Office of Planned Giving
(610) 758-4749

The following offices have contributed to this report and serve as additional resources to assist with questions or comments about Lehigh’s endowment and other assets.

Investment Office
(646) 397-1992

Treasurer’s Office
(610) 758-3179

A practical guide to assist you in gift planning is available online at www.lehigh.edu/plannedgiving. This useful site features an easy-to-use Online Gift Calculator that enables users to receive fast, accurate, and confidential calculations on charitable deductions. The Online Gift Calculator allows users to determine their personal planned gift deductions and gift annuity taxation amounts.

Incoming first-year students in the Lehigh University Summer Scholars Program work closely with faculty on projects and research opportunities as part of an orientation designed to prepare them for growth and achievement.
Donald C. O'Keefe
Mr. and Mrs. W. Richard Mertz
Jeanne and Raymond Mellen
Ronald J. Lenney
Mr. and Mrs. Edward K. Leaton
Mr. and Mrs. Robert C. Hicks
Charles H. and Mary Ellen Hardy
William F. Hahn
Franklin B. Flower
George F. Fischer, Jr.
Ed and Mary Erikson
Patricia and William Elliott
Mr. and Mrs. Leonard R. Dimmick
Donald N. Diehl
Clinkunbroomer
Patricia and William G.
Mr. and Mrs. John C. Clark
Henrietta and Robert Byrne, Jr.
E. H. Williams, Jr.
Judith and Fred Stoll
Walter C. A. Schrader
Lois and Lawrence Mulock
Gail and Andrew Morris
Mr. and Mrs. Harry C. Meyerhoff
Atty. Justin K. McCarthy
Mr. and Mrs. David Jubell
Fran and Harold J. Hoops, Jr.
James G. Hood, Jr.
Beryl and John Webb Hogg
Richard C. Hoch
Mr. and Mrs. Edward Hills
Franklin W. Helms
Lulu and William Fetzer
Celine and Robert Fay
James F. Farny
Jack M. DeCamp
Mr. and Mrs. Victor R. Daub, Jr.
Marjorie E. and David T.
Barbara and Robert Courtney
Mr. and Mrs. Lee G. Barthold, Jr.
Mr. and Mrs. Dexter F. Baker
1950
John W. Young
Phyllis and Les Whitten
Norman J. Viehmann
Mr. and Mrs. George Thomas
Adele and Richard Stoeltzing
Ann and Herb Siegel
Richard R. Rohrbach
Sally and Carlyle Roberts
Meredith and Jack Ransohoff
Rose Ann and Robert S. Nichols
Michael J. Murray
Arthur C. Dwyer
Jeanne and Barney Dreyfuss
Corson, Jr.
Mr. and Mrs. William L. Clayton
Mr. and Mrs. John Buhl
Mr. and Mrs. Gene W.
Mr. and Mrs. Lee D. Peachey
Bedford H. Lydon, Jr.
Cecil R. Jones
Arthur P. Goldenberg
Jane and Richard Jones
Charles E. Kapust
Mr. and Mrs. Philip K. Keister
Jean 1983P 2012GP
Mr. and Mrs. Robert A. Miles
Mr. and Mrs. Robert H. Svetlik
Mr. and Mrs. Robert H. Svetlik
Mr. and Mrs. Robert R. Hennes
Mr. and Mrs. Robert L. Burke
Mr. and Mrs. Robert G. Anderman
Mr. and Mrs. Robert G. Anderman
Mr. and Mrs. Robert C. Albright
Mr. and Mrs. Clarence Walbert, Jr.
Van Hoesen
Richard E. Scheid
Anne and Wayne Parker
Mr. and Mrs. William R. Over
Raymon P. Oberly
Mr. and Mrs. Gene W.
Mr. and Mrs. James E. Corzas and Matilda O’Reilly
Stuart G. Susman and John Glomb
Mr. and Mrs. George F. Hesch
Roger R. Hammer
Richard E. Jacoby
Mr. and Mrs. Joseph F. Welch
Mr. and Mrs. Edward E. Brusch
Mr. and Mrs. James Furtaw
Mr. and Mrs. Harry C. Meyerhoff
Dr. and Mrs. Richard V. Concilio
Dottie and Richard B. Carney
Mr. and Mrs. George L. Chriso.
Mr. and Mrs. John C. Clark
Mr. and Mrs. Joseph A. Thompson
Mr. and Mrs. Lee D. Peachey
Mims and John H. Kerr 2015GP
Mary and James Johnston
Robert C. Albright
Mr. and Mrs. Richard L. Dreyfuss
Mr. and Mrs. William L. “Pat” Moran II
Geraldine and Norman
2015GP
1955
John G. Miller, Jr.
Elizabeth W. and
Alfred R. Medovich
Ruth and Walter F. Mannherz
Lincoln, Jr.
Elizabeth and George M.
Kowalyshyn 1997P
Richard E. Jacoby
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Joseph A. Thompson
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Mr. and Mrs. Jewish A. Shapira
Nancy and Robert Schatzman, parents of Madeline Schatzman 2012

Drs. Lois and Edward Schroeder, parents of Donald M. Schroeder 1986

John and Pamela Sebastian, parents of Michael “Bear” Sebastian 1996

Rodolfo Segovia, parent of Jorge Segovia 1989 and Maricio Segovia 1991

Henry Shotmeyer, grandfather of Timothy Jacob Shotmeyer, 2000

Joyce and Edwin G. Sielewicz, parents of David J. Sielewicz 1986

Barbara and Al Siemer, parents of Elizabeth Siemer 1993 and David Siemer 1996

Helen M. Simpson, mother of Jerry T. Simpson 1953

Mr. and Mrs. Rudolph J. Sommerwerck, parents of James T. Sommerwerck 1972

Mr. and Mrs. Joseph K. Spector, grandparents of Rachel Rothkrug 2011

Bill and Mimi Stanford, parents of Graham P. Stanford 1999

Stephanie J. Stiefel, parent of Joshua M. Stiefel 2008


Dr. and Mrs. Bela K. Erdoss 1944G

F. Laird Evans 1969G

Ruth Overfield Fidorack 1952G

Peggy Ann and Francis Figlear 1964G

J. David A. Walker and M. Elizabeth Walker, parents of Neal S. Walker 1992G

Vassie C. Ware and William J. Taylor, parents of Mira J. Taylor 1994G

Mr. and Mrs. Robert J. Sommersen, parents of James T. Sommerwerck 1972

Mr. and Mrs. Joseph K. Spector, grandparents of Rachel Rothkrug 2011

Bill and Mimi Stanford, parents of Graham P. Stanford 1999

Stephanie J. Stiefel, parent of Joshua M. Stiefel 2008


Dr. and Mrs. Bela K. Erdoss 1944G

F. Laird Evans 1969G

Ruth Overfield Fidorack 1952G

Peggy Ann and Francis Figlear 1964G

J. David A. Walker and M. Elizabeth Walker, parents of Neal S. Walker 1992G

Vassie C. Ware and William J. Taylor, parents of Mira J. Taylor 1994G

Mr. and Mrs. Robert J. Sommersen, parents of James T. Sommerwerck 1972

Mr. and Mrs. Joseph K. Spector, grandparents of Rachel Rothkrug 2011

Bill and Mimi Stanford, parents of Graham P. Stanford 1999

Stephanie J. Stiefel, parent of Joshua M. Stiefel 2008


Dr. and Mrs. Bela K. Erdoss 1944G

F. Laird Evans 1969G

Ruth Overfield Fidorack 1952G

Peggy Ann and Francis Figlear 1964G

J. David A. Walker and M. Elizabeth Walker, parents of Neal S. Walker 1992G

Vassie C. Ware and William J. Taylor, parents of Mira J. Taylor 1994G

Mr. and Mrs. Robert J. Sommersen, parents of James T. Sommerwerck 1972

Mr. and Mrs. Joseph K. Spector, grandparents of Rachel Rothkrug 2011

Bill and Mimi Stanford, parents of Graham P. Stanford 1999

Stephanie J. Stiefel, parent of Joshua M. Stiefel 2008


Dr. and Mrs. Bela K. Erdoss 1944G

F. Laird Evans 1969G

Ruth Overfield Fidorack 1952G

Peggy Ann and Francis Figlear 1964G

J. David A. Walker and M. Elizabeth Walker, parents of Neal S. Walker 1992G

Vassie C. Ware and William J. Taylor, parents of Mira J. Taylor 1994G

Mr. and Mrs. Robert J. Sommersen, parents of James T. Sommerwerck 1972

Mr. and Mrs. Joseph K. Spector, grandparents of Rachel Rothkrug 2011

Bill and Mimi Stanford, parents of Graham P. Stanford 1999

Stephanie J. Stiefel, parent of Joshua M. Stiefel 2008


Dr. and Mrs. Bela K. Erdoss 1944G

F. Laird Evans 1969G

Ruth Overfield Fidorack 1952G

Peggy Ann and Francis Figlear 1964G

J. David A. Walker and M. Elizabeth Walker, parents of Neal S. Walker 1992G

Vassie C. Ware and William J. Taylor, parents of Mira J. Taylor 1994G

Mr. and Mrs. Robert J. Sommersen, parents of James T. Sommerwerck 1972

Mr. and Mrs. Joseph K. Spector, grandparents of Rachel Rothkrug 2011

Bill and Mimi Stanford, parents of Graham P. Stanford 1999

Stephanie J. Stiefel, parent of Joshua M. Stiefel 2008


Dr. and Mrs. Bela K. Erdoss 1944G

F. Laird Evans 1969G

Ruth Overfield Fidorack 1952G

Peggy Ann and Francis Figlear 1964G

J. David A. Walker and M. Elizabeth Walker, parents of Neal S. Walker 1992G

Vassie C. Ware and William J. Taylor, parents of Mira J. Taylor 1994G

Mr. and Mrs. Robert J. Sommersen, parents of James T. Sommerwerck 1972

Mr. and Mrs. Joseph K. Spector, grandparents of Rachel Rothkrug 2011

Bill and Mimi Stanford, parents of Graham P. Stanford 1999

Stephanie J. Stiefel, parent of Joshua M. Stiefel 2008


Dr. and Mrs. Bela K. Erdoss 1944G

F. Laird Evans 1969G

Ruth Overfield Fidorack 1952G

Peggy Ann and Francis Figlear 1964G

J. David A. Walker and M. Elizabeth Walker, parents of Neal S. Walker 1992G

Vassie C. Ware and William J. Taylor, parents of Mira J. Taylor 1994G

Mr. and Mrs. Robert J. Sommersen, parents of James T. Sommerwerck 1972

Mr. and Mrs. Joseph K. Spector, grandparents of Rachel Rothkrug 2011

Bill and Mimi Stanford, parents of Graham P. Stanford 1999

Stephanie J. Stiefel, parent of Joshua M. Stiefel 2008


Dr. and Mrs. Bela K. Erdoss 1944G

F. Laird Evans 1969G

Ruth Overfield Fidorack 1952G

Peggy Ann and Francis Figlear 1964G

J. David A. Walker and M. Elizabeth Walker, parents of Neal S. Walker 1992G

Vassie C. Ware and William J. Taylor, parents of Mira J. Taylor 1994G

Mr. and Mrs. Robert J. Sommersen, parents of James T. Sommerwerck 1972

Mr. and Mrs. Joseph K. Spector, grandparents of Rachel Rothkrug 2011

Bill and Mimi Stanford, parents of Graham P. Stanford 1999

Stephanie J. Stiefel, parent of Joshua M. Stiefel 2008

Lehigh makes every effort to ensure the accuracy of this report. Please bring any questions to the attention of Kimberly Scretchen at (610) 758-4749 or kasb16@lehigh.edu.