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## The Pooled Income Fund at 45 - Consider the Possibilities







Date: November 19, 2015

Time: 1:00 – 2:30 Eastern Time

Presenters: Gary Pforzheimer  
President

Jeffrey Frye  
Senior Client Services Advisor


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## The Pooled Income Fund at 45 - Consider the Possibilities

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## The Pooled Income Fund at 45 - Consider the Possibilities



- History
- Existing Fund: No Hope?
- Existing Fund: Worth Resurrecting?
- Starting a New Fund
- Conclusion

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## History: Some Statistics from the IRS

Number of PIF Tax Returns for Selected Years

Year	Number of Returns Over \$500,000	Number of Returns Under \$500,000
2008	~1,450	~1,000
2009	~1,350	~1,000
2010	~1,350	~1,000
2011	~1,350	~1,000
2012	~1,300	~1,000

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## History: Some Statistics from Harvard

- 1,594 active PIF gifts at Harvard.
  - 267 are in the Balanced Fund
  - 233 are in the Growth Fund
  - 1,094 are in the Return Fund.
- 673 current participants in various funds

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## History: Some Statistics from Harvard

Number of PIF Gifts Made in Calendar Year

Year	Number of Gifts
1999	~85
2000	~85
2001	~85
2002	~85
2003	~85
2004	~85
2005	~85
2006	~85
2007	~85
2008	~85
2009	~85
2010	~85
2011	~85
2012	~85
2013	~85
2014	~85

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## The Existing Pooled Income Fund: On Its Last Legs



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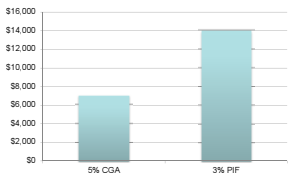
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## Existing PIF – On Its Last Legs: CGA Residuum vs. PIF Residuum

\$10,000 Gift



Option	Residuum
5% CGA	~\$7,000
3% PIF	~\$14,000

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## Existing PIF – On Its Last Legs: Fees and Expenses

\$100,000 PIF		\$500,000 PIF		\$800,000 PIF	
Base / Fixed Costs	\$3,000	Base / Fixed Costs	\$3,000	Base / Fixed Costs	\$3,000
Variable Costs @ 2%	\$2,000	Variable Costs @ 1.5%	\$7,500	Variable Costs @ 1%	\$8,000
<b>Total Costs</b>	<b>\$5,000</b>	<b>Total Costs</b>	<b>\$10,500</b>	<b>Total Costs</b>	<b>\$11,000</b>
Costs as Percent	<b>5.00%</b>	Costs as Percent	<b>2.10%</b>	Costs as Percent	<b>1.38%</b>

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### Existing PIF – Worth Resurrecting: Unusually High Charitable Deductions

\$10,000 Funding Value by 70 year old donor

CGA pays 5.1%: Charitable Deduction = **\$4,002**

CRUT pays 5.0%: Charitable Deduction = **\$5,232**

PIF pays 3.0%: Charitable Deduction = **\$6,729**

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### Existing PIF – Worth Resurrecting: Return Based on Cost of Plan

\$10,000 PIF Gift – donor in 28% tax bracket

Deduction is \$7,158 resulting in tax savings of \$2,004

**True out-of-pocket “cost of gift” is only \$7,996**

- Pays \$300 in first year - return on cost is **3.75%**
- Pays \$540 after 15 years – return on cost is **6.8%**
- Pays \$657 after 20 years – return on cost is **8.2%**

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### Existing PIF – Worth Resurrecting: “Younger” Donors



**“Alice, they say 70 is the new 50...”**

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### Establishing a New PIF: Even Higher Charitable Deductions

\$10,000 Funding Value by 70 year old donor  
 Existing PIF pays 3.0%: Charitable Deduction = \$6,729  
 -- Based on Highest Rate of Return over Past 3 years  
 New PIF pays 1.2%: Charitable Deduction = \$8,470  
 -- Based on Deemed IRS Rate

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### Establishing a New PIF: Significant Startup Costs

- Legal Fees for Creation of Trust
- Selection of Asset Manager
- Selection of Administrator
- Arrangements for Tax Returns
- Marketing – Internal
- Marketing – External

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### Establishing a New PIF: Charitable Benefit!




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## Conclusion: It's All About Choices



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## Still Have a Question?

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