



Massachusetts
Institute of
Technology

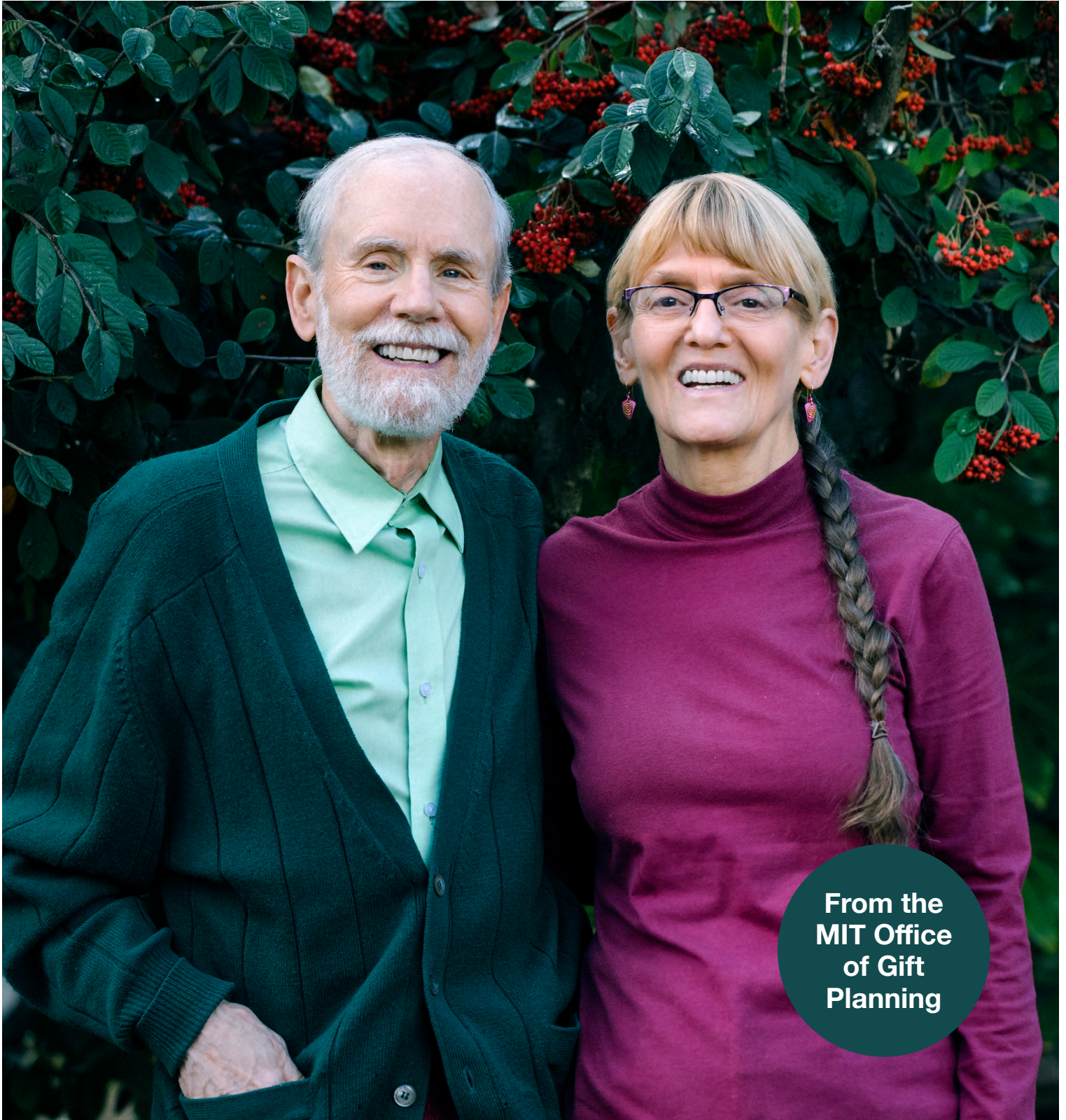
Discovering
New Depths

Future Giving,
Present Impact

Q&A: An Inside Look
at the MIT Endowment

corridor

Spring 2019



From the
MIT Office
of Gift
Planning

Discovering New Depths

Bruce Heflinger '69, SM '71, PhD '80 and Mary DeMasters



Bruce Heflinger has long been on the move—he's logged 200,000 miles on his bicycle since making a home in California in 1983. Now retired from his career as an electrical engineer, he is giving back as a library volunteer and regular platelet donor. He sees planned giving at MIT through a charitable remainder unitrust (CRUT) and annual qualified charitable distributions from his IRA as another way of contributing to the making of a better world.

Income for the present.

Heflinger and his wife Mary are both philanthropically minded, supporting their alma maters and the causes that are important to them. After making smaller annual gifts to MIT for decades, Heflinger chose to establish a CRUT because it is mutually beneficial for their household and the Institute. "The CRUT provides lifetime income for household expenses," he says. "The principal grows as part of MIT's professionally managed endowment, and the payout to us grows proportionally." In the future, the remainder from Heflinger's CRUT will provide undergraduate scholarships, with a preference for underrepresented minorities and women.

Illuminating ocean chemistry.

When deciding how to allocate annual distributions from his IRA account, Heflinger was driven by his concern for ocean pollution and overfishing—though he had never studied ocean ecology. "Collapse of the oceanic food chain would be catastrophic to the biosphere, including a growing human population. Funding of oceanic studies will extend baseline knowledge to guide policy decisions," he says. For that reason, Heflinger allocated his IRA distributions to the research of marine biogeochemist Andrew Babbin, the Doherty Assistant Professor in Ocean Utilization in the Department of Earth, Atmospheric and Planetary Sciences, and his students, who work in the eponymous "bablab." The initial contribution allowed the bablab to purchase equipment that analyzes nitrates and other components in ocean water, and also supported three MIT undergraduates during a three-week oceanographic research expedition to the Pacific.

The power to build a better world.

"MIT is uniquely capable of teaching new generations to invent and apply engineering know-how to mitigate harms in the natural world," Heflinger says.

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"The magic of investment."

Heflinger's first work experience took place in a gold mine northwest of Fairbanks, Alaska, which his father owned and operated for 70 years. "The work was not as glamorous as it sounds," he says, "but the earnings paid my MIT tuition." He credits both MIT and his family's smart investments as sources of his success. "The knowledge I gained and the degrees I earned at MIT have enabled me to land secure and rewarding employment. The magic of investment has done the rest." ●

For more information about charitable remainder unitrusts and IRA charitable rollovers at MIT, please visit giving.mit.edu/your-crut.

COVER:
Bruce Heflinger
and Mary DeMasters
at home in
Mountain View, CA



RIGHT: Maurice and Heather Cogdell at home in Oakton, VA

Future Giving, Present Impact

Heather '89 and Maurice Cogdell



Don't ask Heather Cogdell which MIT initiative she's most excited about unless you have time for a long conversation. "It's hard for me to narrow it down to just one thing!" she laughs. Her spouse, Maurice, has fully joined the MIT family—"being married to Heather, there's really no choice," he jokes. In recent years, they began exploring how planned giving, as a supplement to their annual giving, can benefit both their family and MIT.

Good for the future, today.

The Cogdells decided that designating MIT as their IRA beneficiary was the right choice—especially while their dependents are still pursuing their education. "A planned gift allows us to maintain control of assets in case a family emergency arises, while ensuring that after we no longer need the assets, MIT students can benefit from a larger donation," Heather explains. A planned gift not only frees up the Cogdells' finances in the present but makes sense when considering future taxes. "The taxes our heirs would have to pay on the IRA proceeds would have reduced the benefits they would receive versus what MIT can receive," says Maurice.

The power of scholarships.

As former scholarship recipients themselves, the Cogdells know firsthand how much of a difference a scholarship can make in a student's life. The IRA will support the Silvia Silva Fenton Fund—an MIT scholarship they established in honor of Heather's mother in 2001. They have also established a scholarship at Maurice's alma mater, North Carolina Central University. "We believe strongly in MIT's culture and effort to make a better world, and that requires giving admitted students the option to

attend MIT free from undue financial burden," says Heather. "It is vital to have the best people working on the world's biggest problems, regardless of the family's ability to pay for college. Our hope is that our giving has provided people who might not otherwise have had the opportunity to reach their potential a chance to attend MIT and contribute to making a better world for everyone."

A "stress-free" way to give back.

Heather brings the same strong, inclusive sense of enthusiasm to their family's philanthropy as she does to the multiple roles she has had as an MIT volunteer, including but not limited to serving on the MIT Alumni Association Board of Directors and the Educational Council. "I strongly encourage others to talk with the MIT Office of Gift Planning and learn about the easy and stress-free giving options that are available," she says. "Our lives have been enriched by MIT, and we feel it is our responsibility to give back and help others to be able to share in that blessing." ●

For more information about how to make MIT your IRA beneficiary, please visit giving.mit.edu/iragift.



RIGHT: Shahla and Eberhard Wunderlich at home in Princeton, NJ

A Passion for Service

Eberhard SM '75, PhD '78 and Shahla PhD '78 Wunderlich



One of Eberhard and Shahla Wunderlich's most memorable MIT experiences occurred long after they had graduated: in 2010, they accompanied students, faculty, and staff to Tena, Ecuador, through a joint program with the Priscilla King Gray Service Center (PKG Center) and the MIT Alumni Travel Program. The following year, they decided to start giving back to MIT through deferred charitable gift annuities (CGA) that can benefit both their household and their favorite programs at MIT.

The benefits of a deferred CGA.

When interest payments are deferred, a CGA produces a higher return for the donor. "We chose a deferred gift annuity because it represents a particularly good way

of giving to MIT now, while providing a continuing retirement income for the rest of our lives," Eberhard explains. "The gift annuity is a win-win for MIT as well as for us. We encourage others to explore the financial planning benefits of charitable gift annuities while at the same time realizing their philanthropic goals."

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Joining academics and service.

The Wunderlichs designated their deferred charitable gift annuities to support the PKG Center. "We want to enable MIT to expand access to public service and social entrepreneurship projects to more students," says Shahla. "We've seen firsthand that the PKG Center is particularly effective at accomplishing this. It is inspiring to see students who have found the passion for developing their scientific, technical, and professional skills as well as the passion to create a better world for all."

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The power of experiential learning.

The Ecuador trip that the Wunderlichs attended brought together students, alumni, faculty, and staff to do fieldwork with the Kallari Association, a self-governed coalition of more than 850 cacao farming families from the Amazon basin. “We were impressed by how well the MIT undergraduate students were able to understand the true needs of the Ecuadorian farm families, and equally impressed by the commitment of the Ecuadorian families to sustainable farming practices that preserve their environment and way of life while improving their material well-being,” Shahla recalls. Eberhard agrees: “That project was a clear illustration that MIT students can very effectively learn the real needs of people by engaging in public service and volunteer activities. This learning can then enable them to create innovations and solutions that lead to a better world.”

Building a bright future.

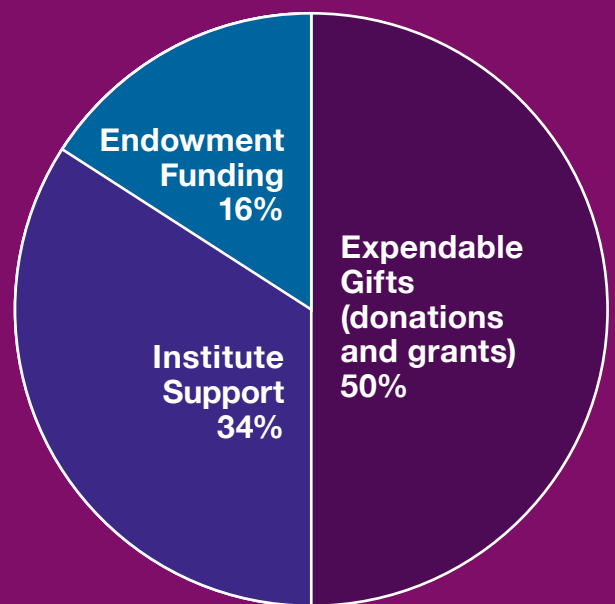
“When we look to the future, we hope that MIT will continue to expand the options for public service and experiential learning for students,” says Shahla. Both she and Eberhard are glad that their deferred charitable gift annuities will support the MIT programs they love as well as their household in the present. “Because of MIT, we have been able to share in enabling this vision and creating an optimistic and better future for all,” says Eberhard. ●

For more information about deferred gift annuities at MIT, please visit giving.mit.edu/annuity.

Giving Makes the Difference: The PKG Center

The Wunderlichs are two of the many donors who make it possible for the PKG Center to connect MIT students and community members with a variety of public service projects on a local, national, and global scale. “The PKG Center offers programs that complement and constructively complicate traditional classroom learning, effectively turbo-charging students’ MIT educations,” says Kate Trimble, senior associate dean and director for the Office of Experiential Learning. These programs include guidance and funding for students’ most innovative service-centered ideas. “By facilitating these experiences, the PKG Center prepares MIT students to build a better world—and better lives,” Trimble says. “The support of our generous donors makes this possible.”

PKG Center Funding Sources



To learn more about the PKG Center, visit studentlife.mit.edu/pkgcenter.

Q&A: An Inside Look at the MIT Endowment

Seth Alexander

President, MIT Investment Management Company (MITIMCo)



The MIT endowment supports the Institute through the returns generated from investing MIT's financial resources. As head of MITIMCo, Seth Alexander works to ensure that the assets in the MIT endowment are working as hard as possible for the benefit of the Institute and its stakeholders. Alexander spoke with the MIT Office of Gift Planning about how the endowment works and how an endowed gift can provide income for donors during their lifetime while also supporting MIT.

How did the MIT endowment perform over the past 10 years? How does that compare to endowments at other educational institutions?

SA: Pool A, MIT's primary investment pool, has earned strong returns over the past 10 years, earning 8.6% per annum. The value of the endowment

increased from \$7.9 billion at the start of the decade to \$16.4 billion at the end of fiscal year 2018. The preliminary results of the Cambridge Median indicate that MIT outperformed its peers by approximately 2.9% per annum over this time period. The Cambridge Median is the median return of college and university endowment pools tracked by Cambridge Associates.

How does the endowment help benefit MIT's planned giving program?

SA: When donors set up planned giving vehicles and transfer assets to be managed by MIT, those funds can earn the endowment rate of return and donors can benefit from those returns. In a charitable remainder trust, for example, a percentage of the market value of the investment is paid out to the donor for life. At the end of the trust, the remaining assets pass as a gift to MIT. These gifts provide much-needed support to the Institute by paying for professorships, fellowships, and scholarships. MIT also supports its talented community of faculty, students, and researchers by providing them with the spaces and resources they need to explore and innovate.

How much is spent from the endowment each year?

SA: We believe that MIT's educational mission and research capabilities will be as important for future generations as they are today. As a result, the Institute spends from the endowment only what it believes it can earn in investment returns on a long-term basis. Currently, approximately 5% of the market value is distributed for spending each year.

How is MITIMCo's approach to endowment management different from other universities and private wealth management firms?

SA: While the core philosophy of our investment approach is similar to other long-term oriented institutional investors, differences in the way we execute may cause MIT's portfolio to diverge from other portfolios. For example, we tend to be less benchmark oriented than other investors. We also are willing to invest much earlier with managers than many others. In fact, in roughly half our new investments in recent years, MIT was the first institutional investor. ●

What is the investment strategy for the endowment?

SA: The primary component of our investment strategy is to develop strong long-term partnerships with exceptional external investment managers around the world. To earn high investment returns, we might want to invest in arenas as diverse as startup companies in China, the stock market in Germany, and real estate in Silicon Valley. Rather than attempt to hire in-house experts in all of these areas, we instead seek to identify the world's best investors in each area and partner with them. In this way, we are able to work with the people who have the best competitive advantages in executing their investments given their specialized insights and deep market knowledge. By allocating capital to over 80 external managers, we are able to create a portfolio that is both focused on high returns and well diversified.

Learn more about MITIMCo's investment strategy at mitimco.org.



Questions about Planned Giving at MIT?

- How can a planned gift benefit my family today?
- I haven't retired yet ... am I eligible to make a planned gift?
- Can a planned gift provide immediate benefits to my favorite MIT programs?

The planned giving experts at MIT are happy to weigh in. Submit your question at giving.mit.edu/ogp-experts, and it could be answered in a future issue of *Corridor* in print or online.

Planned Gifts as Class Reunion Gifts



Are you ready for Tech Reunions this June? Your planned gifts may count toward your class reunion gift.

Life income gifts made in the 12-month period from July 1 through June 30 of your reunion year can be counted toward your class reunion gift at the full face value of your gift.

For bequest intentions, if you are celebrating your 40th reunion or higher, and as long as you make a gift during your reunion year, the present value of a documented bequest intention may count for your class reunion gift.

Please contact Bonny Kellermann '72, bonnyk@mit.edu or 617.253.9722, to ensure that your gift is eligible to be counted toward your class gift or with any questions about the class reunion gift bequest pledge policy.

Sample Bequest Language

Below is suggested language to share with your advisor if you would like to include MIT in your will or estate plan.

I give [all of the residue of my estate OR an amount equal to X percent of the residue of my estate / thereof OR \$ _____] to the Massachusetts Institute of Technology (MIT), a Massachusetts nonprofit corporation, for its general educational and charitable purposes.

We can provide sample language if you prefer your bequest to be designated for a specific purpose. Contact us to learn more about bequests and how they could count toward the MIT Campaign for a Better World.

This information is provided for illustrative purposes only and should not be considered legal or financial advice. We encourage you to discuss these options with your advisor.

Contact Us

Making a planned gift to MIT enables you to support MIT's world-changing programs while generating income for you or your beneficiaries.

Ready to start the conversation? Contact us today!

OFFICE OF GIFT PLANNING

617.253.4082 (Phone)

617.258.6147 (Fax)

giftplanning@mit.edu

giving.mit.edu/contact-ogp





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Office of Gift Planning
600 Memorial Drive W98-500
Cambridge, MA 02139-4822

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