“A bequest gives you a legacy. I changed Princeton, and Princeton changed me. I want that to be marked.”
—Sharon Holland ’86

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**PRINCETONIANS’ LEGACIES**

A Letter from the Vice President

One of the great privileges of the work I do for Princeton is hearing the life experiences of Princeton’s alumni and friends. As I listen to these stories, I learn how Princeton transformed lives—through professors who taught brilliantly and took special interest, lifelong friendships forged, and challenges faced and overcome in classrooms and on playing fields. From the very young to the very old, Princetonians have amazing lives, almost all of which include significant acts of service and giving back.

Princeton, in each telling, is “the Best Old Place of All.” It also is a special place of discovery and transformation, renewed and evolving with every generation’s experience of it.

Among the many ways Princetonians give back, planned gifts allow support of our traditions by providing a permanent legacy. Your gifts enable future generations to encounter the life-changing experiences that distinguish Princeton.

As you reflect on what Princeton has meant to you, I encourage you to reach out to our gift planning staff to discover how a planned gift can meet your philanthropic goals.

I am pleased to announce that we welcomed a new director in January 2014: Rochelle Makela-Goodman, most recently an assistant vice president for advancement at Lehigh University.

Rochelle joins Deputy Director Jane Danek, who has been on our staff for nine years, and Philanthropic Advisor Roslyn Anderson Flood, who joined us last spring after serving as senior vice president for Brown Brothers Harriman in New York City. This team of financial professionals will welcome your questions and can help you structure a gift to leave a legacy in a way that is most meaningful to you.

Your generosity to Princeton is extraordinary.

With thanks for all you do for Princeton,

Elizabeth Boluch Wood
Vice President for Development

On the cover, three generations of Princetonians at Reunions 2013: 1746 Society member Richard D. Judge ’46, third from left, with, from left, daughter Sara Judge McCalpin ’82, son Paul C. Judge ’80, and grandson Matthew W. McCalpin ’14
WHETHER you were on campus yesterday, or decades ago, each person experiences
Princeton University differently. From quiet contemplation in the stacks of Firestone Library
to spirited cheering in Jadwin Gymnasium, from the historical stateliness of McCosh 50 to the
simple beauty of autumn leaves near Nassau Hall, the sights and sounds of Princeton become a part
of you that endures far beyond your time here.

A planned gift to Princeton University is an act of generosity, imagination, and foresight: it can
be a way to ensure your family’s financial security while making a Princeton education possible for future students. Your commitment to the University’s excellence, and to the positive
difference that Princeton students will make in the world, have a lasting impact for generations beyond your own.

YOU’LL ALWAYS BE
a PART of PRINCETON.

Thank you for giving or considering a planned gift.

“My father, Harold Close ’1910, and my two late brothers, Ralph ’44 and Art ’46,
demonstrated to me that nurturing our University can be an enduring source of
gratification. I believe that this is the most important legacy we as graduates can pass on to future generations of Princetonians.” — Raymond Close ’51 ’64
PRINCETON’S 1746 SOCIETY honors those who believe in the University’s mission and, in addition to Annual Giving contributions, support the University by creating a charitable trust or other planned gift, or by including Princeton in their will or as a beneficiary of an IRA, retirement plan, or insurance policy. A complete list of 1746 Society members and class chairs is available on the Gift Planning website at http://giving.princeton.edu/1746-list. We welcome the newest members of the society for 2013:*

CLASSES of the 1940s and 1950s
Elizabeth White Fenwick ’46
Dorothy A. Canter ’52
David A. West ’53
Marvin H. Marx ’54
Gerald H. Rosen ’55 ’59
Richard P. Deina ’56
Yves-André Istel ’57
Robin S. Lincoln ’57
Mrs. Marion Ein Lewin W59
Anonymous (1)

CLASSES of the 1960s
George W. Chang ’63
Donald K. Rosenberg ’64
Tom E. Smith Jr. ’64
John C. Donaker Jr. ’65
Donald D. Niemann ’65
John A. Edie ’66
Walter B. Mahony III ’66 ’69
Mrs. Terry I. Seymour ’66
Richard L. Wechsler ’68
Robert C. Brown ’69
William P. Thorpe ’69
David B. Waud ’69

CLASSES of the 1970s and 1980s
Henry H. Westmoreland ’76
Douglas A. Abbott ’78
Steven W. Bingaman ’79
Lincoln B. Gamble ’80
Jacob C. Sun ’82
Nicolle P. Suder ’86

CLASSES of the 1990s and 2000s
Deborah L. Barns S90
Thomas C. Barns ’90
Candace S. Rabinowitz ’98
Jonathan D. Herbach ’01
Lena X. Qiu ’10

GRADUATE SCHOOL
Jessica Anne Friess S07
Joshua J. Friess S07
William C. Mead ’74
Robert W. Morrison Jr. ’64
Anonymous (1)

FRIENDS
Nadine Strossen

In Memoriam
Princeton gratefully acknowledges those benefactors who passed away in 2013, as well as those not previously enrolled in the society from whom a bequest was received.

Lee L. Blyler ’32
Richard F. Ober ’37
Robert E. Mason ’38
Insley B. Payne ’42 ’50
Mrs. Alfred J. Lacazette W43
Stephen C. Voorhees ’43
Konrad C. Mueller ’44
David W. Woodard ’62
William C. Tyson ’67
Richard T. Wharton Jr. ’71
Charles L. Dibble ’74
Mary L. Deibel ’76
Richard M. Ludwig
Richard Mindlin
Eleanor V. Weld

Create a Legacy at Princeton

Become a member of the 1746 Society by naming Princeton in your will or trust or as the beneficiary of your IRA, retirement account, or insurance policy.

All gifts of any amount make a difference to Princeton. Through your estate, life insurance, or retirement plan, you can provide general support to the University, or fund a program, project, or area of study that is important to you.*

Your bequest can direct a dollar amount or assets such as securities, real estate, or tangible personal property (such as rare books or art) to the University. Or, it can direct all or a percentage of the remainder of your estate to Princeton after other beneficiaries receive their inheritance and estate-related expenses are paid.

The following language can be used by your attorney to create a bequest to Princeton through your will:

I give and bequeath to The Trustees of Princeton University, a New Jersey not-for-profit corporation, the sum of ________ Dollars (or all the rest, residue, and remainder of my estate) to be used for the purposes of the University at the discretion of its Board of Trustees.

*For specific purposes or to establish or add to an endowment fund, contact a Princeton philanthropic advisor at 609.258.6318 or 1746soc@princeton.edu.
<table>
<thead>
<tr>
<th>GIFT TYPE</th>
<th>DESCRIPTION</th>
<th>BENEFITS</th>
<th>INCOME</th>
<th>MINIMUM GIFT</th>
</tr>
</thead>
</table>
| Charitable Remainder Trust| Gift of cash, securities, or real estate; provides payments to you and/or your beneficiaries for a lifetime or a term of years and provides a gift to Princeton when trust ends | • Payments may be higher than dividends  
• Option of adding to a unitrust at any time  
• Capital gains taxes reduced or deferred*  
• Charitable deduction on federal income tax*  
• Reduces your taxable estate in most cases  
• Gift (remainder) can be designated** | • Payments vary depending on investment performance (unitrust)  
• Payments fixed when gift established (annuity trust)  
• Oversight by managers of the Princeton endowment  
• Remainder is a gift to Princeton | $50,000 |
| Charitable Gift Annuity   | Gift, often of cash or securities; provides guaranteed payments to you and/or your beneficiary age 70 or older for the payee’s lifetime and provides a gift of the remainder to Princeton | • Fast and easy to set up  
• Payment amount guaranteed  
• Capital gains taxes reduced or deferred*  
• Charitable deduction on federal income tax*  
• Reduces your taxable estate in most cases  
• Gift (remainder) can be designated** | • Payments fixed when gift established  
• Remainder is a gift to Princeton | $25,000 |
| Pooled Income Fund        | Gift, often of cash or securities, invested in a pool of gifts from other donors that provides payments to you and/or your beneficiary and provides a gift of the remainder to Princeton | • Lifetime payments from the income of the pool to you and/or your beneficiary  
• Option of adding to the fund at any time  
• No capital gains tax on gifts of appreciated securities*  
• Reduces your taxable estate in most cases  
• Gift (remainder) can be designated** | • Payments vary depending on investment performance  
• Oversight by managers of the Princeton endowment  
• Remainder is a gift to Princeton | $25,000 |
| Charitable Lead Trust     | A trust to benefit your heirs that also provides a gift by directing the trust’s income to Princeton for a term (usually 10 to 25 years) | • Charitable deduction on federal income tax*  
• Federal gift/estate tax deductions on income payments to Princeton can reduce taxable gift*  
• Gift (payments) can be designated** | • Income payments directed to Princeton  
• You control the timing and distribution of assets to your heirs  
• Oversight by managers of the Princeton endowment | $250,000 |
| Bequest                  | A gift made through your will or testamentary trust, or by naming Princeton as a beneficiary of your IRA, retirement plan, insurance policy, bank account, or securities | • Easy to do and costs nothing now  
• May be a percentage of your estate or a specific amount  
• Reduces your taxable estate in most cases  
• Gift can be designated** | • Not applicable | Gifts of Any Amount |

* Typical financial benefits are listed. Consult with your financial advisor to learn which tax and financial benefits apply to your situation.

**Consult with a Princeton philanthropic advisor on options and minimums for designations and establishing endowed funds.
Gift Planning

PROGRAM OVERVIEW

LIFE INCOME ASSETS
Under Management as of December 31, 2013

- 299 Charitable Remainder Trusts (319 Beneficiaries)
- 187 Pooled Income Funds (185 Beneficiaries)
- 122 Charitable Gift Annuities (104 Beneficiaries)
- 12 Charitable Lead Trusts

620 TOTAL TRUSTS/ACCOUNTS
608 TOTAL BENEFICIARIES

$136,328,187
$32,413,179
$16,667,924
$16,522,032

TOTAL MARKET VALUE: $201,931,322

CHARITABLE REMAINDER TRUSTS

Stocks, real estate, or other assets form the basis of a trust that is managed by Princeton and gives the donor, or anyone the donor designates, quarterly payments for life or a set period. The payment can be fixed or variable, and Princeton receives the balance—the “charitable remainder”—when the trust ends.

Asset Allocation

Asset allocation involves deciding what share of the portfolio should be placed in the various broad asset categories. The trust allocation table below contains the charitable trust portfolio’s long-term asset allocation targets, which indicate how the portfolio will be positioned in “normal” market conditions. The table below also shows the permitted ranges for each asset category, within which exposures can be adjusted in response to mid-term market opportunities.

Long-Term Targets

The charitable trust portfolio is diversified among asset categories for a number of reasons. Most importantly, by including international equities as well as real assets, such as public real estate (i.e., Real Estate Investment Trusts or REITs) and natural resource securities (i.e., companies involved with metals, energy, and agriculture), the portfolio benefits from greater diversification that can help control risk in most environments. In addition, the broader opportunity set means the portfolio may be capable of producing strong returns more often, and in a greater variety of environments. For instance, the real assets category plays an important role in the portfolio as it is expected to perform well in periods of unanticipated inflation. There were no changes to the long-term asset allocation targets in 2013.

Investment Managers

Grantham, Mayo, Van Otterloo & Co. LLC (GMO) continues to manage the charitable trust investment portfolio, except for the fixed income category. GMO uses both fundamental research and quantitative methods to find undervalued assets across markets around the world. GMO has produced strong long-term results relative to benchmarks.

The fixed income portion of the charitable trust portfolio is managed by John W. Bristol & Co., Inc. Bristol has managed assets for Princeton’s endowment since 1937, and currently manages assets in the large-cap US equity portion of the endowment. Over the past 30 years, Bristol’s fixed income accounts for its clients have meaningfully outperformed broad fixed income benchmarks.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Long-Term Allocation Targets</th>
<th>Minimum Permitted Weight</th>
<th>Maximum Permitted Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Equity</td>
<td>31%</td>
<td>19%</td>
<td>44%</td>
</tr>
<tr>
<td>International Equity</td>
<td>26%</td>
<td>17%</td>
<td>54%</td>
</tr>
<tr>
<td>Developed Markets</td>
<td>13%</td>
<td>9%</td>
<td>17%</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>15%</td>
<td>9%</td>
<td>22%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>15%</td>
<td>9%</td>
<td>22%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>15%</td>
<td>9%</td>
<td>22%</td>
</tr>
</tbody>
</table>

**BEQUESTS and TERMINATED LIFE-INCOME GIFTS**

Realised in 2013

- $4,393,558
- $31,304,937

TOTAL GIFTS REALIZED: $35,698,495
Within the pre-determined asset allocation ranges highlighted in the trust allocation chart at right, GMO intentionally over- or under-weights relatively more or less compelling asset categories. There is currently an under-weight position in domestic equity versus the long-term asset allocation target. GMO broadly views public equity securities in the US as meaningfully overvalued relative to other equity asset categories. Accordingly, the 27% allocation is 6 percentage points below the long-term target.

Within the US, GMO has the majority of its exposure in “quality” companies that it believes are by far the most attractive segment of the US market. Quality companies are, broadly speaking, market-leading companies with stable earnings and relatively low levels of debt. Historically, quality companies have outperformed the broader market in periods of market declines.

The under-weight position in domestic equity is offset by over-weight positions in international developed equity and emerging markets. Within international developed equity, GMO believes there are many attractive investment opportunities in Europe. While acknowledging that the economic growth prospects in the region remain weak, GMO believes the market has unduly penalized many companies for the poor growth prospects, and thus the companies are trading at compelling valuations.

The allocation between GMO’s equity portfolio and Bristol’s fixed income portfolio is generally rebalanced quarterly to ensure that fixed income maintains its long-term target weight.

**Investment Performance**

For the second year running, the charitable trust portfolio generated strong absolute returns for the calendar year, gaining 13.4%. This result is particularly strong when viewed against the low level of inflation in the US. As discussed further here, while strong in absolute terms, the portfolio’s return for the year trailed several benchmarks that are used to provide context for the portfolio’s results. Princeton continues to believe that it is futile to chase short-term performance, and instead focuses on managing the portfolio for long-term success. Indeed, over the last 10 years the portfolio has returned an annualized 7.3%, a very solid result that compares favorably to returns generated by other tax-exempt institutions.

Princeton has traditionally used two benchmarks to provide context for the portfolio’s results. The first is the blended benchmark, which consists of a blend of individual asset category benchmarks weighted by long-term allocation targets. In 2013, the portfolio lagged this benchmark by 2.7%. The portfolio also fell short of the second benchmark—a 65/35 blend of the S&P 500 and the Barclays Aggregate Bond Index. The 65/35’s dominance illustrates that diversification was not rewarded this year as the US stock market rallied significantly.

As an additional comparison point, the portfolio's return can be compared to the performance of other portfolios managed by tax-exempt institutions. According to data compiled by Wilshire Associates, the portfolio underperformed the median tax-exempt institution by 1.3% during the year.

GMO recorded strong absolute returns but trailed its benchmark during the year. GMO's under-weight position in the US, as well as its tilt towards quality stocks in the US, both weighed on its relative performance. GMO continues to believe this positioning will be additive to long-term performance. In contrast, Bristol performed well in relative terms in 2013, comfortably outpacing its benchmark.

However, Bristol's strong relative performance was not sufficient to prevent it recording a slight loss as government bond yields increased during the year. Despite the rise in yields, interest rates remain at very low levels, and Bristol remains conservatively positioned to protect against further increases in interest rates.

The evaluation of the charitable trust portfolio should generally focus on long-term performance. Over the last 10 years, the portfolio has produced a compound annual investment return of 7.3%. While trailing the 8.5% annualized return of the blended benchmark, the portfolio outperformed the 6.9% annualized return of the 65/35 benchmark. In addition, the portfolio performed well versus other tax-exempt institutions, outperforming the median institution by an annualized 0.5%.

The portfolio’s underperformance of the blended benchmark over the last 10 years can be attributed to several factors, including unsatisfactory results from the portfolio’s previous fixed income manager. The manager was terminated in early 2009. The replacement manager, Bristol, has subsequently recorded strong results, comfortably outperforming its benchmark by an annualized 0.6%.

*Wilshire’s Trust Universe Comparison Service (Wilshire TUCS) is a widely accepted benchmark for the performance of institutional assets. Over 300 institutions are included in the survey results.*
CHARITABLE REMAINDER TRUSTS

In addition, GMO’s decision to focus on quality stocks within the US for much of the period following the 2008–09 financial crisis has also weighed on results. As previously discussed, GMO believes this area of the market continues to be attractively valued and believes this positioning will be beneficial in the long run.

TRUST PERFORMANCE COMPARED to BENCHMARK
Figures represent investment returns for period ending December 31, 2013

- Princeton Trust: Represents the typical remainder trust at Princeton with a current asset allocation of 85% equities/15% fixed income.
- Blended Benchmark: Represents a weighted average of individual benchmark returns. Since September 2012, the benchmark has been 31.45% Wilshire 5000/25.5% MSCI World Excluding US/12.75% MSCI Emerging Markets/7.65% Morgan Stanley REIT/7.65% MSCI ACWI Commodity Producers/15% Barclays Aggregate Bond Index. Benchmark for prior periods available on request.
- 65/35 Benchmark: (65% S&P 500/35% Barclays Aggregate Bond Index): Represents what an investor would earn from a less broadly diversified, more traditional portfolio invested in the US equity and fixed income market indices, rebalanced annually.
- Median Tax-Exempt Institution: Represents the average performance of investment portfolios managed by tax-exempt institutions, according to Wilshire Associates’ Trust Universe Comparison Service.

CHARITABLE GIFT ANNUITIES

This kind of annuity offers secure payments free from market risk for up to two individuals age 70 or older. Rates, which are determined by the recipient’s age, are fixed when the gift is given (the minimum gift amount is $25,000), and range from 5.1% to 9% of the gift amount.

Princetonnians benefit from the stability and security of fixed, guaranteed payments backed by the University through Princeton’s charitable gift annuity program. Five new gift annuities were established at Princeton in 2013 for a total of $390,326.

GIFT ANNUITY PROGRAM OVERVIEW
as of December 31, 2013; amounts exclude terminated accounts

- Total Gifts to the Program: $15,382,688
- Total Gift Principal: $16,402,922
- Total Distributions to Current Annuittants: $6,832,073

Princeton follows the rates recommended by the American Council on Gift Annuities (ACGA). Rates are fixed at the date of the gift. The ACGA recommended schedule of suggested maximum gift annuity rates effective January 1, 2012, is as follows:

SAMPLE ANNUITY RATES

<table>
<thead>
<tr>
<th>AGE</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td>5.1%</td>
</tr>
<tr>
<td>75</td>
<td>5.8%</td>
</tr>
<tr>
<td>80</td>
<td>6.8%</td>
</tr>
<tr>
<td>90+</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

The full rate schedule is available on Princeton’s Gift Planning website at [http://giving.princeton.edu/annuityrates](http://giving.princeton.edu/annuityrates)
POOLED INCOME FUNDS

These investment funds pool contributions from a number of donors who, every quarter, receive their share of the income earned. Princeton offers two funds: the Income Fund, invested for higher current income, and the Tiger Fund, invested for long-term growth. The Balanced Fund is closed to new donors. However, as with the Tiger and Income Funds, additions to the Balanced Fund by existing donors are welcome.*

Management and Asset Allocation

GMO continues to manage the bulk of the equity portion of Princeton’s Balanced and Tiger Funds. Both Princeton’s Balanced and Tiger Funds also invest in funds managed by The Vanguard Group. In the Balanced Fund, Vanguard’s Equity Income Fund adds to the dual goals of growth and income. Vanguard’s REIT Fund provides broad exposure to publicly traded real estate companies, which produces steady quarterly income to both Balanced Fund and Tiger Fund beneficiaries. As with the charitable trusts, Bristol manages the fixed income portfolio for all three of Princeton’s pooled funds.

During the year the Tiger Fund and Balanced Fund generated an investment return of 18.5% and 9.2%, respectively. Against a backdrop of rising bond yields, the Income Fund declined 1.3%.

This chart shows that if a donor made a $10,000 contribution in 1984, it would have a current value of $97,166 (Tiger Fund); $39,676 (Balanced Fund); and $12,968 (Income Fund) at year-end 2013. The corresponding cumulative payments received by the beneficiary would be $41,320 (Tiger Fund); $36,702 (Balanced Fund); and $27,986 (Income Fund).

Annual Yield is for the calendar year 2013. Asset Allocations, Market Value, and Value per Unit, are as of December 31, 2013.

*Donors may contact their Princeton philanthropic advisor to learn the number of shares in their individual pooled fund account.
The Office of Gift Planning, within Princeton’s Office of Development, works with alumni, family, and friends to help them find the best ways to meet financial objectives while providing support to Princeton. Gift arrangements such as charitable remainder trusts, charitable lead trusts, charitable gift annuities, pooled income funds, and gifts of unique assets including real estate and limited partnership interests are used to help donors achieve personal, financial, and philanthropic goals.

Office of the Vice President for Finance and Treasurer
The Office of Asset Administration, within Princeton’s Office of the Vice President for Finance and Treasurer, is a valued partner to the Office of Gift Planning. This office helps to ensure that gift arrangements operate smoothly, payments are delivered on a timely basis, and tax and accounting information is accurate. It also administers the gift annuity program.

Princeton University Investment Company (Princo)
Princo, an office of the University, is responsible for investing the University’s endowment. Princo also offers support to Princeton’s gift planning program and provides ongoing performance review of the external managers.

BNY Mellon
BNY Mellon serves as administrator and custodian of the assets within the gift planning program. BNY Mellon’s responsibilities include safeguarding assets and general trust accounting duties, such as collecting and allocating income, preparing statements, tax reporting, and making distributions as directed by Princeton University as trustee.