WHAT IS A PHOENIX TRUST?
Under a private letter ruling that the University of Chicago received from the Internal Revenue Service in 2009, you have the option of effectively investing your charitable remainder trust in the University’s primary endowment investment vehicle, the total return investment pool (TRIP). We have named this the “Phoenix Trust.” For a charitable remainder trust to qualify, the University must be designated as the sole remainder beneficiary and must be the trustee. When you choose this investment option, the trust enters into a contract with the University that affords the trust the same rate of return as TRIP but no right to its underlying investment assets.

WHAT DOES INVESTING IN THE ENDOWMENT OPTION PROVIDE?
A Phoenix Trust provides the opportunity to share in the same returns as TRIP and thereby invest alongside the University, where gifted assets will ultimately reside. While TRIP has outperformed other common investment strategies in the past, there is no guarantee that this will occur in the future. The other option is to invest your trust in a diversified portfolio with Kaspick & Company, the investment firm retained by the University to manage its planned gift assets.

ARE THERE ANY DISADVANTAGES OF INVESTING IN THE ENDOWMENT OPTION?
The tax treatment of payments from a Phoenix Trust can be less favorable than the tax treatment of payments from other investment strategies, i.e., subject to more ordinary income tax. Please contact the Office of Gift Planning for additional information and consult with your personal tax adviser.

WHO MANAGES THE ENDOWMENT?
The Office of Investments manages the University of Chicago’s endowment (TRIP) and other portfolio assets, combining active internal oversight with targeted external advisers.

The investment objective of TRIP is to achieve a high return consistent with a level of risk that is appropriate for the University of Chicago. The Office of Investments takes a total enterprise asset management (TEAM) approach in designing the investment strategy of TRIP. A TEAM approach takes into account the economic risks borne by the University, such as growth objectives and debt ratios, in selecting an appropriate level of risk for TRIP. The level of risk that is appropriate for the University might not match an individual donor’s and can change over time.
WHERE CAN I FIND INFORMATION ON THE UNIVERSITY’S ENDOWMENT STRATEGY AND PERFORMANCE?
Information can be found at investments.uchicago.edu. Additional comparison information is available from the Office of Gift Planning upon request.

WHAT IS THE MINIMUM AMOUNT TO FUND A TRUST?
With the University serving as trustee, the minimum is $100,000. Gifts can be made using cash, marketable securities, or saleable real estate.

ARE THERE FEES?
Costs of managing the University’s endowment are borne by the entire endowment portfolio, and the net return apportioned to your trust will reflect those costs. There are no additional investment management fees for a Phoenix Trust. A Phoenix Trust will be charged an administration fee.

I ALREADY HAVE A TRUST WITH THE UNIVERSITY; CAN I INVEST IT IN THE ENDOWMENT OPTION?
Generally, yes. If you already have a trust that designates the University as the sole remainder beneficiary and for which the University serves as trustee, it is possible to invest in the endowment option. There are important tax issues that might affect your decision to invest in the endowment option. Contact the Office of Gift Planning for additional information and consult your tax adviser.

HAVE OTHER QUESTIONS?
Please contact the Office of Gift Planning at giftplan@uchicago.edu or 866.241.9802.

These materials are intended to provide general information that we hope will be helpful to you in your tax, estate, and charitable planning. It is not intended as legal advice and should not be relied upon as such. Figures, calculations, and tax information are based on federal tax laws, regulations, rulings, and rates applicable at the time such information was prepared and are for illustration purposes only. For advice or assistance with your particular situation, you should consult an attorney or other professional adviser.