

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
BARUCH COLLEGE FUND

CONDITION:

DECEMBER 31, 2012

DATE OF REPORT:

FEBRUARY 26, 2015

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

SEGREGATED GIFT ANNUITY FUND

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BARUCH COLLEGE FUND

AS OF

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EXAMINER:

JULIUS ASUBONTENG

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Anthony J. Albanese
Acting Superintendent

October 30, 2015

Honorable Anthony J. Albanese
Acting Superintendent of Financial Services
New York, New York 10004

Sir:

In accordance with instructions contained in Appointment No. 30916, dated June 26, 2013 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Baruch College Fund, hereinafter referred to as “the Fund,” at its home office located at 135 East 22nd Street, New York, NY 10010.

Wherever “Department” appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The examiner's review of a sample of transactions did not reveal any differences which materially affected the Fund's financial condition as presented in its financial statements contained in the December 31, 2012 filed annual statement. (See item 4 of this report)

The examiner's review of the Fund's treatment of annuitants did not reveal significant instances which deviated from the New York Insurance Law, Department regulations and circular letters and the operating rules of the Fund. (See item 5 of this report)

2. SCOPE OF EXAMINATION

This is the first examination of the Fund since it received its special permit to issue gift annuity agreements in 2008. This examination covers the period from August 28, 2008 through December 31, 2012. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2012 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2012 to determine whether the Fund's filed 2012 annual statement fairly presents its financial condition. The examiner reviewed the Fund's income and disbursements necessary to accomplish such verification.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations, or rules or which require explanation or description.

3. DESCRIPTION OF FUND

The Baruch College Fund is an educational corporation organized for the purpose of generating, encouraging and promoting the educational welfare of the students of the Baruch College of the City University of New York as granted by the Board of Regents of the State of New York. Under the provisions of its by-laws, the Fund is permitted to issue gift annuity agreements and it has done so since 1969. A special permit was granted to the Fund by the Department on August 28, 2008, authorizing it to issue gift annuity agreements as specified in Section 1110 of the New York Insurance Law.

The Fund's potential annuitants are primarily from the alumni of Baruch College. Future Funds LLC, a fundraising and planned giving firm, provides fundraising strategies to the Fund.

BNY Mellon Bank is the Fund's custodian and investment manager. Mellon Charitable Gift Services of BNY Mellon Bank prepares the annual statements, calculates the reserves, and processes the annuity benefits on behalf of the Fund. The Fund also maintains a licensing agreement with PG Calc, Inc., for gift annuity software, to manage the Fund's gift annuity program. All other operations related to the issuance, maintenance and settlement of annuity agreements are performed by the Fund.

The management of the Corporation and the Fund and all of its affairs and property are entrusted to a board of trustees. The number of trustees is limited to 50 regular voting trustees. As of December 31, 2012, the board consisted of 33 trustees. The trustees elect a Chair, President, Vice President, Secretary, and Treasurer. The nomination and election procedures of the trustees and their terms of office are set by the by-laws.

4. SIGNIFICANT FINANCIAL INFORMATION

The following table indicates the Fund's financial growth during the period under review:

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2012</u>	<u>Increase</u>
Admitted assets	<u>\$1,161,323</u>	<u>\$3,125,703</u>	<u>\$1,964,380</u>
Liabilities	<u>\$ 962,611</u>	<u>\$2,136,252</u>	<u>\$1,173,641</u>
Minimum required surplus	\$ 96,261	\$ 213,625	\$ 117,364
Unassigned funds (surplus)	<u>102,451</u>	<u>775,826</u>	<u>673,375</u>
Total surplus	<u>\$ 198,712</u>	<u>\$ 989,451</u>	<u>\$ 790,739</u>
Total liabilities and surplus	<u>\$1,161,323</u>	<u>\$3,125,703</u>	<u>\$1,964,380</u>

The increase in assets, liabilities and surplus reflects an increase in the total number of annuities in force. Annuities increased from 18 with annual payment amounts of \$137,183 as of December 31, 2008 to a total of 23 with annual payment amounts of \$317,646 as of December 31, 2012.

The Fund's admitted assets, as of December 31, 2012, were invested mainly in mutual funds (89.95) and bonds (9.93%). All bonds held were investment grade.

5. TREATMENT OF ANNUITANTS

The examiner reviewed a sample of annuity files to determine whether the annuitants were treated fairly and in accordance with the provisions of the annuity agreements. The examination also consisted of a review of the various controls involved, a check of the accuracy of the computations and the tracing of accounting data to the books of account. Based upon the sample reviewed, no significant findings were noted.

Respectfully submitted,

_____/s/
Julius Asubonteng
Senior Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

JULIUS ASUBONTENG, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

_____/s/
Julius Asubonteng

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 30916

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, BENJAMIN M. LAWSKY, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

JULIUS ASUBONTENG

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE
BARUCH COLLEGE FUND**

and to make a report to me in writing of the condition of said

FUND


with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name
and affixed the official Seal of the Department
at the City of New York

this 26th day of June, 2013

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:


MICHAEL MAFFEI

ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU

