REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
TRUSTEES OF HAMILTON COLLEGE

AS OF December 31, 2023

EXAMINER: Adelia Gbadamosi

DATE OF REPORT: May 21, 2025

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June 12, 2025

Honorable Adrienne A. Harris
Superintendent of Financial Services
New York, New York 10004

Dear Adrienne A. Harris:

In accordance with instructions contained in Appointment No. 32644, dated April 9, 2024 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Trustees of Hamilton College, at its home office located at 198 College Hill Road, Clinton, New York 13323.

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

1. EXECUTIVE SUMMARY

The Fund should review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials. (See item 4A of this report)

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, 2023 filed annual statement. (See item 5 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 6 of this report)

2. SCOPE OF EXAMINATION

This Scope of Examination summarizes the nature of the Superintendent of the Department of Financial Services' ("Department" or "DFS") examination and assessment of the Segregated Gift Annuity Fund of the Trustees of Hamilton College (the "Fund") through which the Trustees of Hamilton College (the "College") provides annuity benefits.

The prior examination was conducted as of December 31, 2018. This examination covers the period from January 1, 2019 through December 31, 2023. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2023 but prior to the date of this report (i.e., the completion date of the examination).

This report outlines DFS's supervisory expectations or priorities and articulates DFS's general views regarding the exceptional circumstances where the Corporation or Fund, in relation to their annuity activities, could have better adhered to statutory standards and guidance or practices or methods of dealing that are regularly observed among similar circumstances.

The Fund is subject to the solvency and examination requirements of New York Insurance Law § 1110 and of New York Insurance Law articles 1, 2, 3, 25, and 74.

The investment of the Fund's required admitted assets is subject to N.Y. Estates, Powers and Trust Law § 11-2.3. The investment of the remainder of the Fund's admitted assets is subject to N.Y. Not-for-Profit Corporation Law Article 5-a. Both establish that the trustees are to invest the assets consistent with prudent person standards.

The examination comprised a verification of assets and liabilities as of December 31, 2023 to determine whether the Fund's filed 2023 annual statement fairly presents its financial condition. The examiner reviewed the Fund's income and disbursements necessary to accomplish such verification. The examiner also reviewed the corrective actions taken by the Fund with respect to the violation and recommendations contained in the prior report on examination. The results of such review are contained in item 7 of this report.

3. DESCRIPTION OF FUND

A. History

Hamilton College was chartered in 1812 and is organized for the purpose of operating and maintaining an institution of higher education for the instruction and education of liberal arts leading to the awarding of Bachelor of Arts degrees. The College established the Fund to issue gift annuity agreements in return for gifts from donors in 1987. The Superintendent of Insurance granted to the College a Charitable Annuity special permit on June 25, 1999.

B. Structure

The Fund is overseen by the College's board of trustees. All operations related to the issuance, maintenance, and settlement of annuity agreements are handled by the Fund with assistance from TIAA Kaspick.

C. Assets under the Board of Trustees

As of the June 30, 2023 audited financial statements, the College's Board of Trustees oversaw an endowment comprising $1,282,403,000 in total assets. The Fund, as of December 31, 2023, held total admitted assets of $6,335,232.

D. Third-party Service Providers

TIAA Kaspick is the Fund's investment manager and TIAA-CREF Trust Company is the custodian of the Fund's assets. TIAA Kaspick also performs administrative functions such as remitting benefit payments to annuitants; providing IRS Form 1099 tax forms to annuitants; submitting monthly investment statements, annual reserve reports and quarterly market value reporting to the Fund.

4. INVESTMENT REVIEW

A. Investment Policy Statement

New York Estate Powers and Trust Law § 11-2.3(b)(3)(A) requires trustees to "pursue an overall investment strategy to enable the trustee[s] to make appropriate present and future distributions to or for the benefit of the beneficiaries under the governing instrument, in accordance with risk and return objectives reasonably suited to the entire portfolio."

New York Not-for-Profit Corporation Law § 552(e)(2) requires institutions to adopt "an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution." New York Not-for-Profit Corporation Law § 552(f) provides that each "institution shall adopt a written investment policy setting forth guidelines on investments … and delegation of management and investment functions in accord with the standards of this article."

TIAA Kaspick is the Fund's investment adviser. TIAA-CREF is the Fund's custodian.

TIAA Kaspick prepared and provided a form investment policy statement to the Fund. The Fund adopted that form as its IPS.

The Fund should review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials.

5. ASSETS AND LIABILITIES SUMMARY

The following summary table indicates the growth (decline) in various categories of the Fund's assets, liabilities, and fund balance during the period under review:

	December 31, 2018	December 31, 2023	Increase (Decrease)
Admitted assets	$6,390,328	$6,335,231	$ (55,097)
Liabilities	$4,229,531	$3,112,403	$(1,117,128)
Minimum required fund balance	$ 422,953	$ 311,240	$ (111,713)
Excess fund balance (surplus)	1,737,844	2,911,589	1,173,745
Total annuity fund balance	$2,160,797	$3,222,829	$ 1,062,032
Total liabilities and annuity fund balance	$6,390,328	$6,335,231	$ (55,097)

The decrease in assets and liabilities was due to more gifts terminating than being issued. The funds received from the receipt of 13 new annuities were $482,000 as compared to the $896,000 disbursed from 38 terminated contracts. Conversely, the decrease in liabilities also led to an increase in annuity fund balance. Annuities decreased from 173 with annual payment amounts of $484,285 as of December 31, 2018 to 148 annuities with annual payment amounts of $366,200 as of December 31, 2023.

The Fund's admitted assets, as of December 31, 2023, were invested mainly in equity securities (99.68%).

6. 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.

7. PRIOR REPORT VIOLATIONS AND RECOMMENDATIONS

Following are the violation and recommendations contained in the prior report on examination and the subsequent actions taken by the Fund in response to each citation:

Item	Description
A	The Fund violated Section 312(b) of the New York Insurance Law by failing to obtain and maintain signed statements from the board members indicating that they received and read the prior report on examination. The Fund obtained and maintained signed statements from the board members indicating that they received and read the prior report on examination.
B	The examiner recommends that the Fund comply with Section 312(b) of the New York Insurance Law by obtaining and maintaining the signature of each board member indicating that they received and read the prior report on examination. The Fund obtained and maintained the signature of each board member indicating that they received and read the prior report on examination.
C	The examiner recommends that the board of trustees, or a committee thereof, approve the purchases and sales of all investments and note such approvals in the minutes. The Fund's Investment Committee approved the purchases and sales of all investments and noted such approval in the minutes.
D	The examiner recommends that the Investment Strategy Statement be approved by the board of directors. The Investment Strategy Statement was approved by the board of directors.
E	The examiner recommends that the Fund strengthen the diversification of its investment holdings by investing the Fund's assets in investments from other issuers. If the trustee has determined that it is in the interests of the beneficiaries to concentrate its invested assets in Dimensional Fund Advisors, then it should memorialize the reasons for that determination in terms of the Investment Strategy Statement's risk, return, and time horizon parameters. The Department no longer provides specific guidance for investment diversification.

Item	Description
F	The examiner recommends that the Fund ensure that all gift annuity agreement forms have the appropriate form number as approved by the Superintendent printed on each form issued. The Fund did not issue any annuity contracts during the examination period.
G	The examiner recommends that upon the death of an annuitant, the Fund obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract. During the examination period, the Fund obtained and maintained a death certificate for some deceased annuitiants. In other instances, the Fund tried unsuccessfully to do so. In those instances, the Fund provided an obituary.

8. RECOMMENDATION

Following is the recommendation contained in this report:

Item	Description	Page No.
A	The Fund should review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials.	5

Respectfully submitted,

/s/
Adelia Gbadamosi
Senior Insurance Examiner

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

ADELIA GBADAMOSI, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

/s/
Adelia Gbadamosi

Subscribed and sworn to before me

this _____ day of _____

APPOINTMENT NO. 32644

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **ADRIENNE A. HARRIS**, 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:*

ADELIA GBADAMOSI

as a proper person to examine the affairs of the

SEGREGATED GIFT ANNUITY FUND OF THE TRUSTEES OF HAMILTON COLLEGE

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

FUND

with such other information as she 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 9th day of April, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU