



The Permanent Endowment Association of America (PEAA) is a Permanent Association Member of The Economic Alliance of Associations. PEAA is a membership organization for charities, educational institutions, professional associations and societies and other non-profit organizations that have not achieved permanent economic endowment. PEAA provides permanent endowment planning and implementation services to un-endowed non-profit organizations that become members. PEAA is committed to the creation of perpetually increasing economic endowments for non-profit institutions that support the caring infrastructure of society. PEAA was developed from findings of the 23-year Permanent Endowment Research Project that integrates specific capabilities of the financial services industry for the benefit of un-endowed non-profit institutions.

“Un-endowed” non-profit organizations are classified by the Permanent Endowment Research Project as institutions that currently lack the assets and a plan to finance existing infrastructure costs that are required by non-profit organizations to accomplish their missions, plus annual growth in infrastructure costs in perpetuity. PEAA provides permanent endowment program planning and implementation services to the un-endowed non-profits that become institution members. Services and benefits to PEAA members include economic education programs on institutional permanent endowment planning, development and implementation. In addition, PEAA provides institution members with specially designed written Permanent Endowment Analysis and Accumulation Plans and Donor Identification Plans that quantify, in an institution’s circumstances, the permanent endowment model developed during the Research Phase of the Permanent Endowment Research Project. Permanent endowment program consulting and implementation services are also provided by PEAA-trained Endowment Consultants to institution members. Capital accumulation and capital distribution “Significance Plan” consulting and implementation are provided by Endowment Consultants to key employees, donors, alumni, and friends of non-profit organizations participating in the PEAA Permanent Endowment Program.

PEAA administers the permanent endowment planning process for un-endowed non-profit institutions. The planning process begins with concept education. The next step is the collection of data from the un-endowed institutions that includes current infrastructure costs,

historic investment returns on assets, historic growth in gifts received, and historic growth in the number of donors. Permanent Endowment Concepts, developed from findings of the Permanent Endowment Research Project, are then quantified for each institution in Permanent Endowment Analysis and Accumulation Plans that are prepared by PEAA. The second phase of the planning process is the implementation of the plan recommendations. The implementation phase results in the achievement of the non-profit organization's Institutional Endowment Critical Capital Mass (IECCM). IECCM is the quantity of endowment assets required by a non-profit organization to finance, in perpetuity, the growth of infrastructure costs and the expansion of charitable projects funded by the non-profit organization.

During the Application Phase of the Permanent Endowment Research Project, a permanent endowment pilot project was initiated for a representative group of non-profit organizations. Qualified donors were identified for educational institutions, professional associations and societies and other non-profits and were encouraged to make contributions to the participating non-profit organizations to fund Permanent Endowment Programs. These funded Permanent Endowment Programs are projected to generate hundreds of millions of dollars of perpetually increasing funding for infrastructure costs and project costs for these participating non-profit organizations. Perpetually multiplying funding created by permanent endowment programs can and will finance the expansion of charitable projects that support the caring infrastructure of society.

An Expansion Phase of the Permanent Endowment Research Project was initiated in 2006 when the Permanent Endowment Association of America assumed sponsorship of the Permanent Endowment Research Project. A new permanent endowment funding model for non-profit organizations was created that was not based on compound interest systems that had failed to achieve the permanent endowment goals of organizations studied during the initial Research Phase of the Permanent Endowment Research Project.

**Endowment through monetization of Human Economic Value:** Findings of the Permanent Endowment Research Project led to the development of the concept of endowment through the monetizing of human economic value. Human economic value is scientifically defined by actuarial laws of large numbers and monetized by the life insurance industry. This concept of monetizing human economic value utilizes the reality that all human beings are mortal and that the predictability and the certainty of mortality creates unrealized economic

potential that can be converted into an economic resource that is available to permanently endow non-profit institutions and to benefit society.

Many caring individuals value the missions of non-profit institutions and demonstrate their support with gifts of their time and monetary contributions. However, these individuals have little economic capability to ever create meaningful endowments for the non-profits they care about. These well-intentioned individuals have the capability of becoming significant endowment donors through the conversion of their human economic value and the human economic value of others into a significant monetary resource for the endowment of their favored non-profit institutions.

The Permanent Endowment Research Project determined that assets are often lost by non-profit organizations that use the compound interest model as a result of market cycles, economic cycles, and short-sighted alternative uses for funding. As a result of these periodic losses the projected upward movement of compound interest systems is not guaranteed. Losses of invested assets that occur within compound interest systems have prevented the inter-generational permanent endowment process of non-profit organizations.

The Permanent Endowment Association of America facilitates and administers Permanent Endowment Programs for un-endowed non-profit organizations. The Permanent Endowment Association of America provides permanent endowment program consulting, planning, donor development and administration services to un-endowed non-profit organizations. The Permanent Endowment Association of America provides non-profit organizations with written Endowment and Accumulation Plans that identify the organizations' endowment deficits and provide a plan to accumulate the endowment assets required to permanently fund the infrastructure costs of the organization. Permanent Endowment Association of America planning allocates increased investment management returns on existing assets of the organization and gifts from new permanent endowment program donors to permanently endow participating non-profit organizations.

Permanent endowment program donors contribute cash and full return of premium benefits paid at their deaths by specially-designed long term care insurance policies that insure friends of the non-profit organization. Excess investment returns, cash gifts and gifts of premium refund benefits are allocated by the Permanent Endowment Association of America to acquire special-design permanent endowment program legal-reserve, equity-indexed, universal life insurance policies insuring the lives of permanent endowment program benefactors. Permanent

Endowment Program benefactors can include directors, donors and friends of the non-profit organizations who are age 65 and over and eligible to contribute a portion of their insurability for the benefit of the non-profit organizations they support.

Upon the death of insured Permanent Endowment Program Benefactors death benefits are allocated to purchase additional life insurance policies on new Permanent Endowment Program benefactors in whom the non-profit organizations have an insurable interest. The Permanent Endowment Association of America retains a small beneficial interest in the death benefits paid to administer the program. An increasing cash reserve is accumulated in a trust account to service the program in addition to the exponentially increasing number of additional life insurance policies that are continually purchased. When Infrastructure Endowment Critical Capital Mass is achieved during the implementation of the Permanent Endowment Program the allocation of a percentage of the death benefits to the purchase additional assets can be reduced or terminated. The premium payments on existing life contracts owned by the non-profit organization participating in the Permanent Endowment Program can be continued until the death of the insureds or the policies can be converted into cash. The inter-generational administration of the purchases of the life insurance policies insuring the lives of Permanent Endowment Program Benefactors will continue to be implemented by the Permanent Endowment Association of America on behalf of the non-profit organizations participating in the Permanent Endowment Program for as long as the benefiting non-profit organizations desire to continue the growth of their permanent endowment assets.

If the non-profit organization that was the initial beneficiary of a Permanent Endowment Program has access to an insufficient number of individuals age 65 and older who are available to become Permanent Endowment Program Benefactors by acquiring life insurance contracts for the benefit of the non-profit organization, an alternative funding mechanism is available to the non-profit organization. During the implementation and administration of the permanent endowment program by the Permanent Endowment Association of America, senior life settlement contracts on individuals 75 and older who have no affiliation with the non-profit organization can be purchased in addition to the purchases of the policies insuring Permanent Endowment Program Benefactors in whom the participating non-profit organization has an insurable interest. The presence of a non-profit organization's insurable interest in a Permanent Endowment Program participant maximizes the tax efficiency of the receipt of the death benefit by the non-profit organization. Senior life settlement contracts on unaffiliated insureds over 75 years of age may provide a shorter time period between the time of the investment of

endowment funds and the receipt of a death benefit than would insurance purchased on benefactors under age 65. The shorter time to funding can offset the loss of inefficiency to taxes.

With the passage of time the exponential growth of the Permanent Endowment Program will enlist the participation of many thousands of benefactors and non-profit organizations in order to accomplish the objective of the permanent endowment of the non-profit organizations that comprise the caring infrastructure of society. The Permanent Endowment Association of America will assist un-endowed non-profit organizations by providing Permanent Endowment Program education symposiums; Permanent Endowment Program consulting; trained Endowment Consultants to implement Significance Plans and generate Permanent Endowment Program gifts; and, inter-generational Permanent Endowment Program administration services. The Permanent Endowment Association of America works with un-endowed non-profit organizations to develop and administer Permanent Endowment Programs that support the unique value systems and cultures of the un-endowed non-profit organizations that elect to participate in the Permanent Endowment Program administered by the Permanent Endowment Association of America.