John Trumbull’s gift to Yale in 1831 included 30 miniature portraits of men and women of the Revolutionary War era. Notable above are President John Adams; John Jay, first Chief Justice of the U.S. Supreme Court (and father of Trumbull’s attorney Peter Augustus Jay); and George Hammond, first British envoy to the new United States of America.

Introduction to Part 3

In the summer of 1830, when Benjamin Silliman vowed to accept John Trumbull’s offer to give his best paintings of the American Revolution to Yale in exchange for paying him “a competent annuity for life,”¹ he could not have imagined how much he would accomplish along the way to realizing that gift.

Over the next two years, not only did Silliman finance and construct the first college art gallery in the United States. He and Trumbull’s attorney Peter Augustus Jay introduced business practices that are now common in modern American fund raising: the use of a written contract to record the obligations of a charity for payment of a life interest in exchange for a gift, and a charity’s assumption of the risks inherent in making fixed payments to a person for the unknowable length of that person’s life.

Jay adapted complex ideas and methods from life insurance, pension, and banking companies for new, charitable purposes, a giant step towards the professionalization of gift planning. A brief but important history of life income gifts to charity (section 9 below) shows how Jay’s innovations made use of his experiences and training.

The Annuity Bond and Indenture (Appendices I and II), with numerous safeguards for Trumbull’s interests, were hammered out in negotiations among Trumbull, Jay, Daniel Wadsworth, Silliman, and the Yale Corporation. The

¹ Benjamin Silliman, “The Trumbull Gallery: History of the Paintings, July 3, 1857” in Reminiscences and Miscellaneous Notices, June 18, 1857, Yale University Library, Silliman Family Papers, MS 450. Quotations not otherwise identified are from the Reminiscences. Letters cited from Silliman and John Trumbull are from the Yale Archives.
documents represent practical solutions to many of the challenges raised by the proposed gift. The originals, signed and sealed in December 1831, are in the Yale University Archives. In 1841, John Trumbull published the two documents in his *Autobiography*[^2]. This essay is the first published analysis of their terms and the process by which America’s earliest gift annuity documents were developed.

This third part of “Benjamin Silliman: The Gift Planner Behind the First Modern Charitable Annuity” includes:

1. Financing John Trumbull’s Life Annuity with Yale
2. Charitable Fundraising Joins the “Probabilistic Revolution”
3. Did Admission Fees Cover Trumbull’s Annuity Payments?
4. Silliman, Trumbull, and Jay Bring the Gift Plans to a Successful Conclusion
5. Trumbull Weighs the Odds, Decides Against a Hartford Gallery
6. Terms of the Yale Annuity Bond
7. Terms of the Yale Indenture
8. Peter Jay and the Professionalization of Charitable Gift Planning
9. A Brief History of Early Life-Income Gifts
10. Peter Augustus Jay, the New York Life Insurance & Trust Company, and the American Bible Society
11. Reflections on the Gift Annuity Issued by Yale

Issuing a charitable gift annuity obligating Yale College to make fixed payments for Trumbull’s life required a considerable leap of faith for Yale as well as for Trumbull, who became quite apprehensive about the arrangements. His payments would depend solely upon the full faith and credit of the Yale Corporation, and he knew well that Yale was “very poor.” Trumbull, a member of the Harvard Class of 1773, wrote to the president of his alma mater in the middle of the negotiations that if Yale failed to honor his intentions, his paintings would come to Harvard. Yale followed his instructions to the letter, and his glorious paintings can be seen today at the recently renovated Yale University Art Gallery.

Parts one and two introduced the heroic determination of Benjamin Silliman to accept John Trumbull’s offer of paintings in exchange for a life annuity. The successful conclusion depended on the professional skills and business experiences of Trumbull’s longtime friend and attorney Peter Augustus Jay (1776-1843). That Jay was the major author of the Yale documents is made clear in a letter from Trumbull to Silliman dated November 10, 1836: “Our contract was drawn with admirable simplicity & precision by my friend, Peter A. Jay”.

Jay was perhaps more qualified than any other person in the young American republic to introduce complex ideas and methods from financial services into the realm of nonprofit charitable corporations. The Jay family’s connection with the American Bible Society is particularly important. The story of Jay’s leading role is told here for the first time.

All parties to the Yale agreements hoped and expected that admission fees to the Trumbull Gallery would defray the cost of payments to Trumbull and in time, become a source of scholarship grants for Yale students. There could be no guarantee of sufficient revenue from admission fees in the years to come. Could the cash-poor college demonstrate to Trumbull, his legal advisor, and underpaid members of the faculty and staff, its ability to manage the financial risk of a

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3 On September 16, 1831 Trumbull wrote to Harvard President Josiah Quincy that he would have offered the paintings to his alma mater “had not she been very rich, & Yale very poor.”

Reference: Ronald A. Brown, Gift Planning History.org, Benjamin Silliman: The Gift Planner Behind the First Modern Charitable Annuity, Part 3, retrieved on [insert date]
contractual annuity obligation of $1,000 per year, paid in quarterly installments over the uncertain duration of an annuitant’s life?

Everyone looked to Benjamin Silliman to mitigate the risk of financing Trumbull’s annuity – and Silliman delivered.

Admission ticket #176 was issued on November 1, 1832, one week after the Trumbull Gallery opened on October 25.
The Death of General Mercer at the Battle of Princeton, January 3, 1777
George Washington’s first major victory. One of eight National History paintings given to Yale College by John Trumbull in 1831

1. Financing John Trumbull’s Life Annuity with Yale

Arranging a life annuity for John Trumbull was a more difficult task than Silliman admitted in Reminiscences. Under the heading “Provision for the Annuity” he began writing about his financing solution as follows:

This first difficulty [i.e. Daniel Wadsworth’s proposal for a second Trumbull gallery in Hartford] being removed, it became important to make provision by subscription [pledge], for the annuity, as this might form an insuperable difficulty with the Corporation of the College; for although they were liberal to the utmost of their ability, we knew that the income of the Institution was
so fully pledged that a thousand dollars per ann. [annum, or year], which was the amount expected by Col Trumbull might appear a formidable addition to their already expanded civil list.

Silliman portrays self-motivated financial volunteers: “Several of the friends of the proposed Gallery however came forward promptly, & Mr. Wadsworth was magnanimously the first to pledge his name and his means.” In fact, Silliman labored for nearly a year between his discussion in Trumbull’s New York apartment in the summer of 1830 and his first major victory, the Connecticut grant in May of 1831.

During this time, Silliman solicited other Yale donors such as Arthur Tappan. Like Trumbull, Tappan was passionate about funding scholarships. Trumbull wrote to Silliman wishing him a positive response from Tappan, who in 1828 had pledged $4,100 payable over four years for the education of poor Yale scholars. Tappan declined to underwrite Yale’s annuity payments.

Silliman presents events out of their proper chronological order. Wadsworth’s vexing proposal for creating a second Trumbull gallery in Hartford was not the first “difficulty” to be removed; it was virtually the last. A letter from Trumbull to Silliman describes how Trumbull firmly decided against the idea in late November of 1831 (discussed in section 6 below). Negotiations over the ill-conceived Hartford gallery consumed enormous amounts of many people’s time and energy, but were nevertheless quite important in crystallizing many of the legal and financial questions involved in the complicated and innovative gift arrangements later developed with Yale.

Silliman removed the first difficulty in May of 1831 by lobbying successfully for a grant from the Connecticut legislature to fund construction of the Trumbull Gallery in New Haven, as described in Part 2. Yale could not pay for the construction out of its own financial resources. If not for unexpected windfall income to the state

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4 The President and Fellows of Yale College approved a motion on September 20, 1832 thanking Tappan “for paying the tuition of more than twenty students in the present and preceding classes, during their whole collegiate course.” Lewis Tappan, *The Life of Arthur Tappan* (NY: Hurd and Houghton, 1870), page 78.
and Silliman’s skills as a lobbyist, there would have been no Trumbull Gallery and no need for financing Trumbull’s annuity payments.

On September 13, 1831 the Yale Corporation allocated part of the Connecticut grant towards constructing the Trumbull Gallery, but not before Silliman rounded up five men who each agreed to underwrite a specific share of the $1,000 annuity as needed for the first six years of Trumbull’s payments.

Daniel Wadsworth was the only subscriber with substantial personal assets. The others included three top Yale College officers and a leading faculty member. President Jeremiah Day pledged $100; Secretary Elizur Goodrich $250; and Treasurer Stephen Twining $150. Professor Silliman himself pledged $250, as did Wadsworth.

Theodore Sizer, Trumbull’s editor and a director of the Yale University Art Gallery, remarked that these were “certainly liberal contributions from administrative officers and college professors.” However, they were not gifts, but loans to be provided as needed and to be repaid by Yale from admission fees collected by the Trumbull Gallery.

Yale’s Indenture refers to this financing arrangement as follows:

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5 Elizur Goodrich (1761-1849) was a Patriot during the Revolution, member of the Yale Class of 1779, and an experienced attorney who served as Secretary of Yale from 1818-1846. As a signor of the Annuity Bond and Indenture, Goodrich presumably had an important role in negotiating terms, but there is no record of his involvement. A contemporary biography notes: “While a student, when the British forces took and pillaged the town of New-Haven, he was wounded and taken a prisoner. From 1781 to 1783 he was a tutor in Yale College. He studied law with Charles Chauncey, Esq., afterwards a judge of the superior court; was admitted to the bar in 1783; and immediately commenced practice in New-Haven . . . In May, 1795, he was a representative from that town in the General Assembly . . . until December, 1799, when . . . he became a representative in the Congress of the United States . . . He was judge of the court of probate . . . from June, 1802, to June, 1819 . . . In September, 1801, he was appointed Professor of Law in Yale-College; which office he held until 1810, and then resigned it, as interfering too much with other public duties. He has since received from the corporation of that institution the honorary degree of LL.D.” Memorials of Connecticut Judges and Attorneys As Printed in the Connecticut Reports, volume 15, page 25.

6 Twining died on December 18, 1832 and his pledge of a loan was not replaced, a fact not noted by Silliman.

And if the profits of such exhibition shall not, during the life of the said John Trumbull, be sufficient to discharge the said annuity, then the said parties of the second part may borrow as much money as may be necessary for that purpose, and the profits of the said exhibition, after the decease of the said John Trumbull, shall be applied to discharge the principal and interest of the debt which shall thus have been incurred . . .

Silliman dutifully records further details of the annuity financing by quoting from his letter to John Trumbull:

In a letter of mine to Col Trumbull dated Aug 15, 1831 I remark “It is expected that the corporation will take the annuity upon themselves after six years, but if necessary, the gentlemen named above will go on beyond six years; the income of the gallery is to be pledged to the redemption of this debt.” [my emphasis]

It is quite likely that personal pledges from the President, Secretary, Treasurer, and leading faculty member of the college were intended to demonstrate to other Yale faculty and staff that none of the college’s money would be diverted from teaching and research. Silliman alludes to their official capacity in quoting from his letter to Trumbull of August 15: “Our responsibility is limited to ourselves & to our continuance in office.” He also makes clear that under the terms of the Indenture, Yale had full legal responsibility for repaying any loans needed to finance the annuity payments: “the corporation are our indorsers.”
2. Charitable Fundraising Joins the “Probabilistic Revolution”

Without quite realizing the full implications in 1831, Silliman had led Yale to embark on a financial experiment with an uncertain result, whose success or failure in future years would involve the new actuarial science of mortality experience and mathematical probabilities. Writing in 1857, Silliman acknowledged the importance that life expectancy played in setting the terms of the pledge agreements. In establishing a term of years, Silliman had applied his best scientific judgment to arrive at a plausible and reasonably responsible hypothesis:

The subscription was for the term of six years, which upon the ordinary valuation of human life might be presumed sufficient for a man who had already numbered seventy six years and might not pass eighty two – and it is probable that the gentlemen who gave their names would have become responsible for a longer term had it been deemed necessary.

Silliman wrote this sentence, packed with complex ideas, 26 years after Yale’s President and Secretary had signed the Annuity Bond and Indenture. He wrote with the weight of experience and a much clearer understanding of what he, Trumbull, and Peter Jay had gotten Yale into in 1831. With a slight touch of defensiveness, Silliman describes the assumptions behind fixing the term of the subscription at six years, which “might be presumed sufficient” to manage longevity risk for someone age 76 who “might not pass” 82.8

What Silliman did not say in his Reminiscences is that John Trumbull lived for a full twelve years after Yale signed its life annuity bond. America’s first gift annuitant was the first to outlive his life expectancy: instead of dying “on time”9 in 1837, he lived twice as long as the expected six years, dying in 1843. Yale sent Trumbull 45 quarterly payments of $250, not the 24 payments which “might be

8 This was a one-life annuity. Trumbull’s beloved wife Sarah had died in 1824.
9 Dying on time is a modern actuarial phrase. By 1857, “the ordinary valuation of human life” was measured scientifically by most life insurance and annuity firms, following the business model of the New York Life Insurance and Trust Company (founded in 1830), whose President William Bard was one of America’s first actuaries. See section 9 below for a full discussion.
presumed sufficient” for an annuitant age 76 at the time of his gift. Put another way, Yale assumed it would pay Trumbull $6,000, but in fact paid him $11,250.

Silliman wrote that the subscribers “who gave their names” to underwrite Yale’s financial commitment if the college asked them to loan money during the first six years of the contract would probably have agreed to extend their responsibilities for “a longer term.” Silliman did not claim that the subscribers would have signed on for Trumbull’s life, an open-ended financial commitment. He does say they probably would have done more after the first six years if Yale had asked.

Yale did not ask the subscribers for a loan in the first six years, and did not call upon the subscribers to extend their pledge for any term beyond their original commitment.

None of the parties in 1831 could be sure that that the net income from the new gallery would cover Yale’s obligation to pay $1,000 per year to Trumbull for his life. What was certain is that, given the sorry state of its financial condition, the Yale Corporation could not take on this general annuity obligation without its own safeguards. Securing loan commitments from the five subscribers for Trumbull’s life expectancy made possible the legal and financial fiction of an annuity reserve account discussed below. Silliman and Jay thus circumvented the “insuperable obstacle” of financing Trumbull’s annuity.
The Trumbull Gallery opened to the public on October 25, 1832 – and was already too small by 1842.10 Trumbull’s paintings were moved to Yale’s new Street Gallery in 1869.


10 “The day is not distant when another edifice, or an extension of the Trumbull Gallery, will be demanded.” Benjamin Silliman, “An Address Delivered Before the Association of the Alumni of Yale College in New Haven, August 17, 1842 by Professor Silliman” (New Haven: printed by B.L. Hamlen, 1842), page 28.
3. Did Admission Fees Cover Trumbull’s Annuity Payments?

Was net income from the Trumbull Gallery sufficient to pay his annuity? Silliman provided several accounting reports listing income and expenses from the Trumbull Gallery. These are summarized well by Theodore Sizer.11

In its best year, which was the year of its opening in 1832, the net income was $930. Trumbull followed reports on the cash flow closely. In a letter acknowledging receipt of his fourth annuity payment, Trumbull wrote “I am very much pleased . . . that the year’s receipts of the Gallery so nearly balanced the Annuity. I hope that hereafter it may exceed it.”12

Sizer noted that the second year’s receipts were $847.50 and in the third year “much less” due to a cold winter. Time passed, and Trumbull’s popularity among the undergraduates faded, as did appreciation of their grandparents’ or great-grandparents’ war. The admission fee, set at 25 cents, was a barrier to attendance; no other campus facility charged a fee.

Silliman filed an accounting with the Yale Treasurer in 1863 showing that income and expenses from the Trumbull Gallery, weighed against Trumbull’s annuity payments of $11,250, had resulted in a net profit for the college:

... the gross receipts for 24 years, $12467.78, have exceeded the amount paid for the annuity by 1217.78. The average expenses have been about $189 per annum – for the last 3 years $67.70 annually . . . The building cost $5000 and the College gained $2000 in the operation in addition to the building which was in fact a “gift to the College” – the net average over expenses has been $334.37 per ann. applicable to the wants of poor students.13

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12 Letter from Trumbull to Wayllys Warner, Treasurer of Yale College, October 7, 1833. RU 151 Treasurer’s Records, Correspondence, 1833-40. Series III, Box 127, Folder 149. I am grateful to Tanya Pohrt of the Yale University Art Gallery for providing me with several references to Trumbull’s letters from 1833 and later and images of the admission tickets.
13 Ibid., page 322.
A major reason why annual operating expenses were so low is that Benjamin Silliman himself served as Curator of the Trumbull Gallery, an in-kind donation of his services (see poster below).

Note that in his accounting, Silliman does not mention Treasurer Stephen Twining’s death in 1832 affecting Trumbull’s annuity payments through 1843. In fact, Silliman does not mention the subscribers at all, but balances admission fees against annual expenses in his accounting report. If he or other subscribers had helped finance the annuity payments, Silliman surely would have reported that fact. Perhaps Yale did not enforce the loan subscriptions because in the years after the documents were signed, college officials felt the full weight of its legal obligation: Yale, not the subscribers, had issued and signed the Annuity Bond and Indenture.

Once the Trumbull Gallery became a real presence in the center of its Old Campus, and the college saw there was a steady cash flow from admission fees, its leaders may have trusted that future admissions would repay any current shortfall. Rather than calling for personal loans from the college President, Secretary, and Treasurer, the annual shortfall could be met by borrowing from other college accounts. After all, the elderly painter was 76 years of age when his annuity began. How much longer was he likely to live?

One final note on Trumbull’s overhanging debt: Silliman wrote that Trumbull had borrowed money against some of his paintings, and that his gift to Yale had placed them “beyond the reach of earlier claims.” Serving as Trumbull’s executor, Silliman sold five large copies of the National History series to Daniel Wadsworth for his Atheneum. The originals remain in the Yale collection, as Trumbull directed. Silliman records that as executor, he used the sale proceeds “to cancel all those claims by a full payment, from funds which became available in my hands.”

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TRUMBULL GALLERY OF PAINTINGS:
YALE COLLEGE.

By agreement between the College and Colonel Trumbull, this valuable collection of Paintings became the property of the Institution, on the death of the venerable artist, which occurred in November, 1843. This agreement requires that the income of the Gallery, after paying his annuity, be forever applied towards the education of needy and meritorious students in Yale College.

The Gallery is contained in a stone edifice, built expressly for the object; and comprises two rooms each 30 feet square, 24 feet high, and lighted from above.

The Trumbull Gallery proper occupies the North Room, and contains 53 Paintings from the pencil of Col. T., including all his original historical pictures of Scenes of the American Revolution. The following is a summary of the collection:

- Battle of Bunker's Hill
- Death of Gen. Montgomery at Quebec
- Death of Gen. Warren, at Battle of Bunker's Hill
- Death of Gen. Washington
- Our Savior with little children
- Our Savior bearing the cross
- Holy Family
- Conception of St. Jerome
- Manner with St. John
- Transfiguration, (copy from Raphael)
- Earl of Augustus, suffering Kindness on Do Wilton
- Landing and Gilpin's
- Jacob at the Well of All
- "I saw in prison and ye visited me."
- Portrait of Mrs. Troubridge
- Portrait of the Wright
- Stephen Van Rensselaer
- Christopher Gadsby
- Declaration of Independence
- Capture of the Hessians at Trenton
- Surrender of General Burgoyne
- Battle of tutorials, (copy from Sack)
- Portrait of the Hall, (copy from Correggio)
- Museum of court yeube.
- Woman marred of history
- Peter the Great at the capture of Narva
- Death of Paulus Guillaum
- Last Family which perished in the Havre
- Portrait of Duke of Wellington
- Gen. Trumbull, sen.
- Gen. Washington
- Rufus King
- Alexander Hamilton
- 12 Groups, comprising 56 portraits

The South Room comprises a collection of portraits of the past and present officers and benefactors of the College, besides many other paintings of historic interest, the whole number being about fifty. It also includes the celebrated group in marble of Jephthah and his Daughter by Audguir, several busts of distinguished persons—ancient coins, medals, and other memorials of antiquity.

The Gallery is open for visitors generally throughout the day, except the hour from 1 to 2 P.M. Price of admission, 25 cts. Access to the Cabinet of Minerals, the Library, and the other public Rooms of the College, is without charge. Directions for finding these rooms may be obtained by visitors, on inquiry at the Treasurer's Office under the Trumbull Gallery.

N. B. Visitors are courteously requested not to touch the paintings or the stationary. Canes, whips, umbrellas, fruit, tobacco and dogs are excluded.

B. SILLIMAN, Curator.
4. Silliman, Trumbull, and Jay Bring the Gift Plans to a Successful Conclusion

As early as the spring of 1831, arrangements between Trumbull and the City of Hartford were well advanced, and Trumbull was sharing the details with Yale. For example, Trumbull wrote to Silliman on April 13, 1831 referencing an exchange of letters:

On the other side is duplicate of what I wrote to you on the 4th . . .  I have this moment rec’d yours of the 11th by which I see that you had not then rec’d it.

What I have said of the Ownership & Trustees for the part of the Collection intended for Hartford, is I trust sufficiently explicit.

When August of 1831 ended, there was no final agreement between Yale and Trumbull, but Peter Augustus Jay and John Trumbull had drafted terms for a trust arrangement with Hartford. Yale’s Annuity Bond and Indenture contracts, which were signed in December, would incorporate verbatim virtually all the terms of the Hartford plan.

Trumbull, Jay, and the Yale Corporation must have exchanged correspondence and developed an early draft in August. Trumbull wrote to Silliman on September 3 saying “it appears to me that there is a complexity in the actual form which would require still much writing to bring into a simple form, which at the same time a few minutes of conversation may set all right.” He tells Silliman he will travel from New York to New Haven to take a meeting with him and Yale Treasurer Stephen Twining: “I have determined to come to you on Tuesday or Wednesday of next week [i.e. September 6-7, 1831] – whichever will be most convenient to you and Mr. Twining.”

It is very likely that the main topic of the meeting in New Haven in early September was a discussion of the terms that Trumbull and Jay were working out with Daniel Wadsworth and his Hartford colleagues. Silliman records that Trumbull provided him with a legal memorandum dated September 5, 1831 entitled “Plan for a Gallery of Col Trumbull’s Paintings to be established in
Hartford”, which “is now before me in his own hand writing.” Silliman considered this memorandum of such importance that he copied nearly the whole document by hand on pages 13-18 of his Reminiscences, condensing its first paragraph by omitting the names of trustees other than Wadsworth, and some of Jay’s legal terms. His copy of Trumbull’s memorandum begins:

I propose to convey to Daniel Wadsworth etc etc etc of the city of Hartford, as Trustees, for the uses and on the conditions hereinafter recited --\ The Paintings of which a list is subjoined.

There were three parties to the Hartford gift: Trumbull, the Hartford trustees, and Yale. In exchange for 21 listed paintings, the trustees (under Trumbull’s direction) would erect a building to house and exhibit the paintings, and pay Trumbull a specific life annuity:

An annuity of $500 Five Hundred Dollars shall be secured, to be paid to me yearly, in four quarterly payments, during my life: -- The Paintings shall be publicly exhibited, and the proceeds of such exhibition shall be applied towards the payment of such annuity.

The annuity payment period would begin upon Trumbull’s completion and delivery of the 21 paintings. If Hartford’s annuity payments are not made on time, Trumbull wrote, “I reserve to myself the right of returning, taking possession of and removing such paintings; without being required or obligated to refund any sum which I may have previously received on account of said annuity.”

Should ticket sales fall short in a particular year, the Hartford trustees are allowed to borrow to make the annuity payments, and use subsequent admission income to repay their borrowing, “until the same [shall] be fully repaid with interest.”

Surplus income from the Hartford Gallery not required for Trumbull’s $500 annuity during his lifetime, and in perpetuity thereafter, will be sent to Yale “for the Education of poor Scholars”.

14 Silliman may have felt no need to copy the texts of Yale’s Annuity Bond and Indenture, since Trumbull had published both in his Autobiography (1841).
The trustees named in the memorandum, and their successors, shall hold the paintings in perpetuity: “never to be sold, divided, alienated or dispersed, but the income to be sacredly applied to the above [named] purpose.”

The Jay/Trumbull legal memorandum of September 5; Silliman’s effective lobbying for a grant of $7,000 from the State of Connecticut; a successful subscription campaign to relieve Yale of the financial stress of a life annuity obligation; all spurred the Yale Corporation to action. On September 13, the Yale Corporation formally approved the gift plan in principle, subject to development and approval of legal documents. Silliman wrote:

At the meeting of the corporation in September 1831, the proposals for the Gallery were received with unanimous approbation, and money was voted for the erection of the Building . . . Contracts in due legal form were executed and interchanged.15

We should not, with Silliman, leap immediately to the Annuity Bond and Indenture contracts, which were signed and sealed in December of 1831, three months after the Yale Corporation’s approval in principle. There remained a sensitive negotiation between Yale, Trumbull, and Peter Augustus Jay over specific terms. In a letter to Silliman on September 16, 1831 Trumbull reports that “Mr. Jay is preparing a draft of agreement, which will be sent to you for consideration as soon as possible.”

15 Theodore Sizer quotes from the records of the Yale Corporation: “Voted that a suitable building be erected on the ground west of the College Chapel for the exhibition of Colonel Trumbull’s paintings . . . provided that the total expense of the building does not exceed $3000.” Sizer, The Autobiography of Colonel John Trumbull (New Haven: Yale University Press, 1953), page 375. As noted earlier, Yale eventually spent $5,000 on construction of the Trumbull Gallery.
5. Trumbull Weighs the Odds, Decides Against a Hartford Gallery

There was a final twist to the Hartford chapter. Silliman records that at some point, Wadsworth “suggested an occasional exchange of Paintings between the two galleries that they might be as near equality as possible.” This new proposal must have come after the September 5 memorandum, since that contains no mention of exchanging paintings.

Trumbull wanted his historical paintings kept intact as a collection, to be neither sold nor loaned to other museums. Daniel Wadsworth, his nephew-in-law, persuaded him for a time to split the paintings between New Haven and Hartford; but he soon realized the difficulties that scheme presented (not able to see the whole collection in one place; difficulties in travel, and inevitable damage in moving paintings, etc.). Trumbull eventually realized that one unified exhibition of his paintings had more artistic value and commercial potential than two galleries, each dependent on selling admission tickets.

On November 30, 1831, Trumbull sent a letter to Silliman regarding a draft agreement that Silliman had mailed to Trumbull which mentions two schedules that were not enclosed. Trumbull wrote he “will submit your draft to Mr. Jay, and may obtain his opinion before you can send us the schedules” missing from Silliman’s letter. In the meantime, “I have deferred sending you any answer.”

In this letter of November 30, Trumbull reports that the original paintings promised to Yale are ready to be shipped, but he has decided against sending others to Hartford and painting copies of the National History series for Wadsworth’s exhibition. That plan called for exchanging paintings from one place to the other from time to time, but the travel and re-hanging “would unavoidably in a few repetitions occasion irreparable injury.” His “first principle by which I have been activated in the whole negotiation” has been “the desire to preserve the Labor of my Life, as far as possible.”

He explains that his small paintings fit the proposed Yale gallery but “would be lost in the larger room prepared for Hartford.”
And Trumbull eventually realized that the financial return for a great deal of artistic work would not justify the years required to gain an extra $500 annuity from Hartford, when he had a $1,000 annuity in the works from Yale for his existing paintings. Trumbull used the terminology of life expectancy and probabilities in expressing his view of the risks and rewards of painting large scale copies for Wadsworth’s exhibition, in exchange for an annuity of $500:

But is it wise for me to enter into legal stipulations to complete a work, which cannot be finished in less than Four years of health, when I am entered on my 76th year, and four more will bring me to Eighty: __ by such stipulations I should feel myself bound to devote myself entirely to this work, and to decline all others ___ and what is the contemplated recompence for this unremitting labor?

Nothing unless I live to complete it: ___ and if I do complete it $500 for every year which may be granted me after Eighty: ___ in other words – Eight paintings at $2,500 each are worth $20,000 ___ I then sink a Capital of 20,000 dollars in the purchase of an annuity of $500, on a life past 80 ____ which may possibly, but not probably [be] received, for five years: ___ that is, I give Seven pictures to sell one, or $17,500 for $2,500.

Trumbull sums up the proposed relationship with Hartford as a business transaction: “This is the prudential view of my side of the Bargain, which a merchant would take.”

With the Hartford decision behind him, negotiations with Yale were nearing a final resolution. In Reminiscences, Silliman recorded that once Trumbull had resolved in favor of a single gallery at the end of November, the artist “appeared as of now [my emphasis] about to surrender a valuable property”.

The Annuity Bond was the first of the two documents to be signed. The Indenture notes that the Bond has already been executed by Yale. Both are dated December 19, 1831 though Trumbull signed the Indenture several weeks later. In a letter to Silliman dated December 30, 1831 Trumbull wrote that
I have received yours of the 26th with the Bond and Deed enclosed duly executed by the College authorities (so far as I am a Judge) – but owing to the severity of the weather, I have not yet shown them to Mr. Jay – if when I have sent them to him he should state any objection, I will state it to you. So far as I can see, the intentions and requirements of both parties are completely expressed.

After the fact, Trumbull and Silliman downplayed the actual gift documents, though Trumbull reprinted them in his Autobiography as if to ensure public recognition of the promises made to him by Yale. Of course, publication of these documents in 1841 made them available to any donor, attorney, financial planner, and charitable organization in the country as a model, and perhaps to be understood as a legal precedent.

In his Autobiography, Trumbull acknowledged that his annuity from Yale provided most of his income, and gave him a warm glow of satisfaction, knowing he has helped future generations of deserving students:

Thus I derive present subsistence principally from this source, and I have besides the happy reflection, that when I shall have gone to my rest, these works will remain a source of good to many a poor, perhaps meritorious and excellent man.
Trumbull portraits of leaders from two Southern states: Governor John Rutledge, Governor Thomas Pinckney, General Charles Pinckney, and General William Moultrie of South Carolina; and General Otho Holland Williams of Maryland

6. Terms of the Yale Annuity Bond (See Appendix I)

Since the Annuity Bond was the first document signed, and the financial obligations are all on Yale’s side, it seems clear that Trumbull and Jay insisted on
getting this commitment executed before proceeding to the more complicated conditions in the Indenture.

There are two parts to the Annuity Bond. The first paragraph is a long sentence of 103 words announcing to the world (“Know all men by these presents”) that the President and Fellows of Yale are “bound” (obligated) to pay John Trumbull “twenty thousand dollars lawful money of the United States of America”, as certified by applying the corporate seal of the college. The Bond binds the officers of the Yale Corporation and “our successors”, unlike the subscription pledge, which binds its subscribers only while they remain in office.

The second paragraph is an even longer sentence (160 words) setting forth one condition: that if Yale makes timely and accurate payments of $250 per quarter to John Trumbull as long as he lives, then it will not have to pay him the $20,000 as a lump sum. The payments are due quarterly on the first days of January, April, July, and October. The initial payment will be made on October 1, 1832: since the document was signed in December 1831, this was a deferred payment gift annuity. If Trumbull’s payments are made on time, Yale’s obligations of paying him a lump sum, and any annuity payments subsequent to his death, are “void, else to remain in full force and virtue.”

The Annuity Bond is signed by Jeremiah Day, President of Yale College and witnessed and sealed by Elizur Goodrich, Secretary of the college.

Pause a moment to reflect on this brief document, and what it does not contain.

First of all, there is no mention in the Annuity Bond of a gift to Yale, or a bargain sale of Trumbull paintings, or the education of poor scholars. He would deliver his paintings once the new gallery is built – and there is no mention of a gallery, either. Nothing in the Annuity Bond indicates that Trumbull provided consideration to Yale of any kind. It is a single premium annuity with no premium specified.

The bond is clearly issued by the President and Fellows of Yale College as a general obligation; the five subscribers underwriting the first six years of the annuity are not mentioned.
The focus of the entire document is that Yale is bound to pay Trumbull $20,000 but may not be required to make that lump-sum payment, on condition of paying him $1,000 for life in quarterly payments on a specific schedule.

There is no explanation in the Annuity Bond of where the figure of $20,000 comes from. In fact, this is a legal and financial fiction: Trumbull did not transfer $20,000 to Yale College in order to purchase a life annuity of $1,000. He did not loan Yale $20,000 in expectation of interest income and the eventual return of his capital investment. His paintings could never be liquidated; their monetary value for purposes of the Annuity Bond was purely the projected net revenue from future admission fees.

The amount of $20,000 was probably not calculated as the present value of Trumbull’s life annuity. Yale could reasonably expect Trumbull to live for another six years, so could expect to pay him a total of $6,000. A reserve of $20,000 would be too generous, as was demonstrated when Trumbull lived 12 years and received payments totaling $11,250.

Perhaps $20,000 was a mutually-agreed value for the paintings to be delivered by Trumbull. It is similar to the terms in Trumbull’s letter to Silliman of November 30, 1831 regarding the terms of the Hartford proposal. In calculating the benefits from his proposed annuity from Hartford, Trumbull wrote that “Eight paintings at $2,500 each are worth $20,000” and the heart of his transfer to Yale was the eight paintings in the National History series.

The equivalency between the Hartford paintings and those headed to New Haven doesn’t quite work, since Trumbull knew that the quality and value of his original paintings of the American Revolution were much greater than the copies proposed for Hartford. Moreover, Trumbull had agreed to give Yale many more paintings in addition to the main prize. If there had been professionals who could provide an independent appraisal of Trumbull’s 55 paintings in 1831, the value would likely have been much higher than $20,000.

Possibly Trumbull had resolved that an acceptable bargain sale price for the lot was $20,000, which at a rate of 5% would produce a $1,000 life annuity, and any additional value was purely a gift to Yale. Trumbull confirmed his charitable
intentions by contributing quite a few additional paintings (including 28 more miniature portraits) to Yale subsequent to his annuity agreements, and not asking for additional compensation.

Five years after negotiating terms with Yale, Trumbull expressed bitter regret at the amount of his annuity, when he learned that the college had collaborated with the City of New Haven to raise $4,000 for the purchase of two statues by the local artist Hezekiah Augur. Trumbull was not a fan of sculpture; in 1830 he had told the artist Joseph Frazee “sculpture would not be wanted in this country for yet a hundred years.”

His letter to Silliman dated November 10, 1836 is worth quoting at length, since it sheds some light on how Trumbull viewed the $20,000 amount at that point in time. He refers to the $4,000 paid to Augur, then calculates the capital amount he would have received if Yale paid him $4,000 for each of his eight National History paintings (i.e. $32,000). With a capital sum of $32,000, Trumbull asserts that his annuity would have been $1,600 instead of the $1,000 annuity he had negotiated in 1831. The high emotions experienced by the painter are indicated by his underlining and long blank lines:

I rejoice to hear such a spirit of munificence exists respecting Mr. Augur. The difference between his Case and mine stands thus; -- it is proposed to pay him splendidly: _______ If I had been paid as much for each of the Eight subjects of the Revolution (as important to Mankind surely as the [illegible] conduct of Jephthah) the gross amount would have been $32,000, which at 5 per Ct. would have given a perpetual income of $1,600 a year _______ instead of this, I have given them (to say nothing of the others) for a Life Estate of $1,000 per ann.: ___ when near 80 Years of age. ___

The consolation of such a Sacrifice is the reflexion that after my death, I shall bestow the blessing of Education on many poor young men . . .

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16 Augur wrote to Benjamin Silliman on October 18, 1836 suggesting that the Trumbull Gallery acquire the two statues *Jephthah and his Daughter*, whose tragic story is told in the *Book of Judges*, Chapter 11. The *Connecticut Herald* reported on November 21, 1837 that the subscription campaign had raised $3,695 and more gifts were expected.

Despite his shock at the sale price for a modern sculpture, Trumbull did not suggest re-opening his negotiations with Yale:

I do not like Codicils: the Constitution of the United States has been Codiciled & amended, until few know what it now is. Our contract was drawn with admirable simplicity & precision by my friend, Peter A. Jay, & cannot be misunderstood – I am not willing that it should be altered.

Trumbull’s transfer of his paintings in exchange for a life annuity was not entirely a sale. Nor was it a bond, since the “investor” never wished to see the return of his capital. The Indenture characterized Trumbull’s transfer of paintings equivocally, but began with Trumbull’s charitable intent:

. . . in consideration of his [Trumbull’s] good will towards Yale College, and his desire to promote its prosperity, [he] hath granted, bargained, sold and conveyed . . . all the pictures or paintings mentioned in the schedule to this indenture . . .

The closest analogy the parties could find for Trumbull’s charitable gift annuity was an Annuity Bond; hence the legal fiction that Yale was bound to Trumbull in the unexplained amount of $20,000. It would have been exceptionally difficult, if not impossible, for Yale to pay $20,000 to anyone in 1831. The entire Yale endowment was worth roughly that amount, and parts of the endowment were encumbered by agreements with donors. Yale could not afford to set aside an adequate amount of money in an annuity reserve account to demonstrate the issuer’s capacity to make future payments.

Failure to make the annuity payments would have devastating financial consequences for Yale, since the specified penalty was a “death threat”: a $20,000 lump sum payment to Trumbull, and/or return of his paintings. To protect against default, the college must have those five subscribers who pledged in their side agreement to underwrite Yale’s annuity payments by providing whatever loans were necessary to make up a shortfall in admission revenue. Even with their written assurances, signing the Annuity Bond was a courageous act of faith by the Yale Corporation.
Before leaving the subject of the Annuity Bond, there is a final note on Trumbull’s annuity payments, which took the form of a series of 45 letters from the Yale Treasurer containing bank drafts authorizing Trumbull to receive $250.00 from the City Bank of New York.

Presumably the letters were all mailed within 15 days of their payment dates, but not all the letters were mailed on the first day of each quarter as promised. A letter dated January 6, 1835 from Yale Treasurer Wyllys Warner apologized to Trumbull for sending his payment a few days late: “Please excuse the oversight. I will endeavor to be punctual hereafter.”

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Donors to the acquisition of Hezekiah Augur’s statues Jephthah and his Daughter received a pass like this one with admission privileges to the Trumbull Gallery. ¹⁸

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¹⁸ All donors to the Augur campaign received free admission to the Trumbull Gallery for six months. Donors of $50 received admission for 10 years. A $100 gift entitled the donor to admission for life, and $200 provided a family ticket for life. Connecticut Herald, November 21, 1837.
Trumbull painted portraits of notable women of the Revolutionary War era, including First Lady Martha Washington, her granddaughter Eleanor Custis, and two daughters of Pennsylvania Chief Justice Benjamin Chew, an important legal advisor to George Washington and other Founders.
7. Terms of the Yale Indenture (see Appendix II)

Following a long tradition of indenture contracts, two identical originals were prepared and signed separately. The last paragraph of the Yale Indenture notes this formality:

In witness whereof, the parties to these presents have interchangeably executed the same, that is to say, the said John Trumbull hath to one part of these presents set his hand and seal, and the said President and Fellows of Yale College, in New Haven, have to another part of these presents caused their corporate seal to be affixed, on the day and year first above written.

One original Indenture in the Yale archives is dated December 19, 1831 internally. There is no date next to the signatures. The document is signed by Trumbull in two places, with a word changed by Peter Augustus Jay and signed by him, noting “Sealed and delivered by John Trumbull”. The identical version printed in Trumbull’s Autobiography is the one signed and sealed by Yale’s President Day and Secretary Goodrich.

There are two parties to the Indenture: Trumbull is the first party and Yale College the second. This is unlike the Annuity Bond, which is solely about Yale’s obligations and signed only by the college President and Secretary. The Indenture contract is different also from the Hartford trust proposal involving Trumbull, the Hartford Trustees, and Yale College: the words “trust” and “trustee” are not used in the Indenture. Apart from the concept of a trust, the Indenture and Annuity Bond contain all the terms and conditions described in Trumbull’s legal memorandum of August 15, plus several others.

The Indenture begins with a very long sentence of 319 words. First it sets out the basic terms. The contract is based on two elements of “consideration.” One is the previously-executed “bond or obligation”, which specifies the annuity amount to be paid to Trumbull by Yale, payment dates, and penalty in case of Yale’s default.

In the Middle Ages, identical wording for two indenture contracts was drawn up on a single piece of parchment or paper, then cut apart irregularly in a jagged line. Each party to the contract would sign and exchange one part of the indenture. The “teeth” (dentures) could later be matched up to prove the authenticity of each document.

Reference: Ronald A. Brown, Gift Planning History.org, Benjamin Silliman: The Gift Planner Behind the First Modern Charitable Annuity, Part 3, retrieved on [insert date]
The other is Trumbull’s charitable intent: his “good will towards Yale College, and his desire to promote its prosperity”. Motivated by these considerations, Trumbull “hath granted, bargained, sold and conveyed” to Yale “all the pictures or paintings mentioned in the schedule to this indenture, annexed.”

The Indenture immediately makes clear that the transfer of Trumbull’s property is contingent upon two general conditions. First is that Yale must not be late in making its annuity payments in the full amount:

provided always and nevertheless, and these presents are upon condition, that if the said annuity, or any part thereof, shall be behind or unpaid by the space of fifteen days next after any of the days of payment whereon the same ought to be paid, pursuant to the condition of the said bond . . .

The other general condition is that Yale must observe strictly a series of additional promises that are spelled out in the second part of the Indenture: “if default shall be made in any of the covenants or agreements herein contained . . .”

The Annuity Bond specified a penalty for Yale’s failure to make the annuity payments on time and in the full amount: a $20,000 lump sum payment to Trumbull. The Indenture states that if Yale should default on any of the specified promises, Trumbull has the legal right to demand the return of all of his paintings: “it shall and may be lawful for the said John Trumbull . . . to retake and repossess the said paintings . . . as in his first and former estate, any thing herein contained to the contrary notwithstanding.”

The Indenture then articulates three sets of Yale’s obligations:

1. **The Gallery:** Yale agreed to build a fireproof gallery on its campus; to complete construction by October 1, 1832; to allow Trumbull to approve the gallery’s “form and dimensions”; and to give Trumbull the power to “place and arrange” his paintings in the new gallery (see photo below).

The Indenture does not name the Trumbull Gallery, and does not require the permanent operation of a separate gallery building dedicated solely to
Trumbull’s paintings. The Annuity Bond calls for payments to begin on October 1, 1832 when the gallery must be completed.

2. **Use of Exhibition Income:** Yale agreed to use any net income from gallery exhibition fees to pay Trumbull’s life annuity. All surplus fees during and after his life “shall be perpetually appropriated towards defraying the expense of educating poor scholars in Yale College, under such regulations as the said President and Fellows, and their successors, shall from time to time see fit to make.” The Indenture does not refer to a permanent endowed account (such as “The John Trumbull Scholarship Fund”), but defers to the college’s judgment in applying net income towards “educating poor scholars.”

The Indenture provided **one financial safeguard** for Yale: the power to “borrow as much money as may be necessary” to make annuity payments to Trumbull. The college may use future exhibition income “to discharge the principal and interest of the debt which shall thus have been incurred.” The Indenture is a general obligation of the Yale Corporation, and does not mention the subscribers.

3. **Permanent Custody of Trumbull’s Paintings:** Yale agreed that the paintings given by Trumbull in exchange for his annuity “shall never be sold, alienated, divided or dispersed, but shall always be kept together, and exhibited as aforesaid . . . and that the profits of such exhibition shall be sacredly applied to the purposes before mentioned, and to no other.”

The schedule accompanying the Indenture is “a list of the paintings thereby conveyed to the President and Fellows of Yale College, in New Haven.” The main prize was the eight National History paintings, “original paintings of subjects from the American revolution” enumerated by title. There were nine lesser paintings of scenes from the Bible; four important portraits of President Washington, Alexander Hamilton, Rufus King, and Christopher Gore; and “Six frames, each containing five miniature portraits of persons distinguished during the Revolution”.

Reference: Ronald A. Brown, Gift Planning History.org, Benjamin Silliman: The Gift Planner Behind the First Modern Charitable Annuity, Part 3, retrieved on [insert date]
Six frames (30 miniature portraits) were thus committed to Yale. Another six had been allocated to Hartford under that unsuccessful plan. Trumbull decided to give these frames to Yale also, containing 28 miniature portraits. He installed all 58 portraits in the new gallery in 1832.

![Image of the building]

Trumbull retained the right to approve the design for the gallery and to arrange how each painting would be hung in the exhibition. After the documents were signed, Trumbull insisted on designing the art gallery himself in Neoclassical Greek style, which he did with the assistance of professional architect Ithiel Town.
8. Peter Jay and the Professionalization of Charitable Gift Planning

A satisfactory explanation of America’s first gift annuity contract begins with biography. Three people were essential to the gift arrangements: John Trumbull, the artist and donor; Benjamin Silliman, the Yale scientist and leading force enabling the gift; and Peter Augustus Jay, legal scholar, financial expert, and drafter of the Annuity Bond and Indenture.

The greater part of this section describes how Jay devoted much of his life to nonprofit organizations, often developing legal and financial solutions for achieving charitable objectives. Jay seized an opportunity at a particular moment in the life of the young American republic to craft an innovative solution for Trumbull and for Yale, a conceptual leap with far-reaching consequences for the professionalization of charitable gift planning.

John Trumbull’s gift to Yale accomplished what he needed to do at the end of a long artistic career. Dedicated to documenting the faces and major scenes of America’s founders, Trumbull saw Yale College as a place where his most important works would be exhibited together in perpetuity, conserved, and respected.20

By 1830, Trumbull’s paintings were becoming out of fashion. Prospects for selling the entire collection at an acceptable price were dim, and chances for keeping the paintings together after a sale were even less likely. And the Colonel was in debt, with a small military pension his only dependable income.

The idea of making a gift of his paintings to Trumbull Galleries in New Haven and Hartford in exchange for payments he could not outlive was powerfully attractive, so long as Jay could arrange legal protections. Trumbull loved the idea that his gift would provide a Yale education for future generations of young scholars, but like

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20 In a letter dated September 5, 1821, Trumbull wrote to Rev. Jeremiah Day, President of Yale, that he is sending the college a newly-painted portrait of his father, Governor Jonathan Trumbull, Sr., to replace one that he had painted many years earlier that was “utterly unworthy of the place it occupies” in the Yale Library. Trumbull said the new portrait is “a better resemblance, and more worthy to be preserved in a public & permanent Institution.”
most annuitants, he could not afford to make such a substantial gift unless he received payments back.

**Benjamin Silliman**, a Yale hero devoted to higher education, was motivated to build support at the college for acceptance of the complicated and risky gift by a strong personal desire to preserve the values celebrated in Trumbull’s paintings of the American Revolution. The audacity of building the nation’s first art gallery in the middle of a financially-struggling college campus, filling it with a collection of historical paintings, and obligating the college’s revenues to make lifetime payments to the artist, demands respect for Silliman’s drive and his powers of persuasion.

One of the best-known and widely influential scientists of his time, Silliman’s years of teaching and research, public speaking, and administrative service earned the respect of the Yale Corporation, which trusted his judgment as the college gradually accepted the substantial financial risks of a life annuity obligation.

**Peter Augustus Jay** was uniquely qualified to represent his friend and client John Trumbull in designing the legal and financial architecture of this charitable gift. Born in the year 1776, eldest son of a Founding Father, Secretary for John Jay when he negotiated his treaty with Great Britain, and educated like him at King’s College (Columbia), Jay realized the importance of preserving Trumbull’s visual documentation of the American Revolution.

A leading attorney and legal scholar, Jay became a founder and vice president of the New York Law Institute (1828), the first circulating law library in New York, and donated many of the library’s most important reference books from his own collection.21 No doubt some of these law books were handed down to him by his father, America’s first Chief Justice of the Supreme Court.

While he built a successful legal practice, Peter Jay was also what we might call a professional volunteer dedicated to public service. For example, he served as a

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Trustee of King’s College (1823-1843; Chairman, 1840-42), President of New York Hospital (1827-1833), and President of the New York Historical Society (1840-42).

In the first decades of the 19th century, public protections for investors and depositors were uneven or nonexistent. Jay successfully prosecuted the Life and Insurance Company in 1827 for fraudulent sale of what it called “bonds,” which in fact were tools in a Ponzi scheme that resulted in the company’s bankruptcy and contributed to a financial panic in 1826. Recall that Yale lost nearly half of its endowment in 1825 when the Eagle Bank failed, an experience which must have made the Yale Corporation extremely risk-averse in 1830, when Silliman first proposed that the college enter into a life annuity obligation.

Jay’s leading role in founding the Bank for Savings is one of several examples in which he worked through a financial institution to help people escape economic hardship. Working-class people suffered from the lack of reliable banks for depositing money. Jay’s great-grandson tells that in 1814 Peter lent his sister’s money to Trinity Episcopal Church in lower Manhattan (where he served as a Vestryman) to preserve her capital, because that well-endowed nonprofit organization provided a safer harbor than any available bank:

> At that time there were no savings-banks or other institutions allowing interest on deposits, and the inconvenience of having funds uninvested can be seen from the following, written by Mr. Jay to his sister in 1814: “I have not yet disposed of your money. If there were any reasonable hopes of peace I should purchase bank stock. But in the present state of things I think that would be risking too much, and have agreed to lend it to Trinity Church . . . I preferred this arrangement as being upon the whole the most secure.”

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22 Eric Hilt describes how in the 1820s, many New York firms such as the Life and Fire Insurance Company evaded bank regulations by using “an insurance corporation to engage in transactions normally reserved for banks.” “Rogue Finance: The Life and Fire Insurance Company and the Panic of 1826,” Business History Review 83 (Spring 2009): 87-112.

23 Memorials of Peter A. Jay Compiled for his Descendants By his Great Grand-son John Jay (Holland: Privately printed by G.J. Thieme, 1905), pages 76-77.
Jay drafted a charter and lobbied the New York legislature for an act of incorporation for the Bank for Savings “to benefit the working classes, encourage thrift, and help such as might not be able to make safe investments for themselves.” An innovation resisted by the banking establishment, the Bank for Savings was incorporated in 1819 and became an immediate and lasting success.

In addition to this legal and financial experience, Peter Jay was deeply involved with three institutions that issued annuity contracts:

1. He served as Treasurer of a nonprofit corporation chartered by King George III in 1769 to provide annuities for the surviving families of Episcopal clergy.

2. He was a founding trustee of the New York Life Insurance and Trust Company (NYL&T) in 1830, whose business values enabled it to become the most successful American firm of its kind in the first half of the 19th century.

3. He chaired a Legacy Committee for the American Bible Society, which considered but did not issue a gift annuity in 1831. The Bible Society embraced Jay’s Annuity Bond to create the template for gift annuity programs used by thousands of charities today.

The New York Corporation for the Relief of Widows and Children of Clergymen of the Protestant Episcopal Church in the State of New York met the financial needs of lowly-paid clergy, who were “with great difficulty able to provide for their families, so that their widows and children are often left in great distress.” Jay served as Treasurer, the most fundamentally important professional and power position.

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25 The original King’s Charter is reprinted in Charter and Fundamental Laws of the Corporation for the Relief of Widows and Children of Clergymen of the Protestant
The Episcopal population grew to such an extent that in 1806, New York established its own relief organization apart from Pennsylvania and New Jersey. Conceived several decades before actuarial science was applied to retirement plans in the U.S., the Fundamental Laws of the New York Corporation began with a section entitled “Laws Relative to Annuities” which illustrates how an experienced issuer of life annuities managed financial risk through general rules that did not account for life expectancies at various ages. Ministers were expected to pay annual premiums of eight, sixteen, or twenty-four dollars. Their surviving widows received life annuities equal to five times the annual premium regardless of their age.

Since the Corporation could not calculate the values of individual contracts, there were rules for reducing an annuity when a minister had paid premiums for fewer than 15 years and when a widow remarried. There was also a rule for increasing payments when the annuity reserve account experienced a surplus:

After the annuities chargeable on the Corporation shall have been paid, one half of the surplus product of the fund shall be equally divided among all the widows and children of contributors . . . and the remainder shall be added to the capital stock.

As Treasurer, Jay ensured that the rules for premium payments and annuities were observed; managed the investment of the “capital stock”; provided an annual accounting to the Corporation; and acknowledged “the occasional donations of

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**Episcopal Church of the State of New York** (NY: Printed by T&J Swords, 1807). The quote cited is from page 3. The first such organization in the American colonies was the Corporation for Relief of Poor and Distressed Widows and Children of Presbyterian Ministers established in 1759, often credited as the first American life insurance company.

26 The Episcopal Bishop for the State of New York served as President of the corporation ex officio. A Vice President, Treasurer, and Secretary were elected.

27 As Insurance Commissioner for the State of Massachusetts (1858-1866), Elizur Wright was the first to calculate the present value of every individual life insurance contract issued by companies doing business in the state. A legendary actuary, Wright invented a machine to assist with the many thousands of calculations required. See Lawrence B. Goodheart, *Abolitionist, Actuary, Atheist: Elizur Wright and the Reform Impulse* (Kent, OH: Kent State University Press, 1990) and my essay “Making the U.S. Safe for Gift Annuities: Elizur Wright” at http://giftplanninghistory.org/wp-content/uploads/2013/07/elizur_wright.pdf.
benevolent persons” whose gifts increased the pool available for annuity payments to widows and orphans.

His high-level involvement in a new life insurance company would give Peter Jay useful professional awareness of the power of actuarial science. In 1830, the same year in which John Trumbull offered his paintings to Yale in exchange for a “competent annuity for life,” Jay became a founding stockholder and trustee of the New York Life Insurance and Trust Company, together with other leading New Yorkers. Under the direction of President William Bard, a professional actuary, NYL&T was one of the first companies to create a business model and marketing strategies based on the best available actuarial principles and demographic data.

Historian Sharon Ann Murphy credits Bard with the creation of the modern American life insurance industry:

> With Bard at the helm, NYL&T would revolutionize the way life insurance companies operated in the United States, creating – virtually from scratch – the statistical basis for the long-term safety of the industry . . . NYL&T completely reinvented how life insurance was sold in America, establishing the model followed by all subsequent nineteenth-century competitors.

It is time for a very brief historical interlude before returning to Peter Jay and this ground-breaking insurance firm, so the importance of Trumbull’s contract with Yale can be understood with the perspective of a broader historical context for life annuities. How did rising confidence in the methods of actuarial science make NYL&T and the first gift annuity issued by an American charity possible in 1830, and not before?

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28 The founding stockholders represented an “A list” of New York financial and professional dignitaries: John Jacob Astor, Chancellor James Kent, Steven van Rensselaer et al. The Bard family was highly distinguished. See Felix E. Hirsch, “The Bard Family” in Columbia University Quarterly (October 1941), pages 222-241. William Bard (Class of 1797) became a trustee of King’s College in 1840 while Peter Jay (Class of 1794) served as Chair.

9. A Brief History of Early Life-Income Gifts

Life annuities were not invented in 19th-century America. In fact, life annuities purchased by an individual are of ancient origin. An early form of annuity was a useful financial tool in Assyria and Babylon. Life annuities were regulated by Rome in connection with estate planning. The legal scholar Domitius Ulpianus (c. 170-223) published a surprisingly accurate table for the purpose of valuing testamentary annuities issued to people at various ages, in order to protect the inheritance rights of the decedent’s family.

Life-income gifts to a charity are also quite ancient. One of the most important and influential examples of gifts to a charity that involve payments back to the donor for life dates to the sixth century. Life-income gifts are encouraged in the rules of the monastic communities founded by St. Benedict of Nursia (480-543). Benedictine monks encouraged wealthy parents to help prepare their sons and daughters for entering religious communities by giving property to the church rather than to their children.

While the monks preferred gifts with no strings attached, they acknowledged that some parents are unable or unwilling to make valuable gifts unless they receive an assurance of cash payments from the religious community. Benedictine’s Rule 59 encourages parents to make gifts in exchange for lifelong income:

[If parents] wish to gain merit by offering some alms to the monastery, they may make a formal donation of the property they want to give to the monastery. If they wish, they may reserve the income for themselves.

Benedict’s Latin sentence ends in a very important word:

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vel certe si hoc facere noluerint et aliquid offerre volunt in eleemosynam monasterio donationem, reservato sibi, si ita voluerint, usufructu [my emphasis].  

A **usufruct** was recognized in Roman law: title to property is transferred to another person, who accepts an obligation to pay income from that property (its “fruits”) back to the grantor, generally for life. Benedict’s rule encouraging life-income gifts to his community through a usufruct is an important example of how the medieval Church adapted a Roman concept for charitable purposes.

Unlike a modern annuity, the rate of payments from a usufruct was not based on the grantor’s age, but was simply a pass-through of income from property, such as lease income from land. A monastic community that accepted a usufruct did not have a general obligation to make payments to the grantor, and since the principal of the property was never invaded, there was little financial risk for the community.

Another gift arrangement involved much greater financial risk for the issuing charity. Beginning around the year 1100, and for the next 400 years, Catholic institutions such as monasteries and hospitals issued life annuity contracts called corrodies.

While specific practices over that long era varied from time to time, and from place to place, corrodies involved a gift of cash or real property (houses, farms, raw land) to a church-run organization in exchange for defined lifetime benefits. Details of a gift and its specific benefits were recorded in a contract, sealed by the issuing charity. Depending on the needs of the donors, and the ability and willingness of the charity to provide specific benefits, corrodians could receive...
food, shelter, firewood, clothing, candles, and/or drink; and sometimes cash payments for life.

Most frequently, especially in the earlier phase of their history, corrodies were given in order to secure a place for donors and their families to live in retirement:

Corrodians planned to spend their last days within a religious community, participating in its religious life, sharing its merit and enjoying the provision of all their physical needs. The entrant or his patron often granted a sizeable donation in perpetuity in return for sustenance until his death.34

These lifetime arrangements involved risks for the donor as well as for the institution. A donor might grow dissatisfied with the quality of a monastery’s bread, ale, or leadership. On its side, the hospital or monastery granting a corrody committed to a lifelong relationship with a person or married couple whose personal behavior could be of concern. Probably most corrodies were arranged with people who were well-known and acceptable to the religious community, but not always:

A lady residing at Langley priory had “a great abundance of dogs, insomuch that whenever she comes to church here follow her twelve dogs, who make a great uproar in church, hindering them in their psalmody, and the nuns thereby are made terrified.” At Gracedieu priory lived a Frenchwoman who “should be removed because of the unseemliness of her life, for she receives all alike to her embraces.”35

Sometimes a donor made a gift in exchange for guaranteed annuity payments from a trustworthy charity, with the intention of using the payments to pay for living expenses. For example, in the year 1398-99, the financial records of Selby Abbey document a gift of 80 pounds from a textile merchant named John Tuch in exchange for lifetime annuity payments to him and his wife Margaret.36

34 Rubín, Charity and Community in Medieval Cambridge, page 172.
36 John H. Tillotson, Monastery and Society in the Late Middle Ages: Selected Account Rolls from Selby Abbey, Yorkshire, 1398-1537 (Suffolk: The Boydell Press, 1988), page 51.
Payment rates for medieval corrodies, and for non-charitable annuities such as pensions, were not mathematically determined, but depended upon a sophisticated logic of experience.\(^{37}\)

During the 17\(^{th}\) and 18\(^{th}\) centuries, mathematical advances in probability and statistics, and the systematic collection and analysis of mortality experience, led to the discipline of actuarial science.\(^{38}\) The ability to calculate with great precision the risks inherent in issuing financial contracts based on the uncertain term of human lives enabled American life insurance and pension companies to develop actuarially-sound business models in the 19\(^{th}\) century.\(^{39}\)

Life insurance business practices did not always use the scientific understanding of actuarial valuation wisely or fairly. Beginning in the 1850s, and continuing for some 30 years, the Yale-educated mathematician and actuary Elizur Wright led a successful personal crusade to raise the professional standards of commercial insurance companies in the United States. Wright’s dogged insistence on legislative mandates for data collection, standardized mathematical analysis, and public reporting resulted in the first system of life insurance and gift annuity regulation by the states.

\(^{37}\) Adrian Bell and Charles Sutcliffe apply a modern annuity pricing model to analyze the economics of medieval corrodies for the charities issuing them in “Valuing Medieval Annuities: Were Corrodies Underpriced?,” \textit{ICMA Centre Discussion Papers in Finance DP2007-15} (17 November 2007; revised 15 July 2009). The authors include a substantial bibliography on corrodies.


\(^{39}\) “More important theoretical contributions to financial economics were made in the late 17\(^{th}\) and early 18\(^{th}\) centuries in solving problems of pricing life annuities. Around the middle of the 18\(^{th}\) century, this led to a practical breakthrough in the related problem of devising and pricing life insurance.” Geoffrey Poitras, \textit{The Early History of Financial Economics, 1478-1776: From Commercial Arithmetic to Life Annuities and Joint Stocks} (Cheltenham, UK and Northampton, MA: Edward Elgar Publishing, 2000), page 3.
Before returning to NYL&T and Yale’s gift annuity in 1831, there is another early annuity that deserves mention. The College of New Jersey (now Princeton University) issued a gift annuity in 1832 as a result of a testamentary gift from the estate of Andrew Bayard, a Philadelphia merchant and banker, graduate of the Princeton Class of 1779, and Trustee of the College from 1808-1823.

Andrew Bayard had a significant link with Peter Augustus Jay and the Bank for Savings: he was the founding President of The Philadelphia Savings Fund Society, “the first savings bank in the country to begin operation” in 1816.40 His cousin William Bayard was the first President of the Bank for Savings, founded in 1819 and the second such bank in the U.S. Jay served as a trustee of this Bank from 1819-1838 and as a vice-president from 1828-1838.41

Few details of the second reported gift annuity have come to light. Minutes of the Trustee meeting from September 26, 1832 record a testamentary gift, with terms including an amount payable "to Mrs. Margaret Johnson during her life, & then to the Trustees of this College, for the education of pious youth, and that this Board pay to the said Mrs. Johnson the sum of sixteen dollars annually in two equal, half yearly payments."

The Trustees then approved the following motion:

Resolved that the Treasurer of this Board be and he is hereby directed to receive from James Bayard & P. Bayard Executors of Andrew Bayard Esq. deceased, the said sum of two hundred sixty-six dollars & sixty six cents & invest the same under the direction of the Financial committee, & that the Treasurer be, & he is hereby directed & authorized to pay to the said Executors the sum of sixteen dollars each and every year during the lifetime of the said Margaret Johnson in two equal half yearly payments on the first day of June & December.

Based on the bequest amount of $266.66, the annual payments of $16.00 ($8.00 every six months) represent a 6.0% testamentary annuity.

40 The founder of the Philadelphia Savings Fund Society was Condy Raguet, President of the Pennsylvania Company for Insurances on Lives and Granting Annuities (est. 1812).
41 History of the Bank for Savings, pages 50 and 56.
Trumbull’s annuity did not cause Yale to seek other life income gift donors. Neither Yale nor Princeton developed a fund raising program based on the gift annuities they issued in 1831 and 1832. Princeton was quite late in issuing other gift annuities: its modern gift annuity program began in 1997. Andrew Bayard’s testamentary annuity was long forgotten, until I happened upon its mention in the Trustee minutes.

A legal opinion and business model for a life-income gift program by a charitable organization would first appear in 1848, 17 years after Trumbull’s contract was signed, when Judge Luther Bradish composed a report for the Board of the American Bible Society. Bradish’s report led the Bible Society to recognize the feasibility of a full-fledged gift annuity program, with financial and longevity risks distributed across a pool of annuitants.

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42 This report by the Bradish Committee to the Board of the American Bible Society on March 2, 1848 was entitled “Report on the Matter of Accepting Trusts” but has come to be known simply as the Bradish Report.
10. Peter Augustus Jay, the New York Life Insurance & Trust Company, and the American Bible Society

The New York Life Insurance and Trust Company proudly communicated its dedication to actuarial science. For example, the NYL&T Charter of 1830 defines annuities as follows:

A person purchases an annuity from a Company, when he pays a gross sum, on the condition that the Company will pay him an annual allowance as long as he lives . . . the money paid and received is fixed by calculation, founded on tables of observation, by which is determined the number of years an individual of any age has a chance of living.43

One pillar of success for William Bard’s new insurance company was the use of actuarial knowledge to safely reduce policy premiums below those charged by his major competitors, who were slower to embrace the new science. But principles of science alone did not ensure commercial success; another, equally important, key for increasing profits was marketing.

Annuities and life insurance did not sell themselves. Enterprising businessmen promoted these and other financial products among a growing number of urban, middle-income families. To boost demand, advertisements and stories were published in national and regional magazines and local newspapers. As an example of targeted marketing, NYL&T’s business plan in 1830 thus described the benefits of an annuity for older, middle-class customers:

An aged person, whose income is not sufficient for his maintenance, can exchange his capital for a life annuity, and thus provide for an expenditure much exceeding the simple interest of his money, without fear of being reduced to poverty, if he should live to an extreme old age.44

44 Rates and Proposals, page 16.
A rapidly-expanding sales force of trained agents was employed by companies selling financial products. The charter for NYL&T is typical of how companies empowered their salesmen to offer an extremely wide range of financial services:

The corporation hereby created shall have power, 1. To make insurance on lives. 2. To grant and purchase annuities. 3. To make any other contingent contracts, involving the interest of money, and the duration of life. [my emphasis] 4. To receive moneys in trust; to accumulate the same at such rate of interest as may be obtained or agreed on, or to allow such interest thereon as may be agreed on, not exceeding in either case the legal rate. 5. To accept and execute all such trusts, of every description, as may be committed to them by any person or persons whatever, or may be transferred to them by order of the Court of Chancery, or by a Surrogate.45

Bard realized that in order to minimize mortality risk for enterprises issuing “contingent contracts, involving the interest of money, and the duration of life” such as life annuities and insurance policies, there must be a large pool of covered lives. The way to build a sufficient pool of insured lives was to offer rates that brought financial products within reach of middle-income customers, and which were actuarially likely to produce a reasonable profit for the issuer.

What drew leading citizens like Jay to the NYL&T Board in 1830 was their confidence in the New York Life and Trust Company’s ability to use sophisticated
actuarial models to price virtually any relationship involving life payments accurately and fairly.46

It was not unusual for an elite professional advisor such as Peter Augustus Jay to be comfortable dealing with a wide range of financial products.47 In the Hartford negotiations, which involved three parties (Trumbull, the Hartford volunteers, and Yale), Jay used the vocabulary of trusts, but switched to the realm of bonds and indentures when he drafted the Trumbull contract one year after joining the NYL&T board.

Jay’s financial and legal experiences are clearly linked with Trumbull’s annuity contract through his service on behalf of the American Bible Society (ABS). The Jay family was deeply involved with the Bible Society for four decades. John Jay served as Vice President of ABS from its founding in 1816 to 1821, and as President from 1821-1828. His son Peter was appointed as the first Chair of the ABS Legacy Committee in 1829.48

In March of 1831, Peter Jay and his committee considered whether to accept a testamentary gift to ABS in exchange for a life annuity to be paid to the donor’s

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47 NYL&T was not Jay’s first involvement with the business of insurance. He was appointed Counsel to the Chatham Fire Insurance Company in the 1820s, and became a director of the Merchant’s Fire Insurance Company in 1831. Fire insurance deals with a different kind of risk: an event which may or may not happen. Life insurance and life annuities always involve the certainty of ending in a death.

48 Soon after its founding, bequests became one of the “most valuable and fruitful sources of support” for ABS. In 1829 the Board appointed a Legacy Committee to “have charge of all matters relating to devises and bequests to this Society that may be from time to time referred to them” and “to advise on legal intricacies affecting bequests and to pass judgment on proposals made by executors and others in connection with legacies.” Members were Peter Jay, Samuel Boyd, and William Woolsey. ABS Historical Essay #20, Part II, “Financial Administration 1821-1860” by Eric M. North (NY: American Bible Society, 1964), pages F-1, F-2, A-2.
sister. Jay’s committee asked for more information to analyze the risks and benefits for ABS, but the donor did not follow through.49

By the fall of 1831, Jay was fully prepared to apply the laws and forms of commercial bonds and annuity contracts to realize John Trumbull’s charitable gift arrangements. Thanks to the tireless advocacy of Benjamin Silliman, Jay would set up the first gift annuity with Yale, rather than with the Bible Society.

An episode ten years later links Peter Augustus Jay, the Bible Society, NYL&T, and a testamentary life annuity. Jay’s Legacy Committee recommended that the New York Life Insurance and Trust Company could manage a testamentary trust on behalf of the Society, on condition that NYL&T must make life annuity payments to family members and then transfer the remaining amount to ABS:

On May 6, 1841 the Board adopted a report of the Legacy Committee upon a proposal of W.B. Martin of Baltimore that the Society accept the sum of $18,000 vested in promissory notes to be bequeathed to them in trust, to pay an annuity of $500 a year to the wife for life and $100 a year to each of his four sisters for their respective lives, the principal belonging to the Society.

The [Legacy] Committee doubted that the Society could legally accept such a trust, but found that the New York Life Insurance and Trust Company could and would accept it, estimating that after paying all the annuities more than $18,000 would remain to the Society.50

Although the Legacy Committee suggested that the bequest should be made to NYL&T, “The ultimate outcome of this proposal has not been located.”

The Bible Society would issue its first Annuity Bond in April of 1843.

49 “On March 3, 1831 John Frey of Palatine, N.Y. inquired whether the ABS . . . would accept a future legacy of $1,000 to $2,000, paying interest at 7% . . . to a sister of the legator during her life. Nitchie [i.e. John Nitchie, Esq., Treasurer of ABS] answered for the Legacy Committee (no minutes then) asking whether the same would be paid before or after decease, the age of the prospective annuitant, and that in any case interest would not exceed 6%. No further record is found.” Ibid., page G-1.
50 Ibid., page G-1.
11. Reflections on the Gift Annuity Issued by Yale

With no fanfare announcing a new arrow in the quiver of charities in search of financial support, Peter Augustus Jay drew upon his experiences with religious pensions, life insurance, and investments to create the first modern gift annuity contract. Its terms were shaped as needed to achieve the objectives of a donor and a charity.

This is a very important point that has often been misunderstood: gifts to a charity in exchange for life payments were not created through legislation or administrative regulations. The idea of enacting a statute creating a charitable annuity bond that borrowed from commercial law would not have occurred to public officials in New York or Connecticut.

There is no legal memorandum citing precedents, and no written record of the degree of confidence felt by Jay or the Yale Corporation that the terms of an Annuity Bond appropriate for investors had expressed effectively the relationships between a donor and a charitable organization obligated to provide the donor with a life annuity. In 1831 there was no recognition in the law for life annuities of the kind envisioned by Jay and Trumbull, and therefore there were no “safe harbors” for Yale’s administration of a life annuity contract.

In fact, there are public policy considerations that could have weighed against Trumbull’s arrangements with Yale, if the specifics of his gift had been challenged. Jay silently assumed the validity of an unsecured, general obligation annuity bond issued by a charitable corporation to a donor/annuitant in exchange for illiquid, tangible assets: a gift of paintings Yale agreed never to sell. A regular cash flow from admission fees to a new gallery of historical paintings was far less certain than acceptable for any revenue bond. Few, if any, board members of a financial services company would consent to such an arrangement, then or now.

Jay’s solution to the requirements of the proposed gift was more like a private annuity than an annuity program offered to the public. Yale was chartered as a private college, not a life insurance company. Like the charters of other nonprofit
corporations, Yale was empowered to receive annuities, but this referred to land leases, not life annuity contracts.  

Some elements of John Trumbull’s contract with Yale College were like a modern charitable gift annuity, and some were very different.

Trumbull’s annuity is like a modern gift annuity in that the specific responsibilities of the issuing charity were detailed in a legally-binding contract. As with modern annuities, the payments promised to Trumbull were a general obligation of the issuing charity rather than being limited to the actual income generated by admission fees.

Like gift annuities today, the value of the assets funding the annuity (Trumbull’s paintings) was greater than the value of his life payments. The fact that there is a gift element differentiates a charitable annuity from a commercial life annuity, in which money purchases an investment of equivalent value.

Both the donor and the charity issuing the annuity expected that over time there would be surplus income from admission fees that would be applied towards “defraying the expense of educating poor scholars in Yale College.” The Indenture refers to a bargain sale that demonstrates Trumbull’s charitable intent: “in consideration of his good will towards Yale College, and his desire to promote its prosperity, [Trumbull] hath granted, bargained, sold and conveyed . . . all the pictures or paintings mentioned in the schedule to this indenture”.

On the other hand, there are significant elements of Trumbull’s annuity that are unlike a modern gift annuity. For example, his contract with Yale was unique: the college intended to have just one annuitant, rather than mitigating longevity risk by spreading that risk across a pool of annuitants. As mentioned above, the Bradish Report (1848) enabled the American Bible Society to become the first charity to apply the lessons of actuarial science in a gift annuity program.

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51 “It is also further ENACTED by the Authority aforesd that the sd undertakers & Partners & their successrs be & hereby are further impowered to have accept acquire purchase or otherwise lawfully enter upon Any Lands Tenements & Hereditamts to the use of the sd School . . . & receiv all such Gifts Legacies bequests annuities [my emphasis] Rents issues & profits arising therefrom”. Act for Liberty to Erect a Collegiate School, 1701.
Yale set aside no annuity reserve account; the college used the fictitious $20,000 in its Annuity Bond contract. The assets used to fund Trumbull’s annuity were unmarketable, since Yale agreed never to sell the paintings.

Trumbull’s gift arrangement with Yale was not an Annuity Bond. Unlike a bond investor, Trumbull was making a gift, not a loan involving payments of interest in exchange for the use of investment capital. Jay’s Annuity Bond analogy worked at the time, and was used successfully by the American Bible Society for many years, but the analogy was inadequate, and was eventually discarded.

Unlike modern gift annuities, in 1831 there was no public policy framework or legal protection for a charitable gift annuitant or the charity issuing an annuity. No legal brief presented a case for Trumbull’s contract to be recognized and enforced by courts or regulatory bodies.

Benjamin Silliman provided a financial accounting for the annuity, showing a positive balance between income and expenses, but that was never his real goal.

52 For the Society’s annuity campaign in 1919 “(1) It was decided that the Annuity Bonds should not be designated as Bible Bonds, but as Annuity Bonds of the American Bible Society. (2) It was decided that the Annuity Bonds be printed on paper and in typographical style that is conventional for securities of this nature.” Essay #17, Part V, Public Relations, Financial Promotion and Support – 1901-1930 by John H. Zimmerman (NY: American Bible Society, 1967), page 89.

53 Gilbert Darlington, Treasurer of the American Bible Society, warned participants at the fourth national gift annuity conference in 1931 that courts, regulators, and lawmakers will take a close look at a charity’s “correspondence and publicity” in deciding tax cases involving gift annuities. Darlington concluded that “The use of such words as ‘interest’, ‘bond’, ‘principal remaining’ should be avoided in all correspondence dealing with annuities.” Rules, Regulations and Reserves in Using Annuity Agreements (NY: The Sub-Committee on Annuities of the Committee on Financial Matters, Federal Council of the Churches of Christ in America, 1931), Wise Public Giving Series No. 38, page 32. Darlington was an ordained Episcopal priest, bank president, and an expert on taxation, who served as a Committee on Gift Annuities member from 1928-72, as Chairman of the Committee from 1939-1959, and as Honorary Chairman from 1960-80.
Bringing John Trumbull’s beloved paintings documenting American independence to Yale was always the prize:

Lessons indeed they are in the art of painting but lessons still more important in the history of our country. Every passing year will add to their value and they will be still more highly prized by a remote posterity, should they be preserved to future generations.
Appendix I: Yale’s Annuity Bond with John Trumbull

Know all men by these presents, that we, the President and Fellows of Yale College in New Haven, are held and firmly bound unto John Trumbull, of the city and state of New York, Esquire, in the sum of twenty thousand dollars lawful money of the United States of America, to be paid to the said John Trumbull, his certain attorney, executors, administrators or assigns, for which payment we bind ourselves and our successors firmly by these presents, sealed with our corporate seal, and dated the nineteenth day of December, in the year of our Lord one thousand eight hundred and thirty one.

The condition of the above obligation is such, that if the above bounden obligors shall and do yearly and every year for and during the natural life of the said John Trumbull, well and truly pay or cause to be paid to him or to his certain attorney or assigns, an annuity or clear yearly sum of one thousand dollars lawful money of the United States of America, in even quarterly payments to be made on the four following days in the year, that is to say, on the first day of October, the first day of January, the first day of April, and the first day of July in every year, by even and equal portions, the first payment thereof to begin and be made on the first day of October, in the year of our Lord one thousand eight hundred and thirty two,—then the above obligations to be void, else to remain in full force and virtue.

Jeremiah Day, President of Yale College

Signed by the President of the College, in my presence. Witness the seal of the College. Certified,

Elizur Goodrich, Secretary of Yale College

Appendix II: Yale’s Indenture with John Trumbull⁵⁵

This indenture, made the nineteenth day of December, in the year of our Lord one thousand eight hundred and thirty one, between John Trumbull, of the city and state of New York, Esquire, of the first part, and the President and Fellows of Yale College in New Haven, of the second part, witnesseth, that the said John Trumbull, in consideration that the parties of the second part have executed a bond or obligation, whereby they have bound themselves to pay to him during his natural life an annuity of one thousand dollars a year, in the manner and at the times specified in the conditions of the said bond; and also in consideration of his good will towards Yale College, and his desire to promote its prosperity, hath granted, bargained, sold and conveyed, and hereby doth grant, bargain, sell and convey, to the parties of the second part and their successors, all the pictures or paintings mentioned in the schedule to this indenture, annexed, to have and to hold the same upon the conditions and for the purposes herein mentioned, provided always and notwithstanding, and these presents are upon condition, that if the said annuity, or any part thereof, shall be behind or unpaid by the space of fifteen days next after any of the days of payment whereon the same ought to be paid, pursuant to the condition of the said bond, or if default shall be made in any of the covenants or agreements herein contained, on the part and behalf of the parties of the second part, or their successors, to be kept and performed then and from henceforth, it shall and may be lawful for the said John Trumbull, his executors, administrators or assigns, to retake and repossess the said paintings, and the same to have again, repossess and enjoy, as in his first and former estate, any thing herein contained to the contrary notwithstanding. And it is covenanted and agreed by and between the parties to these presents, in manner following, that is to say, that the parties of the second part shall erect upon land belonging to them in New Haven, a fire-proof building for the reception of the said paintings, which building shall be finished on or before the first day of October, in the year of our Lord one thousand eight hundred and thirty two, and shall be of such form and dimensions as shall be approved of by the

said John Trumbull, and the said paintings shall be placed and arranged in the said building, under the directions and superintendence of the said John Trumbull, and the said paintings after they shall be so placed and arranged, shall be exhibited, and the profits of such exhibition shall be received by the parties of the second part, and applied in the first place towards the payment of the said annuity during the life of the said John Trumbull, and the whole of such profits after his death, (except in the case hereinafter mentioned,) shall be perpetually appropriated towards defraying the expense of educating poor scholars in Yale College, under such regulations as the said President and Fellows, and their successors, shall from time to time see fit to make. And if the profits of such exhibition shall not, during the life of the said John Trumbull, be sufficient to discharge the said annuity, then the said parties of the second part may borrow as much money as may be necessary for that purpose, and the profits of the said exhibition, after the decease of the said John Trumbull, shall be applied to discharge the principal and interest of the debt which shall thus have been incurred, and after the said debt shall be extinguished, then the whole profits of the said exhibition shall be applied towards defraying the expense of the education of poor scholars, in manner aforesaid. And it is further expressly agreed, that the said paintings shall never be sold, alienated, divided or dispersed, but shall always be kept together, and exhibited as aforesaid, by the said parties of the second part, and their successors, and that the profits of such exhibition shall be sacredly applied to the purposes before mentioned, and to no other.

In witness whereof, the parties to these presents have interchangeably executed the same, that is to say, the said John Trumbull hath to one part of these presents set his hand and seal, and the said President and Fellows of Yale College, in New Haven, have to another part of these presents caused their corporate seal to be affixed, on the day and year first above written.

Jeremiah Day, President of Yale College

Signed by the President of the College, in my presence. Witness the seal of the College.

Elizur Goodrich, Secretary of Yale College
Schedule referred to in the annexed instrument, being a list of the paintings thereby conveyed to the President and Fellows of Yale College, in New Haven.

Eight original paintings of subjects from the American revolution, viz.

1. The Battle of Bunker’s Hill
2. The Death of Gen. Montgomery at Quebec
3. The Declaration of Independence
4. The Battle of Trenton
5. The Battle of Princeton
6. The Surrender of Gen. Burgoyne
7. The Surrender of Lord Cornwallis
8. Washington resigning his Commission

Our Savior with little children
The woman accused of adultery
Peter the Great at Narva
Madonna and Children, copied from Raphael
St. Jerome, Madonna, &c., copied from Correggio
Infant Savior, St. John and Lamb
Holy Family
St. John and Lamb
Maternal Tenderness
Portrait of President Washington
Do. of Alexander Hamilton
Do. of Rufus King
Do. of Christopher Gore
Six frames, each containing five miniature portraits of persons distinguished during the Revolution

Jeremiah Day, President of Yale College

56 Note by Theodore Sizer in his edition of Trumbull’s Autobiography, page 287: “These are the eight originals of the celebrated ‘national history’ series, begun in 1785 and finished in 1822.”
57 Six frames (30 miniature portraits) were thus committed to Yale. Another six had been allocated to Hartford. Trumbull decided to give these frames to Yale also, containing 28 miniature portraits. He installed all 58 portraits in the new gallery in 1832.