

On Eagles' Wings

A SERIES OF GIFT PLANNING NEWSLETTERS FOR ALUMNI AND FRIENDS OF FLORIDA GULF COAST UNIVERSITY

Charitable Bequests

Our most popular deferred gift

Welcome to the third issue of *On Eagles' Wings*, the planned giving newsletter for members of the Florida Gulf Coast University family. Charitable bequests have played a key role in the development of Florida Gulf Coast University. It would be difficult, if not impossible, to maintain the high standards of academic excellence without such thoughtful private support. In fact, the Charitable Bequest is our most popular deferred gift.

As financially oriented people know, charitable bequests also can be an effective estate planning tool. By making a charitable bequest part of your estate plan, you can have a say in where your hard-earned assets go, rather than letting the state make that decision for you. Your estate may enjoy substantial tax savings as well.

In view of the recent market volatility and ongoing changes in the tax law, many of our alumni and friends are starting to review their wills on a more frequent basis. Have your assets grown substantially in value during the past two or three years? Has this affected your tax situation? Are you aware of scheduled changes in the estate tax exemption in the upcoming years? Perhaps it is time to review your will. If so, this may be an ideal time to consider a charitable bequest to FGCU. A well-planned bequest can help shape the future quality of education at the University and also play a positive role in your estate planning.

In this issue, we will highlight some of the reasons why you may want to review your will and some of the benefits you can enjoy with a charitable bequest to Florida Gulf Coast University. For more information, send for our newly released booklet, *Opportunities for Making Charitable Bequests — What Assets Are Best to Give*, and find out how you can partner with us to provide outstanding higher education and public service in Southwest Florida — both today and for generations to come.



Warmest regards,

A handwritten signature in dark ink, appearing to read "Peter C. Lefferts".

Peter C. Lefferts, Ed.D.
Director of Planned Giving



Why You May Want to Review Your Will Now

There are many events that signal the need for a review of your will: It could be a move to a new state, a change in marital status, the death of a loved one or birth of a child or grandchild.

In addition to these well-known signals, you need to stay tuned for ongoing changes in the tax law and in your financial situation. Older taxpayers with large estates should be aware of the current level of the estate tax exemption (\$1.5 million in 2005 and \$2.0 million in 2006).

But exactly where does this leave you with your estate plan? If you have not checked your will in the past two or three years, it may be beneficial to do so now.

When you review your will, you may want to consider a charitable bequest to Florida Gulf Coast University. Since charitable bequests are fully deductible for estate tax purposes, it is — in a very real sense — a way to extend your estate tax exemption. Talk with your attorney about your situation. You may be

entitled to tax relief while becoming a partner in helping shape the future of the University.

Charitable Bequests Make a Difference at FGCU!

Take a leisurely stroll through campus and you can appreciate what charitable bequests by caring individuals have done. Speak to students about their experiences and you will be convinced that FGCU is changing lives. Look inside the beautiful buildings and you will discover faculty fellowships, student scholarships, and specific educational programs — all made possible or enhanced through charitable bequests.

These charitable bequests have brought enormous personal satisfaction to our donors and their families. This is indeed the impetus behind just about every important gift — small or large. Yet one should not overlook the fact that charitable bequests can play an important role in reducing estate taxes. By coordi-



Cape Coral residents Joan and Bill Attridge have included FGCU in their estate plans with a charitable bequest.

nating philanthropy with your estate plan, you often get the best of both worlds.

Charitable Bequests Can Make a Difference in Your Personal Planning

Independent financial planners often recommend charitable bequests as a planning tool in one's overall estate plan. Indeed, charitable bequests can provide unique planning solutions for the astute donor who wants to achieve both personal and charitable objectives. Let's look at some examples:

■ **Mary A** is a 76-year-old widow who decides to make a specific charitable bequest to endow a new scholarship in memory of her husband. The \$500,000 bequest will go into an endowed fund which will typically pay out 5% of the proceeds



President William C. Merwin with Naples residents Rebecca and George Fogg. The Foggs have included FGCU in their estate plans with charitable bequests that will fund the Rebecca Fogg Endowed Scholarship Fund and the George E. Fogg Endowed Student Research Fund.

each year. That will be at least \$25,000 the first year, but will grow as the fund grows. What's more, the giving will continue year after year...in perpetuity. So the effect of the charitable bequest is multiplied many times over.

Mrs. A's estate will receive a substantial estate tax charitable deduction based on her full \$500,000 gift — in the top 47% bracket in 2005, a \$240,000 tax savings — money that otherwise would have been lost to taxes. But under the charitable bequest arrangement she decides how her "social capital" will be used rather than leaving that decision to the government.

■ **Robert B** owns some condos which have brought in a nice income over the years. But now that his retirement is secure, he no longer wants to be burdened with property management. He could sell the property, but he would incur selling expenses and a substantial capital gains tax — depletion of the assets he would find most unpleasant.

Instead, Mr. B decides to bequeath this specific property to Florida Gulf Coast University. Since the bequest is unrestricted, the University can keep the condos for related use, or sell the units and use the proceeds to meet its ever-changing needs. Mr. B's estate will be entitled to deduct the full fair market value of his property at the time of his death. This will provide the heavily tax-burdened estate with tax relief — but also relief from the time-consuming and expensive chore of selling the property.



Fort Myers resident Ms. Ruth L. Faith with President William C. Merwin. Ms. Faith has funded the Ruth L. Faith Endowed Scholarship Fund for Women in Mathematics and has also included FGCU as a beneficiary in her estate plans.

■ **Claire D** has been a collector of valuable art her entire adult life. She has investigated making a lifetime gift of some of her works to both a favorite hospital and FGCU, but found that her deduction might be limited to her cost basis in the art since there was doubt whether the art could be used for the hospital's charitable purposes. By making a charitable bequest of the artwork, she will be entitled to an estate tax charitable deduction for the full fair market value of the art, regardless of its use by the charitable beneficiaries. The deduction will provide much-needed tax relief for her heirs. What's more, the University and the hospital have the option of retaining the paintings or selling them and using the full proceeds for other purposes without fear of jeopardizing Ms. D's deduction.

■ **Dr. Russell T**, age 77, and his wife, Virginia, age 68, have had a good life, thanks in part to their wonderful experiences in Southwest Florida. Dr. T has talked for some time about "doing something" for FGCU out of a debt of gratitude.

Yet, even though his future is comfortably planned for, Dr. T is still concerned — as so many retired people are — about outliving his resources. Moreover, he is concerned about his wife's ability to manage the family's resources should he predecease her.

Dr. T's solution: He sets up a charitable remainder trust (CRT) in his will which will be activated at his death. The charitable remainder trust will pay his wife a good, fixed annual income. After her death, the remainder interest will go to FGCU to further our good work. His estate will receive tax relief in the form of an estate tax charitable deduction for the present value of the University's remainder interest.

Dr. T learned about this planning opportunity from a colleague who had set up a CRT for FGCU through his will to take care of a disabled child. Both doctors are happy with the arrangement which allows them to "give back" while also taking care of important family needs.

Why Bequests Are So Popular

Despite the many new planned giving opportunities created by our federal tax laws, charitable bequests remain the most popular gift vehicle. There are several reasons why.

Certainly, charitable bequests are easy to make. As a donor, you do not have to contend with the complex rules applicable to the income tax. What's more, you retain full use of your property during life. So there is no disruption of your lifestyle and no immediate out-of-pocket costs.

With a charitable bequest, you simply direct that part of your estate go to your favorite charities. One major reason for having a will is that it gives you the opportunity to direct the use of your hard-earned capital through charitable bequests. Without a valid will, state law will make that decision for you.

A charitable bequest to Florida Gulf Coast University can take many forms to give you considerable flexibility. You also can designate exactly how you want your bequest to be used...or leave it unrestricted so that we have the flexibility to

meet our ever-changing needs. Most importantly, you can change any bequest provision should your personal circumstances change. So you remain completely in control of your financial planning process.

Tax Benefits

While a charitable bequest offers no income tax benefits, every single dollar is deductible for estate tax purposes. Many people don't realize that estate taxes can be even more punishing than income taxes. Rates on taxable estates valued at more

than \$1.5 million in 2005 quickly rise to a staggering 47%. So the estate tax charitable deduction is a major tax incentive.

Beyond tax benefits, charitable bequests give virtually everyone the opportunity to leave some kind of lasting legacy. Every charitable bequest — whether small or large — enhances the educational experience for future generations of students. The opportunity for alumni and friends to participate in that future is what motivates most bequests to Florida Gulf Coast University.

More Ideas about Planning an Effective Bequest

You likely have questions appropriate to your specific situation such as:

- How can I make a bequest to the University so that I first ensure that the needs of dependent relatives are met?
- How can I add FGCU to my list of beneficiaries in an existing will?
- What form should my charitable bequest take? *Should the bequest be a specific asset? A specific dollar amount? A percentage of my estate? Or should I designate some part or the whole of my residue — that which is left after all the estate costs and specific bequests are completed?*

There are advantages and disadvantages to different approaches. You can start finding the answers that best work for you in our new booklet, *Opportunities for Making Charitable Bequests — What Assets Are Best to Give*. To receive a free copy, mail the enclosed card or simply give us a call at (239) 590-1077.



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