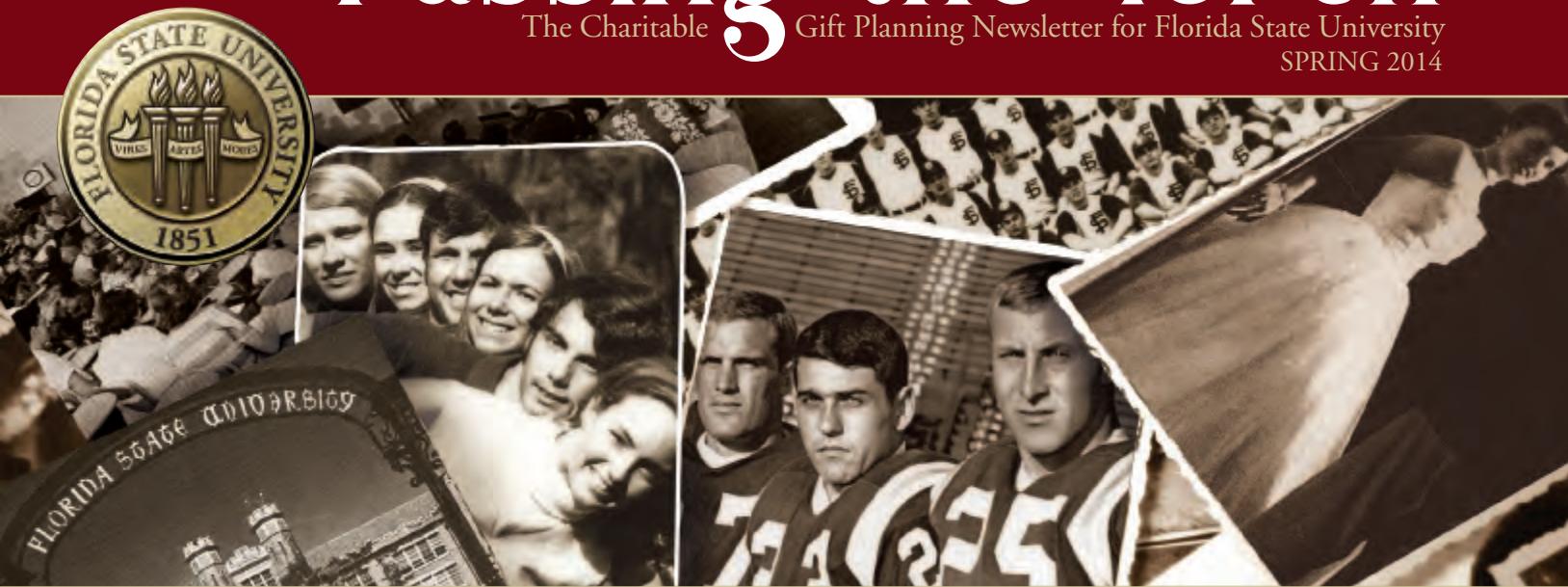


Passing the Torch

The Charitable Gift Planning Newsletter for Florida State University
SPRING 2014



Leading the Way Expert Attorney Discusses Charitable Lead Trusts

Attorney and loyal FSU alumnus Brad Gornto, B.S. '95, is hard at work.

When he isn't counseling his clients on the best ways to keep more of their hard-earned dollars, he's advising them on how to best give to their most important causes.

He credits his strong work ethic to lessons learned during his years at FSU while working in the advertising department of the *Florida Flambeau* (now published as the *FSView & Florida Flambeau*). His passion for charitable gift planning began as a law student while working for a nonprofit foundation supporting higher education. Brad has since put his work ethic and experience in charitable planning to use in not just one, but two successful practices.

After graduating from law school and obtaining a Master of Laws in Taxation, he joined his father in 2001 to form Gornto and Gornto P.A., an estate planning,

tax and business law firm in Daytona Beach, Fla. In 2012, Brad established Effectual Giving LLC, a planned giving consulting firm that helps philanthropists achieve their charitable goals.

Brad uses his expertise to act as the intermediary between charitable organizations and philanthropists to ensure that both parties are engaged in the giving process.

"Too often, people give in isolation without exploring all of their options," Brad says. He encourages donors to be open and communicative with their advisors and with staff at the organizations they choose to support.

Brad helps improve the giving process at Florida State by advising the Office of Planned Giving staff in their efforts to provide the best possible solutions for Florida State supporters. He brings with him a special expertise in the strategy



Brad Gornto and his wife, Cindy, met by chance while separately attending a Florida State homecoming game. The couple is pictured here with their four children.

known as the charitable lead annuity trust, or CLAT, which he describes as a particularly powerful tool given today's low interest rates.

"A charitable lead annuity trust, specifically a reversionary CLAT, is a trust that distributes a series of payments to

Continued on Page 4



The Charitable Lead Annuity Trust

Supporting Veterans, Changing Lives

In recent years, many donors have turned to the long-established planned giving strategy known as a reversionary charitable lead annuity trust when making charitable gifts. A reversionary CLAT is a simple and effective way to support FSU now while generating a large tax deduction and preserving your assets for future enjoyment. And of the many exciting opportunities to support Florida State, few are more important than the Veterans Legacy Complex.

FSU's vision is to be the most empowering university in the nation for veterans. The Veterans Legacy Complex will help make this a reality through the completion of a three-building complex for all things veteran. Let's take a look at the following example to illustrate how a reversionary CLAT can be used to benefit the Veterans Legacy Complex as well as our donor:

Robert is a successful 63-year-old corporate executive and proud veteran whose salary and other taxable income regularly exceeds \$500,000. This year he plans to convert his traditional IRA, valued at \$1 million to a Roth IRA. This means that Robert's adjusted gross income for the current year will be \$1.5 million.

Robert greatly valued his time in the service, and for this reason, he wants to help fund the Veterans Legacy Complex to support student veterans. Robert likes the idea of a reversionary CLAT because it will give him an accelerated charitable income tax deduction in the current year. He also likes the fact that a reversionary CLAT will not disturb his existing estate plan.

After discussing his goals with his key advisors and the FSU Foundation, Robert decides to create a 10-year reversionary CLAT

funded with \$1.5 million in assets. The terms of the CLAT provide that \$60,000 will be paid annually to FSU over the

10-year period, with the remaining balance of the CLAT reverting back to Robert when the 10-year term expires. As a result, FSU will receive \$600,000 over a 10-year period to fund the FSU Veterans Legacy Complex. Robert will receive the following benefits:

- **Charitable income tax deduction of \$533,358 in 2014** (based on IRS rate of 2.2 percent)
- **Actual income tax savings of \$212,210** (Under the charitable deduction limitation rules, Robert will recognize the \$212,210 income tax savings over a two- to three-year period.)
- **Return of the CLAT assets to Robert after 10 years, valued at \$1.5 million** (based on an assumed 4 percent annual rate of return)

A reversionary CLAT can be funded with a variety of different assets, including real estate, closely held business interests or life insurance. The key factor for any donor considering a reversionary CLAT is to establish it in a year when he or she has a high level of taxable income and can most benefit from a large charitable income tax deduction, such as a sale of highly appreciated assets, a large distribution from a retirement plan or significant bonus compensation.



If you would like to learn more about the reversionary CLAT, please contact the FSU Foundation Office of Planned Giving at (850) 644-0753 or plannedgiving@foundation.fsu.edu.

ENDOWMENTS 101

The Gift That Lasts Forever

Many of our donors often ask: *What is an endowment, and how is it different from other gifts I've given?*

An endowment is a permanent gift—a fund you establish in which the principal is invested and only a portion of the earnings are used to help the academic programs you want to support. Because the principal is typically never spent, endowments are meant to last forever, whereas non-endowed gifts are available to be fully spent. Endowments can be named to establish a lasting legacy for a donor or memorialize a friend or loved one.

Endowments are essential to FSU's current and long-term success. When creating an endowment, consider these two options:

An unrestricted fund. If you make a gift without restrictions to an endowment, our leadership will direct the funds to our most critical needs.

A designated fund. You may know in advance what college or program you want your donation to support. The most common types of endowments are endowed scholarships and endowed professorships. The details will be incorporated into a written agreement to govern the endowment, which must be approved by you and Florida State University.

What is the minimum requirement to endow your gift to FSU? Not nearly as much as you may think. The minimum contribution needed to fund an endowment is \$25,000. This contribution can be made all at once, contributed over a period of years, or it can be created through a will bequest or other deferred gift. Many of our donors choose to begin building an endowment today to enjoy the impact it will have in the lives of our students and then ultimately name that endowment in their estate plans to ensure their legacy of giving back.

Regardless of the type of endowment you establish, the satisfaction associated with everlasting charitable giving is immense. One easy way to fund an endowment is by remembering Florida State University in your estate plans.

If you would like to learn more about supporting FSU through an endowment, please contact the Office of Planned Giving at (850) 644-0753, or get more information online at www.one.fsu.edu/endowments.



You Can Change Lives

Choose the gift that helps FSU and your family the most. Find out more in our FREE guide *12 Ways to Support FSU*.



We Won't Forget What You've Done for FSU

We are greatly appreciative of our alumni and friends who choose to include Florida State University in their estate plans. We would like to honor all of the estates that contributed to FSU in 2013. Although these individuals are no longer with us, their legacy lives on through FSU.

Shirley B. Baum, Faculty/Staff

Harriet Brandon, B.A. '18

Barbara J. Edwards, Faculty/Staff

Elizabeth Fannon, B.S. '51

Emma Harter, Faculty/Staff

Henry Herr & Mary Herr, B.A. '41

Mary Alice Hunt, B.A. '50, Faculty/Staff

Richard Joel, Parent, Faculty/Staff

Margaret Kassouny, Faculty/Staff

Virginia Linscott, Friend

Mary Louise Madigan, Parent

Sue Prescott McKemie, Attendee, Parent

Charlotte Palmer McNab, Friend

Elizabeth Piccard, Parent, Faculty/Staff

Carl J. Stanke, Friend

Geraldine C. Turner, B.A. '44

John Welch, B.A. '71

*Addition to 2012 Honor Roll:

Edith E. Trott, B.A. '59



THE FLORIDA STATE UNIVERSITY FOUNDATION

The Florida State University Foundation, Inc.

Office of Planned Giving

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www.foundation.fsu.edu/plannedgiving

Planning Note: Florida State University Foundation, Inc., is the legal entity designated by Florida State University to receive, on its behalf, charitable gifts for the support of its academic mission.

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Continued from Page 1

FSU over a period of years and then distributes the remaining principal back to the donor," Brad says.

He notes that while this type of commitment is often underutilized, it greatly benefits the charity and also provides stability for the donor.

"This strategy can generate a very large charitable income tax deduction for a donor in the current year, without requiring a large lump-sum charitable gift and without disturbing the donor's overall estate plan," he says.

"My years at Florida State were some of the best times of my life," Brad says. "I am thrilled to now be able to use my experience with CLATs and other gift planning tools to help alumni and friends impact the lives of current and future Florida State students."

If you would like to learn more about charitable lead annuity trusts or other planned gifts, please contact the Office of Planned Giving at (850) 644-0753 or plannedgiving@foundation.fsu.edu.



Your Planned Giving Team

Jake Lemon

Assistant Vice President for
Central Development

Matt Johnson

Development Officer

Marcy Khan

Planned Giving Assistant

Mike Dasher
Director

Hovik Arakelian

Development Associate (not pictured)



THE FLORIDA STATE UNIVERSITY
FOUNDATION

***Please complete and return in the
enclosed envelope today. Thank you!***

-
- Please send me the FREE guide *12 Ways to Support FSU*.
 - I would like to learn more about how a charitable lead trust can benefit me.
 - I would like to learn more about creating an endowment.
 - I have included FSU in my estate plans and have not notified you.
 - Please remove me from your mailing list
(Please fill in your name.)

Name (Please print.)

Address

City, State

ZIP

Telephone

Email

We respect your privacy! Information collected here will be kept strictly confidential. It will not be sold, rented, loaned or otherwise disclosed, and it will not be used in ways to which you have not consented.

12 Ways to Support FSU

assets will pass directly to us without going through probate. Simply visit your bank and request to name a beneficiary on your accounts or CDs. You can change beneficiary designations any time you wish.

10 Savings bonds—When you redeem savings bonds, you typically pay income tax on the deferred interest. If you never redeem them, either your estate or the person who inherits them will have to pay the tax. So the best way to bypass the tax burden and make a charitable bequest is for you to add a codicil to your will or an amendment to your living trust that leaves your bonds to us. As a charity exempt from paying income tax, we receive 100 percent of the value of the bonds.

11 Retirement plan or IRA assets—Because tax laws often subject retirement plan or IRA assets to the highest income tax when paid to your loved ones, leaving these assets to charity may be the most efficient estate planning option. We can receive all that's left to us from a retirement plan or IRA. Leaving these same assets to your loved ones, however, can expose the assets to income taxes at their ordinary income tax rate.

12 Real estate—A gift of real estate offers you the opportunity to make a significant gift with a tax-friendly outcome. You can donate real estate in several ways:

■ **Give the appreciated property directly to us.** This earns you an immediate tax deduction for its fair market value and eliminates the capital

gains taxes when you've owned the real estate for more than one year.

■ **Make a gift through your will or living trust.**

Made as part of your estate plan, a charitable bequest gives your estate an estate tax deduction and supports our good work long after you're gone.

■ **Consider a bargain sale.** This is part gift, part sale, meaning we purchase the property from you for less than its current value. This entitles you to a charitable income tax deduction based on the value of the gift portion, reduces your capital gains taxes and provides you with cash from the sale.

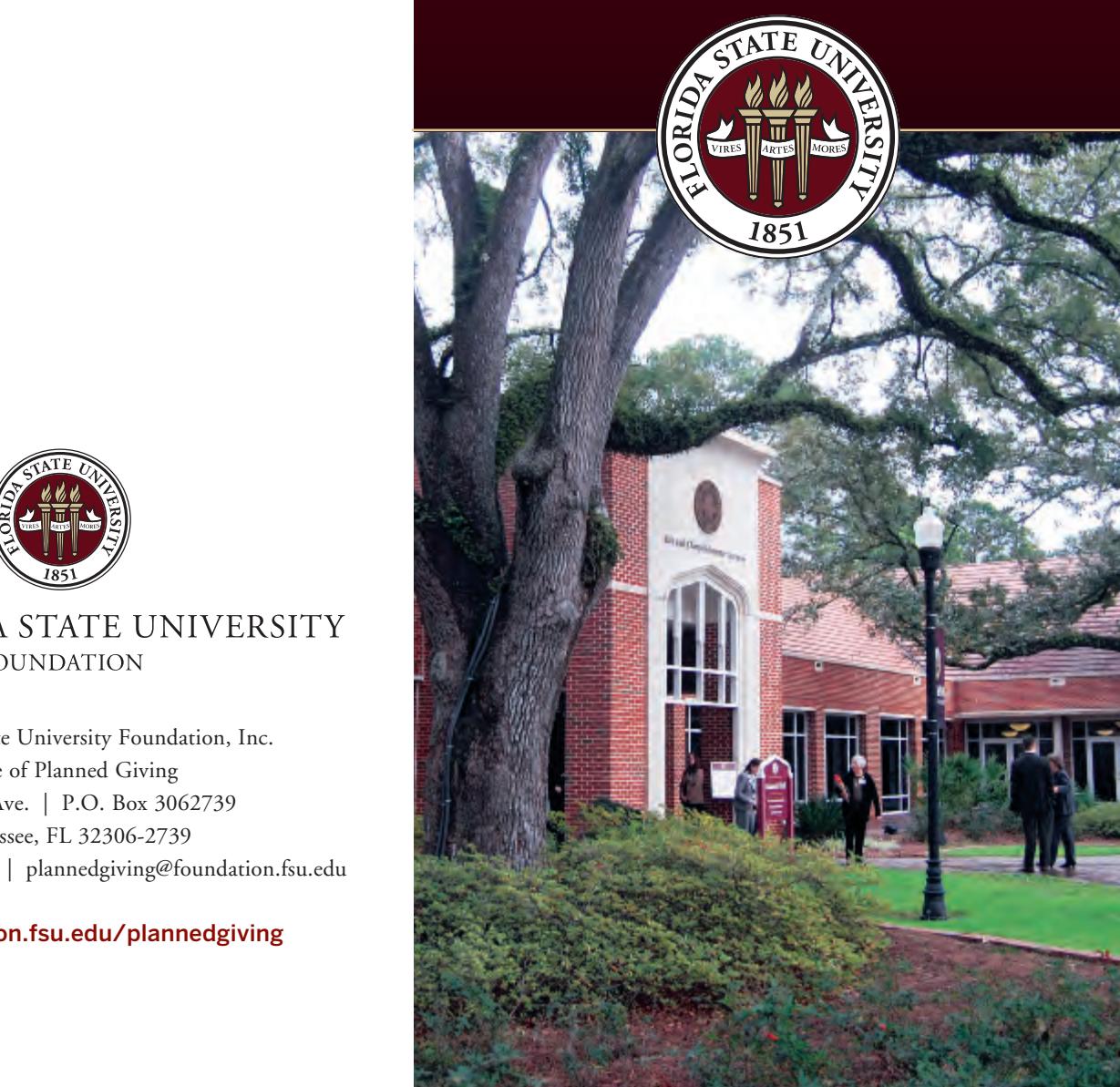
■ **Donate your home but keep living in it.** Through a "retained life estate," you make a gift of your home while retaining the right to use and occupy the property during your life. You realize an immediate income tax deduction for a portion of your home's value.

Ready to Get Started?

We'd be happy to help you start planning the gift that best fits your lifestyle and philanthropic goals. Please contact us today.

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The information in this publication is not intended as legal advice. For legal advice, please consult an attorney. Figures cited in examples are for hypothetical purposes only and are subject to change. References to estate and income taxes include federal taxes only. State income/estate taxes or state law may impact your results.



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You Can Change Lives

Choose the Gift That Helps Us and Your Family the Most

Many people who support our mission say they derive great satisfaction from their generosity and they would like to do more. Here are some ways to support us that you might not have considered. Please feel free to call us to discuss them in greater detail.

Favorite Ways to Make a Gift

1 **Cash**—Nothing could be easier than making a gift of cash. It is the most common gift and the one you probably think of first. In exchange for your gift, you receive an income tax charitable deduction for the full value of the gift up to 50 percent of your adjusted gross income (AGI).

2 **Securities**—Stocks and publicly traded securities are easy to give and offer great tax advantages.

You can:

- transfer the stock to us electronically through your broker, or
- send the stock certificate and a signed stock power for each certificate to us separately through the mail.

Tip: The best stocks to use for charitable giving are those that have increased greatly in value—particularly those producing a low yield that you have owned longer than one year.

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3 **Bequests**—Have you made provisions in your will or revocable living trust to benefit us? Three popular options are to leave us a percentage of your estate after making provisions for family and friends; leave us a specified sum of money; or leave us a particular piece of property.

4 **Life insurance**—Do you have life insurance policies that are no longer needed? For example, maybe you purchased policies for your young children who are now grown. To put them to use, consider donating the policies to us or simply naming us as beneficiary.

Gifts That Give Back to You

5 **Charitable gift annuity**—This is a simple contract between you and us that pays you a fixed dollar amount for your lifetime and that of another individual, if desired, based on your ages at the time of your gift. The older you are at the start, the higher the payment. Plus, you are eligible for an immediate partial income tax deduction.

6 **Deferred charitable gift annuity**—This type offers current tax benefits but delays the payments until you reach an age you previously selected. In exchange for deferring your payments, you receive a higher payment rate and a larger income tax deduction, depending on your age and the length of the deferral period.

7 **Charitable remainder trust (CRT)**—A CRT will pay you either a variable or fixed dollar amount—depending on whether you choose a unitrust or annuity trust, respectively—each year for the rest of your life from assets you place in a trust. After your lifetime, the balance in the trust goes to the charities of your choice, enabling countless others to reap future benefits from your generous gift. Plus, you are eligible for an immediate partial income tax deduction.

8 **Charitable lead trust**—This charitable trust pays income to one or more charities, typically for a period of years, and then the remaining assets in the trust pass to noncharitable beneficiaries, such as family. Based on the circumstances, the type of property used and the intended beneficiaries, lead trusts can have significant estate or gift tax benefits.

Other Tax-Smart Gift Ideas

9 **Bank accounts and CDs**—Are you aware that you can name us as the “payable-on-death beneficiary” of your bank accounts (savings or checking) or on any certificates of deposit? Upon your death, the