

Continued from front page

and reminders of our own situation as students and of those who went out of their way to help when we needed it the most.”

After talking with Col. Stephen Luxion, the current AFROTC Commander, Chuck and Liz learned there were a number of cadets who could use financial help to stay in the program. “Chuck and Liz wanted to see what they could do to help those cadets who were struggling, but have all the leadership potential

to succeed in this program,” Luxion says.

That’s when the couple decided to set up a donor advised fund that would allow them to direct charitable gifts to the causes they cared about most. It also allowed them to designate Embry-Riddle as the beneficiary, so their intentions could be carried out well beyond their lifetimes.

“Setting up the agreement with

Embry-Riddle was easy,” Chuck says. “Now we know that what we are trying to do with our gift will be executed.”

Liz calls it “an opportunity to touch the future” by investing in tomorrow’s leaders. “When we talk with the ROTC cadets, we see they are clearly willing to help their country and use their talents toward making the United States a better place,” she says. “We want to make it easier for them to make that commitment.”

Making stocks work for you and Embry-Riddle students

For more information about the Legacy Society contact:

Bernadine Douglas
Associate Vice President
of University Development
600 S. Clyde Morris Blvd.
Daytona Beach, FL 32114
386-323-5090
E-mail: Bernadine.Douglas@erau.edu

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www.ergiftplan.org

Thinking of making a stock gift to Embry-Riddle this year? Here are some tips to make a charitable gift of stock or other appreciated assets:

Never Sell The Stock - Even if you sell and give all the money to charity seconds later, you lose many of the tax benefits. Always transfer; never sell stock before making a gift to Embry-Riddle.

Gifts of Stock vs. Gifts of Cash - If you regularly make cash gifts, consider making a stock gift instead. Then use the cash you would have given to us to replace your stock gift. That way you avoid capital gains on the “old” stock and acquire the “new” stock at a higher basis.

Work with an Advisor - If you hold many stocks, work with your advisor

to determine which would make the best gift for you tax-wise.

Giving stock should always be as easy as it has been to hold it. For more information about transferring stock to Embry-Riddle, contact Bernadine Douglas, Associate Vice President of University Development at 386-323-5090.

November 2012

FLIGHT PLAN

THE PLANNED GIVING NEWSLETTER OF EMBRY-RIDDLE

Embry-Riddle’s First Cadet Gives Back

Chuck and Liz Graf create safety net for future cadets with planned gift



As the very first Cadet to enroll in Embry-Riddle’s Air Force ROTC program, Chuck Graf (’75, DB) has a special place in his heart for what has become the largest university Air Force ROTC Detachment in the nation. Not because he was first, but because the scholarship he received to participate in the program gave him and Liz, his high-school sweetheart and wife of 39 years, an opportunity for a better life.

It’s that kind of turning point that Chuck and Liz hope to create for other deserving Air Force ROTC students with their planned gift to Embry-Riddle. By designating Embry-Riddle as the beneficiary of

their donor advised fund, they will create a needs-based scholarship for AFROTC students who show great leadership qualities but might need financial help to continue their studies.

“There are a lot of great potential leaders out there who, for various reasons, might not have the highest grades, but have the ability and potential to do great things,” Chuck explains. “We want to help them stay in school and be successful in their careers. It will give them a safety net that wasn’t there before and hopefully create those turning points that meant so much to us.”

Now happily “retired” back home in Florida after Chuck’s 25-year career in the Air Force and 12 years as a principal engineer for Lockheed Martin, the couple has returned to the source of their good fortune, getting involved with Chuck’s old detachment and giving back where they can. They attend commissioning ceremonies, serve as mentors, and host dinners at their home for soon-to-be graduating cadets. Recently, Chuck was asked to become an Honorary Commander at the detachment, which he accepted as a great honor.

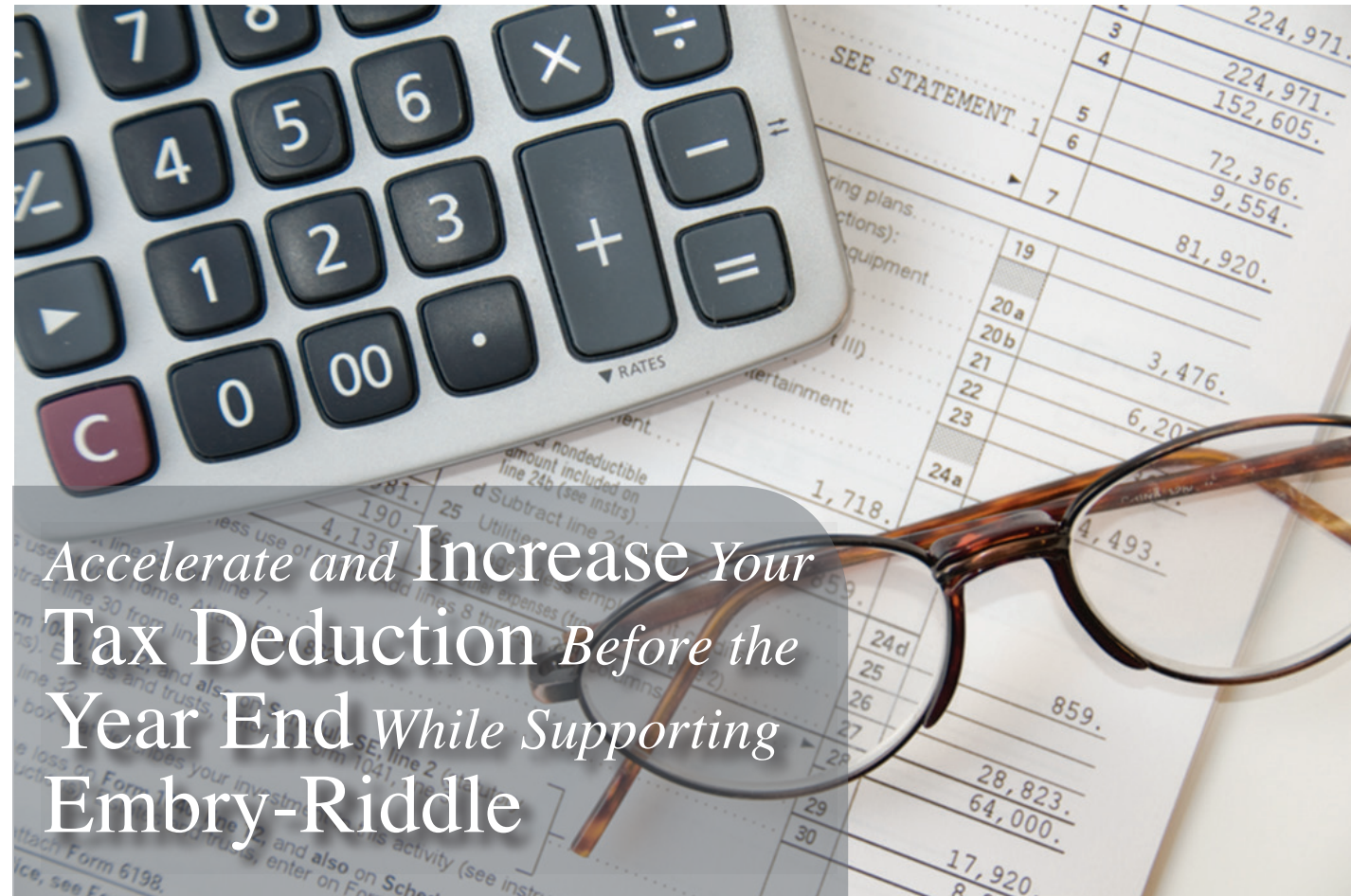
“Interacting with Detachment 157 struck a chord,” Chuck says. “It brought back a flood of memories

ARTICLES

Making stocks work for you and Embry-Riddle

Accelerate and increase your tax deduction before the year end

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Accelerate and Increase Your Tax Deduction Before the Year End While Supporting Embry-Riddle

Introducing the iCLAT™, a Powerful Giving Strategy Crafted for Donors Who Can Benefit from a Large, Accelerated Charitable Income Tax Deduction in the Current Year

Donors are increasingly turning to the well established (but underutilized) giving strategy known as a Charitable Lead Annuity Trust (CLAT) to maximize their income tax deduction when making charitable gifts, particularly those made on an annual basis. With the applicable IRS interest rate at an all-time historically low level of 1.0%, donors have a great opportunity to receive a very large, “accelerated” charitable income tax deduction in the year in which they make their first in a series of annual gifts.

Now, establishing a CLAT is easier than ever before, thanks to an innovation called the iCLAT™, a variation on the traditional CLAT that greatly simplifies the overall implementation and administration for both the donor and the charity.

What are the benefits of an iCLAT? Consider the case of Meredith, a successful 63-year-old aerospace engineer and alumna of Embry-Riddle who is planning to retire in 2014:

With Meredith’s professional success, she is consistently in the highest income tax bracket of 35% (scheduled to increase to 39.6% in 2013). Because her adjusted gross income regularly exceeds \$500,000, Meredith wants to reduce

“*With the applicable IRS interest rate at an all-time historically low level of 1.0%, donors have a great opportunity to receive a very large, “accelerated” charitable income tax deduction in the year in which they make their first in a series of annual gifts.*”

her taxes, if possible. Over her lifetime Meredith has accumulated a net worth of \$3 million, including

\$2 million in a brokerage account. Meredith has more than sufficient income to maintain her standard of living, even after she retires, due to the pension that she will receive.

Meredith has been a consistent annual donor to Embry-Riddle, making annual gifts ranging from \$5,000 to \$30,000 per year. She wants to implement a “pledge-like” agreement with the university to give back to her alma mater and establish a scholarship program in her family’s name.

Meredith learned about the iCLAT™ as a potentially viable technique to accomplish her charitable goals. After discussing her goals with her advisors and the Embry-Riddle Development Office, Meredith decided, before the end of 2012, to transfer \$1 million of her marketable securities portfolio to a new 10-year iCLAT™ account, of which Meredith will serve as the trustee. The terms of the iCLAT™ provide that \$30,000 will be paid annually to Embry-Riddle

over a 10-year period, with the remaining balance of the iCLAT™ account reverting back to Meredith after that period. As a result, Embry-Riddle receives \$300,000 over 10 years and Meredith will receive an estimated:

- **Income Tax Deduction of \$284,139 in 2012**

- **Income Tax Savings of \$99,448**
(Based on Meredith’s current \$500,000 adjusted gross income (AGI), she will realize the entire \$99,448 of actual tax savings over a three-year period, due to the applicable 20% AGI charitable deduction limitation rule, which is precisely when she expects to retire and will no longer be able to benefit from such large charitable income tax deductions.)

- **Return of \$1,058,657 at the end of 10-year period**
(Assumes a 3.5% annual rate of return).

There are many ways to set up an iCLAT™ gift to ERAU and they can be funded with a variety of assets, including real estate, closely held business interests and life insurance. If you would like to know more about the iCLAT™ or how you can otherwise support Embry-Riddle, please contact Bernadine Douglas, CFRE, Associate Vice President of University Development at 386-323-5090, or Bradford B. Gornto, JD, LL.M., President and Founder of Effectual Giving, LLC at either 888-262-0594 or brad.gornto@effectualgiving.com.

(Mr. Gornto, who works with Embry-Riddle and its donors, is the creator of the iCLAT™, as well as a nationally recognized expert on CLATs and other planned giving strategies.)



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