

HORIZONS



FOUNDATION INC.
Florida Atlantic University

A FINANCIAL & CHARITABLE PLANNING GUIDE FROM
THE FLORIDA ATLANTIC UNIVERSITY FOUNDATION

YOUR SUPPORT CAN LAST FOREVER

HAVE YOU CONSIDERED ESTABLISHING AN ENDOWMENT FUND? IT'S A POWERFUL WAY TO SUPPORT US INDEFINITELY—IN YOUR NAME OR IN THE NAME OF A LOVED ONE—WHILE ALSO REALIZING TAX BENEFITS.

How It Works

An endowment program is simply the time-honored method of allocating certain gifts to an investment fund. This fund is invested to earn income each year, and as the principal grows, so does the income. The fund income is used to support our work, but the principal remains invested to make the fund last forever.

When you make a gift to our endowment fund, it can be immediate or deferred. Either way, your gift can provide support long into the future.

Crunching the Numbers

Suppose you'd like to make sure The FAU Foundation receives \$1,000 every year after your lifetime. If we spend 5 percent of our

endowment each year—this doesn't mean our endowment earns a total return of 5 percent, only that we spend that amount; we reinvest the difference to offset inflation—you would need to make a gift of \$20,000 for us to get \$1,000 annually forever.

Annual gift amount:	\$1,000
Divided by the amount called for in the spending policy:	5 percent
The amount needed to endow your gift:	\$20,000

Also, if the value of the endowment grows beyond the spending amount, so does the income. For example, with a total return of 10 percent in one year and with



**Establishing an endowment is easy.
Call us to get started.**

only a 5 percent spending rate, the other 5 percent is reinvested. By the second year, the value of the fund is 5 percent higher, or \$21,000, and your gift to us becomes \$1,050.

We Can Help

Endowment funds ensure the future of our mission and enhance the quality of our opportunities for service. Call us to learn more about establishing your forever gift. ■

RECEIVE INCOME FOR LIFE

If you want to support The FAU Foundation and receive income for life, consider a charitable remainder trust. When you think about this type of plan, ask yourself two important questions: “What assets can or should I put into the trust?” and “What will I get out of it?” Your answers will form the basis of your trust.

The Basics

When you contribute to a charitable remainder trust, you make a future gift to us. In return, you receive income for life and an immediate tax deduction. Depending on the type of assets you contribute, you may be able to unlock appreciated investments and increase your current yield. If you wish, you can also secure a life income for a loved one.

Funding Choices

A charitable remainder trust can be funded with a variety of assets—it’s up to you. While some assets are easier to transfer, you’ll want to consider other important issues, such as asset availability and capital gains tax savings. Here’s a rundown of four popular possibilities.

1. Cash. Writing a check is the least complicated way to fund the trust.

The trustee can then invest the funds in a diversified portfolio of securities.

2. Appreciated stock. Long-term, highly appreciated stock is an ideal funding choice, especially if it now produces only a modest income. Contributing low-yield stock can immediately boost your cash flow by means of a higher payout from the trust. You escape an up-front tax on the stock’s capital gain, and you receive a substantial income tax charitable deduction. Similar opportunities exist for mutual funds and other appreciated securities. These assets are easily transferred to the trust.

3. Real property. You can contribute any type of long-term appreciated real estate, providing it’s unmortgaged, and realize benefits similar to those for a stock gift. The real property may be a residence (a personal residence must be vacant upon contribution), undeveloped land, a farm, commercial property, a condominium or stock in a cooperative housing corporation.

4. Closely held stock. Except for S corporation stock, you can benefit from the contribution of appreciated stock of a closely held business interest that you’ve owned longer than one year. This often works best when the shares are then redeemed for cash by the corporation, provided there is no advanced arrangement for redemption. A cash redemption enables the trustee to reinvest the proceeds in a diversified portfolio and make income payments to you.

Benefits of a Charitable Remainder Trust

- **Income choices.** You have two payout choices: an annuity trust or a unitrust.
 1. *An annuity trust* pays you, year after year, the same dollar amount you choose at the start.
 2. *A unitrust* pays you, each year, a fixed percentage of the net fair market value of the trust assets, revalued annually.Potentially, either plan may increase your income.
- **Tax savings.** When you itemize, you receive a sizable income tax charitable deduction. The exact amount of your deduction will depend on your age, how high the payout is and other factors. You incur no up-front capital gain when you transfer appreciated assets to the trust, so you bypass the capital gains tax.
- **Personal satisfaction.** You feel good knowing that your generosity will strengthen The FAU Foundation and further our mission. Call us to learn more about this beneficial way to provide support. ■

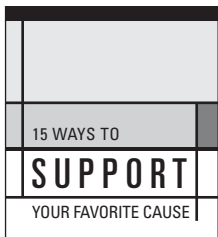
Planning your giving allows you to:

- Choose the organization or cause you want to help without the pressure of countless requests.
- Align your giving objectives with the values you prize and want to inspire in others.
- Know how your philanthropy will impact society and improve the future.



With a charitable remainder trust, you can provide income for life to a loved one.

PROTECT RETIREMENT INCOME FROM INFLATION



You Can Make a Difference

Discover innovative ways to provide support in our **FREE** guide, **15 Ways to Support Your Favorite Cause**. Simply return the enclosed reply card to receive your copy.

A CHARITABLE REMAINDER UNITRUST IS A PROVEN WAY TO SHIELD YOUR RETIREMENT INCOME FROM INFLATION AND HELP MEET THE NEEDS OF THE FAU FOUNDATION.

When you create a unitrust, you decide what percentage of its value you would like as annual income. Every year thereafter, you will receive that fixed percentage of the unitrust's net fair market value, which is redetermined annually. After your lifetime, we will receive the remainder of the unitrust assets. If you choose, you can have the unitrust provide income to another individual for his or her lifetime as well.

Example: You fund a 7 percent unitrust with \$100,000. You receive a payout of \$7,000 the first year. The next year, the unitrust assets are worth \$110,000, so your checks total \$7,700 (7 percent \times \$110,000). If at the second valuation the unitrust is worth \$90,000, you are paid \$6,300 (7 percent \times \$90,000).

With a unitrust, as its market value changes each year, your income changes.

The results depend on the performance of the unitrust investments.

If you're more concerned about a declining market than inflation, a charitable remainder annuity trust, in which you receive the same dollar amount each year for life, may be better for you.

Whatever your choice, your greatest reward is the satisfaction you derive from an important contribution toward our future needs.

How to Find the Best Plan

Your age, estate size and income level must all be carefully considered when determining which gift to The FAU Foundation will best fit your needs. We'd be glad to consult with you and your legal or tax advisors to find a plan that benefits you. ■

ESTATE PLANNING

More Than Just a Will

A COMPREHENSIVE ESTATE PLAN CONTAINS MANY COMPONENTS, EACH OF WHICH YOU CAN TAILOR TO FIT YOUR OWN CIRCUMSTANCES.

The accumulation of possessions over a lifetime is called an estate, and its disposition after your death is called estate settlement. Your estate may be settled with or without your guidance. Estate planning is the means by which you have a direct hand in the disposition and management of your possessions after your lifetime.

The Importance of a Will

The tools available for estate planning are flexible and provide an opportunity for adjustment. A will is the basic element in an estate plan. By using the appropriate legal phrasing, your will, updated to reflect your most current family and financial circumstances, can ensure that nothing is

overlooked and that your estate passes to those you wish. Without a will, the state decides who gets what, with no regard for your desires for distribution to family, friends and causes you care about.

Beyond the Basics

A truly effective estate plan includes a plan for assets that pass outside the terms of your will, such as IRAs and most life insurance policies. Estate planning can help to ensure that your heirs are protected and your wishes are carried out after your lifetime. That's why a plan is important, regardless of the size of your estate.



By exploring your estate planning options, you can help your heirs along life's paths, even after you're gone.

Make a Difference With Your Plans

If you're thinking about an estate gift to The FAU Foundation, we can work with your attorney or financial advisor to suggest ideas that can blend your family obligations with your philanthropic desires. Give us a call today. ■

A POWERFUL NEW TOOL

With just a few clicks of your mouse, you can explore your charitable options and even make an immediate gift to support our mission. Just go to FAUF.org/giftplanning.

Charitable giving has never been so easy!



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