



# Yacht Sale makes Great Gift and Lasting Legacy

New Ideas from the Development Office

Volume 1

After his stint as an F-4 fighter pilot in Vietnam and a 30-year career as a captain with a major airline, Jerry Baer had finally achieved his dream. He was living in the Caribbean and sailing his yacht to exciting new ports of call. Making new friends, living in paradise, and making a good living as the owner of his own yacht chartering business. Now that is what you call a fruitful retirement and a great success!



Jerry's "Bearcat" Yacht

And it was success for several years until new goals began to emerge in Jerry's mind. One new goal had its origins many years ago when Jerry was serving with his Navy fighter squadron in Vietnam. He had been a proud member of the Phantom "Phylers" Association for many years (named for the group of veteran F-4 pilots). He was bound and determined to help his association restore his old squadron's ready room onboard the USS Midway Museum.

But how was Jerry going to pursue this new goal while tending to his very successful yacht charter business? Well, Jerry did what most bright guys do. He called a professional! His CPA, Floyd Gies, had given Jerry a few ideas on how he could pursue his new passion and enjoy tax breaks at the same time to benefit himself and his new association. Jerry's CPA suggested that instead of selling the yacht charter business, he donate it to a Charitable Remainder Trust or CRT.

A Charitable Remainder Trust (CRT) is a tax-advantaged trust that can pay income for the life (lives) of the donor(s) or term of years with the remainder of the trust passing to the charitable institution upon the death of the donor(s), or at the end of the term of years. He then consulted with his attorney, Cap Pinney, and after carefully comparing various legal and tax scenarios, he decided this action made great sense. But how do you make this all happen? By taking his time, Jerry began to understand that each part of this transaction is a very important step and if not done properly will not garner the benefits he set out to achieve! Jerry's first step was to donate his shares of Baer Cat Yacht Charters which owned the business's only major asset, the yacht, to the CRT. Next, Jerry sought to find a buyer for the yacht and after several months of working with a yacht broker, he found one. After the buyer purchased the yacht from the CRT, the proceeds were invested into a diversified portfolio at Charles Schwab with Jerry acting as trustee. Jerry feels that he made the perfect decision and by implementing this CRT strategy he:

1. Saved the capital gains tax he would have had to pay on the sale of the business.
2. Received a substantial tax deduction from donating the business to the CRT.
3. Receives a substantial amount of yearly income from the CRT, a major portion of which is income tax free!
4. Knows that after he and his wife pass away, the USS Midway Museum and the Phantom "Phylers" Association will receive a substantial portion of the CRT's remainder interest.

Jerry also feels that his CPA and attorney's advice were invaluable in introducing the many benefits of a CRT, thus illustrating the value of having competent advisors. Jerry is now donating his time as a committed volunteer of the USS Midway Museum's ship restoration group. Most recently he has been seen putting the finishing touches on the refurbishment of his Phantom Phylers Ready Room and is a very happy man!



Jerry is very much like many philanthropic people. He is passionate about his work and would like to see the fruits of his earthly labor benefit the charitable institutions he cherished so fondly during his lifetime. We all realize the current economy has been a burden for many people wishing to give. However, according to a major January 2009 survey, a majority of donors say these current economic woes will not change their giving plans. In fact, in difficult times such as these, donors become more committed to their cause and they begin to develop alternative ideas to help them carry out their philanthropic goals.

If you're reading this and know someone like Jerry, please contact the USS Midway Museum's Planned Giving Director, Jim Eckel. Jim is a Certified Financial Planner and loves to work with people such as Jerry to help them fulfill their charitable goals. Your referral just might lead them to discover a new alternative giving idea and make them a happy person just like Jerry!

For more information:

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