ALLEYTHEATRE
NINA VANCE LEGACY SOCIETY

Applause

Alley Theatre's Financial, Estate and Gift Planning Newsletter Winter 2017

WHAT'S INSIDE

Keeping Alley Theatre State-of-the-Art

The renovation of the Alley Theatre was the spark that ignited John Eymann's involvement with the Alley. "I've always enjoyed going to the Alley, and when I learned that I could have my name etched on an armrest by contributing to the capital campaign, I thought that was a great idea." He took a backstage tour, and came away impressed by the new amenities the theatre has now, especially the leading-edge technology on stage and in the "front of house."

John is originally from Illinois and moved to Houston from Chicago in 1993 to take a new position with his company, Amoco. He was an IT application support analyst and traveled throughout the country to supervise the software in Amoco's chemical plants. When BP merged with Amoco in the early 2000s, his job was outsourced. Over the next few years, he worked as a contractor for various companies, but noted that in many of those positions he worked from the same office.

John Eymann
Nina Vance Society Legacy member

In the late 1990s, John began volunteering for NPR on KUHF (now unified as Houston Public Media) during their membership drives. As a dedicated volunteer and donor, he got to know the staff and the organization. "In 2009, I started looking for other jobs, and by chance, KUHF was looking for an IT person. I was nearing retirement and knew I could afford a downshift in pay." Though it was a vastly different industry, the database work was fundamentally the same. He worked for PBS for more than seven years until his official retirement last August.

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Keeping Alley Theatre State-of-the-Art *(continued from front page)*

What does he enjoy the most about retirement? "No schedules. Actually, I do plan, but I don't have to follow it." During his retirement, he is capitalizing on his passions, which range from the outdoors (hiking and biking in state and city parks) to the cultural (photography and the visual and performing arts). One of his current activities is choosing a Houston neighborhood and spending the day there exploring the shops, events, restaurants and parks. John has been an avid traveler throughout his life and has visited numerous U.S. cities. He enjoys seeing the museums wherever he goes, and is a member of the Museum of Fine Arts, Houston, which he visits once or twice a month.

In addition to being an Alley seat donor and an annual fund donor, John decided to include the Alley Theatre in his estate plan. "For the past eight or nine years I've been studying up on personal finance; I wanted to get my ducks all in a row. I reviewed my retirement accounts and learned a lot about beneficiary designations."

John's wish for the Alley is "to keep up the good work." The Alley, in turn, is deeply grateful for John's planned gift, which will help ensure that our state-of-the-art theatre will continue to be enjoyed by audiences for decades to come.

2017 Tax Year Planning

If you will be 70½ or older in 2017 and own an IRA, there is something you should know. In 2015, Congress permanently enacted the law that allows you to make gifts from your IRA directly to charity and avoid taxes.

IRA gifts can satisfy all or part of a required minimum distribution, reducing your taxable income for 2017. You can transfer up to $100,000 to a qualified non-profit such as the Alley Theatre. No charitable deduction is allowed, but donors avoid the income tax that would otherwise be owed on a withdrawal. In addition, donors who don't itemize their tax deductions can also benefit from this opportunity. The basic rules for making an IRA rollover gift can be found on the Alley Theatre's website at alleytheatre.org/plannedgiving.

Photo by Lynn Lane

Melissa Pritchett in the Alley Theatre's production of *Born Yesterday*

> **"I believe that in a great city, or even in a small city or a village, a great theater is the outward and visible sign of an inward and probable culture."** – Sir Laurence Olivier

The Care and Feeding of Your 401(k)

The home once represented the largest investment for most people, but in recent years, many people have found that the value of their retirement accounts exceeds that of their homes. That's great news, since IRAs, 401(k)s and other qualified retirement plans – unlike a residence – are liquid assets that retirees can easily tap to pay living expenses. It also means, however, that careful attention should be paid to those assets while they're still growing. Not only is it important to contribute as much as possible to retirement plans, it's also vital to nurture them.

An IRA is generally established by the taxpayer, unlike a 401(k) plan, which is offered by an employer. The employer may match employee contributions up to a certain level, helping the accounts grow faster. In some cases, employees have a limited choice of investments within the 401(k); in others, the assets can be invested in a wide range of stocks, bonds and mutual funds. When an employee leaves an employer, the employee generally has four options for their 401(k):

1. Roll the funds directly over to an IRA through a trustee-to-trustee transfer. It's best to establish a new IRA, rather than add the funds to an existing IRA, to preserve the ability to transfer the funds to a new employer's 401(k) account at some later date.

2. Transfer the funds to the new employer's 401(k), particularly if a wider range of investment options is available. Determine first, however, if there's a waiting period for participating in the program.

3. Leave the funds in the old employer's plan, if allowed. This may make it harder to keep track of the account.

4. Take the funds out in cash. This is the worst choice, because the withdrawal will be subject to income tax and possibly a penalty for early withdrawal.

Before making any moves with the money in your 401(k), check with your financial adviser or your tax attorney about the tax consequences and investment opportunities available with the various choices.

Top Items to Give to Charity

Although more than 80% of U.S. households make charitable contributions each year, only a small fraction of those donors think to include charity in their estate plans. Here are some of the best assets to leave:

■ **U.S. savings bonds** – Your heirs would face income taxes and possibly state or federal estate taxes on these assets, but bonds you leave to the Alley Theatre in your will would pass tax free.

■ **Assets not needed for heirs' future security** – This could include life insurance originally purchased when children were young. You can retain ownership of the policy and name the Alley the death beneficiary, or transfer ownership of the policy now.

■ **Retirement accounts** – You can name us to receive part or all of an IRA or qualified retirement plan – and avoid all taxes. Just ask for a new beneficiary form. If you are married, your spouse will need to sign a waiver, except for IRAs.

■ **Accounts receivable of professionals and business owners** – Accounts receivable are 100% taxable to a person's estate or the beneficiary who receives the accounts – unless that beneficiary is a tax-exempt organization, such as the Alley Theatre.

■ **Other "tax burdened assets"** – Installment sale notes, accrued royalties and renewal commissions of insurance agents also avoid tax when used for charitable bequests.

If you'd like to include us in your estate plan, we'd be happy to assist you or your attorney.

DID YOU KNOW?

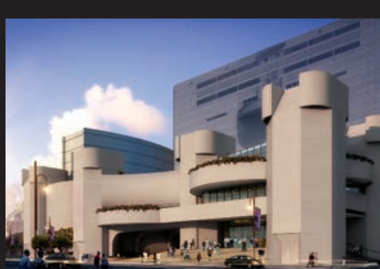
The Alley's renovation included the addition of a six-story fly loft with a computer-controlled rigging system with 28 automated lines (battens) to "fly in" scenery, lights, stage effects and, sometimes, people to the stage. It's the same rigging system used by Cirque du Soleil in Las Vegas and Disney. The Alley is the only major non-profit theatre in the U.S. to have this system.

Free Booklet

The Alley Theatre is offering a **FREE** publication entitled ***Planning Your Retirement***, which poses some important questions to think about when planning this milestone in your life. The publication is available by mail or e-mail and there is, of course, no obligation. For your free copy, simply return the enclosed card in the envelope provided.

If you would like to make a gift for the future of the Alley Theatre, our legal name is Alley Theatre and our Tax ID number is 74-1143076.

Masthead photos: Jeffrey Bean in Cyrano de Bergerac (photo by Michal Daniel). Jennifer Laporte and John Feltch in To Kill a Mockingbird (photo by T. Charles Erickson).



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