

ALLEY THEATRE

VARIOUS TYPES OF PLANNED GIFT VEHICLES

- Gift in a Will – A bequest is the most familiar and most common planned gift. With a gift through a will (or living trust), you retain full use of your gift during your lifetime. The gift can be expressed as a certain amount, a certain asset, or a percentage (part of or all) of the residue of an estate. If you already have a will, a simple codicil can be drafted by your attorney. The legal name and address to benefit the Alley in a will (or a trust) is: **Alley Theatre, 615 Texas Avenue, Houston, Texas 77002. Our Tax ID number is 74-1143076.**
- Qualified Retirement Plan Assets (examples are an IRA, 401(k), and 403(b)) – Beneficiary designations of a qualified retirement plan can be partial or full. A donor can request from his/her plan administrator a beneficiary designation form which can be completed and sent back to the company administering the plan. The gift is often expressed by a percentage. The gift is revocable and can benefit one or more charities from these assets that are expensive, due to many possible taxes that are deferred for a family to inherit.
- Life Insurance Policies – (Gift of Ownership, or Beneficiary Designation). If a donor gives ownership of a life insurance policy to charity during life, he/she may get an income tax deduction. If a donor designates a charity as a beneficiary, usually a percentage, no income tax deduction is allowable since it is revocable. The gift is realized at the insured's death with possible estate tax savings.
- Gift of Real Property Subject to Life Estate – Gift of a primary residence, vacation home or farm. Older individuals can deed real estate to the Alley Theatre and retain on the face of the deed the right to occupy the property for the rest of their life/lives. Life tenants are responsible for the taxes, insurance, care of property during their occupancy. They are entitled to an income tax deduction for the charitable remainder value which could simplify their estate.
- Charitable Remainder Trusts – These trusts are irrevocable when funded. They must follow statutory terms even in payout (5% is minimum, and best choice for most) and be in the form of an annuity trust (pays fixed amount, cannot be added to) or a unitrust (variable payout based on market performance, can add to). They require a trustee. These trusts can pay income for one or more lives, such as to a donor and a spouse, or for a term up to 20 years, such as for younger beneficiaries like children.
- Charitable Lead Trusts – These trusts are also irrevocable. They are a good option for periods when interest rates are low and stock values are depressed, yielding a higher charitable deduction and ability to leverage the gift or estate tax deduction. It's a vehicle in which to provide funds to a charity now with the asset(s) eventually returned to the family, usually the donor's children or grandchildren.

- Testamentary disposition of all U.S. government savings obligations – U.S. savings bonds are a good testamentary gift to the Alley Theatre as well as other charities since the donor would pay income tax if he/she gave bonds during life. The donor can designate in a will or trust that all or some government obligations go to various charities in various percentages.
- Gifts Other Than Cash – Use appreciated (often low yield) real estate or stock to give DIRECTLY to a charity or to fund a charitable income arrangement (e.g., charitable remainder trust). The donor can enjoy significant tax and income advantages such as avoiding capital gain recognition and receive income from the full amount not reduced for taxes, plus an income tax deduction.
- Donor Advised Fund – If you have established a Donor Advised Fund, you can name the Alley Theatre in your fund succession plan as a beneficiary to receive a certain dollar amount or a percentage of remaining assets in the fund. This can occur at your death or other specified time in the future.

Did You Know?

- You do not need to be wealthy to make a planned gift. Gifts of all sizes are equally appreciated.
- Several planned gift vehicles (e.g., gift in a will or trust, beneficiary in a qualified retirement plan) are revocable.
- A planned gift might provide valuable tax savings for you and your heirs.
- You do not need to submit legal documentation for membership in the Nina Vance Legacy Society.
- You can be an anonymous member in the Nina Vance Legacy Society.
- You have the option to designate your gift such as for the Alley Theatre Endowment.
- One consideration is to “endow” your annual gift so that your financial support of the Alley will continue in perpetuity. The formula to determine the amount needed to endow your gift is 20 times the current amount of your annual contribution. For example, an annual gift of \$1,000 multiplied by 20 is \$20,000. A gift of \$20,000 from your estate will ensure that the annual income distribution from the Alley’s endowment will equal your current annual gift.

For more information, please contact:

Mary Kay Wittrock
 Director of Planned Giving
 Alley Theatre
 615 Texas Avenue
 Houston, TX 77002
 Phone: 713-315-3378
 E-mail: marykayw@alleytheatre.org

This printout is for informational purposes only. You should, of course, consult your own legal, tax or financial planner as to the applicability of any item to your situation.