

ALLEY THEATRE

NINA VANCE LEGACY SOCIETY



Applause



Alley Theatre's Financial, Estate and Gift Planning Newsletter

Summer 2017

WHAT'S INSIDE

- Plan Ahead to Avoid Family Feuds
- How to Handle an Inheritance
- Free Booklet
- Did You Know?

Supporting the Arts through Her Estate Planning

Cindy Macias' first introduction to the Alley Theatre was in May 2004 when she attended a performance of *A Funny Thing Happened on the Way to the Forum*. The theatre experience made such an impression on her that she and her husband David decided to become eight-play season subscribers the following year.

When the Alley introduced the inaugural Alley All New Festival in February 2016, Cindy became equally captivated with the creative process. She attended most of the new play readings and workshop performances, one of which was the hip-hop, coming-of-age play *Syncing Ink* by NSangou Njikam. She truly enjoyed seeing the culmination of the development process one year later with the world premiere production of the play in the Neuhaus Theatre in February. This season, Cindy took full advantage of the Festival's 2017 offerings. Her favorite Festival workshop performance was *The Carpenter* by Robert Askins.



Cindy Macias
Nina Vance Legacy Society Member

In May of 2016, Cindy's personal life took a dramatic turn: David, her husband of 23 years, passed away. In the months following his death, she reviewed her estate plan, which included updating her will. Cindy made the decision to include gifts to charitable organizations that had played a significant role in her life, one of which was the Alley Theatre. She remarked, "The Alley was a natural choice. It is important for individuals in the community to support the arts, and the Alley Theatre, as a Tony Award-winning theatre, is one of the best in the nation." Cindy added, "I have enjoyed my

(continued on back page)

Plan Ahead to Avoid Family Feuds

Everyone would like to think that heirs will get along well after the reading of the will. The reality is, however, that many simmering feuds boil over when it comes time to distribute assets among family members. Try as they might, parents aren't always able to divide assets evenly. Here are some ways to minimize future friction over inheritances:

■ Have a serious discussion with your children now, particularly if your estate will not be divided equally. You may choose to leave more to one child than the others for any number of reasons (medical concerns, financial setbacks or simply to even out assistance given to the others during your lifetime). If the children don't know in advance why some are treated differently, it may result in lingering hard feelings.

■ Disputes often arise when family members must decide how to divide personal property. If there are specific items that you wish to leave to certain family members (e.g., the grandfather clock to the oldest child or the diamond earrings to the daughter), write a letter of instruction. Unlike a will, a letter of instruction is not a legal document, so it can be changed without the rigid requirements for witnessing. Or, you could give these assets during your life, to assure that they pass as you wish. This also removes the value of the items from your gross estate. Keep in mind the relative value of the items left to your children. You may wish to have periodic appraisals done to keep the values roughly equal. The appraisals will also help the executor prepare a valuation for estate tax purposes.

■ Consider different options for the family home. The house can be sold, with the proceeds divided equally among the children. If one child wishes to live in the home, you can leave the home to that child and give assets of equal value to the other children. Another option is to allow one child to purchase the home from his or her siblings. The



Photo by Lynn Lane

Elizabeth Bunch and Jay Sullivan in the Alley Theatre's production of *Dry Powder*.

same can be done with a vacation home, or it can be left in joint ownership, for the continued enjoyment of all family members.

■ When designating assets for the children, consider the tax consequences. For example, life insurance passes free of income tax to the beneficiary, while an IRA is subject to income tax when the beneficiary takes distributions.

If you name the Alley Theatre as the beneficiary of part or all of a retirement account, income tax is avoided on that share.

How to Handle an Inheritance

In the coming years, more baby boomers are likely to find themselves the recipients of at least one inheritance as members of the pre-boomer generations pass away. These sudden windfalls may create as many problems as opportunities. There are several things to keep in mind when receiving an inheritance:

- Don't rush into anything. An estate can take a while to settle, especially when lots of relatives are involved. You may be emotionally and financially vulnerable. It's best to take your time and consult with financial experts about how to structure your assets. You may wish to pay off debts or a mortgage or rebalance your portfolio.

- Calculate your potential tax liability. Although an inheritance is generally income tax free, there may be income taxes to pay on certain assets such as qualified retirement accounts, U.S. savings bonds and other assets that have never been taxed. Taxes not only reduce the value of the inheritance, but heirs may land in a higher income tax bracket, as well, resulting in higher taxes on other income. If your income in future years is likely to increase, we can show you gift ideas that provide you with income tax deductions today, income for life – some favorably taxed – and future assistance for the Alley Theatre.

- Check your investment portfolio. Your portfolio may be thrown out of balance with the addition of new assets. Thanks to the step-up in basis at death for most

estates, heirs can sell stocks without having to worry about capital gains taxes on the appreciation. It's a good idea for a financial adviser to review the investments after an heir receives an inheritance.

- Review your own estate plan. Some estates may be subject to estate taxes. There may also be state estate and inheritance taxes to consider. If your estate is or will be above the amount sheltered from estate tax, consider the various charitable options that will provide for family members and the Alley Theatre, and will entitle your estate to a deduction.

- Get expert advice on dealing with IRAs, 401(k)s and other retirement accounts. You may be able to spread the receipt of distributions over your life expectancy, providing you a steady stream of income and minimizing the taxes you pay each year.



Free Booklet

Every woman reading this newsletter needs an estate plan, whether she owns large amounts of property or little, whether she is the head of a large household or has no dependents.

To help you in your estate planning, the Alley

Theatre has a publication that provides a comprehensive guide for today's woman facing tomorrow's problems and opportunities. We encourage you to send the enclosed card for your **FREE** copy of *Estate Planning for Women*.

Supporting the Arts through Her Estate Planning *(continued from front page)*

experiences with the Alley, and the plays and actors are always extraordinary.”

Cindy also appreciates the importance of the Alley’s education and community engagement programs. She fully supports the idea of getting students involved at an early age. She was exposed to the arts as a child and enjoyed several years of studying piano and ballet.

As a corporate security manager for Bank of America for more than 30 years, Cindy continues to find her job rewarding, exciting and different every

day. She is an avid reader on a wide range of topics. She is also a wine-tasting enthusiast and enjoys traveling. Most recently, Cindy visited Iceland, which she highly recommends as a get-away destination.

During her estate planning review, Cindy requested a few of the resource publications that the Alley offers free of charge. In this issue, we are offering a new guide – *Estate Planning for Women*. To request the free publication, please return the enclosed reply card.

“I have enjoyed my experiences with the Alley, and the plays and actors are always extraordinary.”

DID YOU KNOW?

The Alley started its first-ever subscription series in 1962 – 16 years after the company was founded. The inaugural 1962-63 subscription series offered seven plays for the price of six. A choice seat for all seven plays was \$18 for a weekday package. The subscription series encompassed *Beckett*, *The Hostage*, *Life With Father*, *The Taming of the Shrew*, *An Inspector Calls*, *Long Day’s Journey into Night* and a summer production of *Bernardine*.

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 Felth in To Kill a Mockingbird (photo by T. Charles Erickson).



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