Remembering Tarrant Hancock

This year marks the 10th anniversary of the passing of Tarrant Hancock, a former Alley Theatre board member, who died following a long and courageous battle with cancer. A strategic thinker who advised and assisted emerging technology companies, she used her talent and her enthusiasm for the arts to the Alley’s great advantage.

After spending her early career in New York, Tarrant returned to Houston in 1984 to become director of investor relations for Compaq Computer Corporation. *Institutional Investor* named the investor relations program she designed during her decade-long tenure at Compaq the “best . . . in the industry by far.” Tarrant went on to start her own successful consulting company in 1994.

Tarrant joined the Alley’s Board of Directors during its 40th anniversary season, 1986-87. She was an active member of the CenterStage patron program, hosting opening night events and encouraging friends to support the Theatre. An avid traveler, Tarrant participated in theatre trips to New York and London led by Alley staff members.

Although her declining health forced her to curtail attendance at Alley performances and events, Tarrant remained supportive of the Alley until her death in January 2002. In addition, she created a trust through her estate that produced a $250,000 gift to the Alley Theatre. This extraordinary gift was directed to the Staging the Future capital campaign, which helped fund the construction of the Center for Theatre Production and secured Tarrant Hancock’s lasting legacy at the Alley.

A gift from a charitable remainder trust is one of the many vehicles that can provide meaningful support for the Alley Theatre – along with lasting recognition for the donor. Gifts of all sizes are welcomed and deeply appreciated because of the time and consideration involved in making a planned gift. For more information, please contact our office or visit our website at alleytheatre.org/plannedgiving. All inquiries are kept confidential.
Make a Gift, Keep Lifetime Income

Tarrant Hancock chose to leave a legacy gift via a charitable remainder trust. This type of planned gift is a remarkable tool for blending the personal goals and aspirations donors have for themselves, their families and charities such as the Alley Theatre. Rather than make a bequest to benefit the Alley’s future, you may find it extremely advantageous to create a lifetime trust under which you (or others selected by you) will be paid annual benefits for life. The trust property will benefit the Alley Theatre only when the trust comes to an end. Consider the benefits:

- An immediate tax deduction is available. The amount of the deduction will depend on the ages of the income recipients and the amount of the payments you want to receive each year.
- You can transfer stocks or other appreciated property to the trust without losing anything to capital gains taxes on your paper profit.
- You can choose between fixed payments (an annuity trust) or a variable income plan (unitrust) and decide the amount of income you will receive each year. In many cases, your income will be favorably taxed.
- The cost of settling your estate will be minimized and there may be valuable estate tax advantages.

Are You Ready for Social Security?

Don’t expect to walk into the Social Security office on your 66th birthday and find a check waiting for you. You’ll need to start paperwork several months before that first payment is ready. Before that, you should verify that your earnings have been properly reported. Social Security formerly mailed annual statements to all wage earners, but those notifications have been halted for many workers. Instead, the information is available at socialsecurity.gov. The website also contains calculators, charts and answers to frequently asked questions.
Personal Planning Before Year’s End

On January 1, 2013, many favorable income tax provisions are scheduled to expire, leaving taxpayers with higher tax rates, fewer tax breaks and the return of various penalties. Taxes on capital gains and dividends would go up, as well.

Will our lawmakers allow all this to happen? The answer to that question probably won’t be known until a “lame duck” session of Congress convenes toward the end of the year. To help with your planning amid this uncertainty, we are pleased to offer our comprehensive new publication, **Personal Planning Before Year’s End**. We encourage you to request your free copy.

Our new guide book reviews conventional year-end tax planning strategies and how anticipated tax changes might impact today’s tax and investment decisions. Estate plans also should be reviewed, and perhaps revised, depending on what Congress does about tax exemptions. Finally, the remainder of 2012 may represent a “window of opportunity” to assist charities that are important to you. The June 9th edition of the *Wall Street Journal* contained a long article suggesting that, in view of various “sunset” provisions contained in current tax laws, the tax rewards for charitable giving may never be better than they are now in 2012. Furthermore, the incentives for giving could decline considerably after this year under legislative proposals that could:

- Limit the tax savings of donors in high tax brackets;
- Permit deductions only above a certain floor (similar to medical expense deductions);
- Replace the charitable deduction with a less generous tax credit;
- Calculate donors’ tax savings under a lower “flat tax” rate.

With all that in mind, 2012 may be the best time to follow through with important contributions you may have been considering to organizations such as the Alley Theatre, including gifts of stock that have grown in value (and that you have owned more than one year). Charitable remainder trusts may also appeal to individuals who wish to “custom design” gifts that provide them with lifetime income.

For your **free** copy of **Personal Planning Before Year’s End**, simply return the enclosed card in the envelope provided or call our office. We would be happy to mail or e-mail you a copy of our valuable and timely new publication.

“*Theatre is simply what cannot be expressed by any other means; a complexity of words, movements, gestures that convey a vision of the world inexpressible in any other way.*”  
– Eugene Ionesco
A Legacy That Can Last for Decades

The typical scenario: A husband designates his wife as the beneficiary of his IRA. At his death, his wife rolls the IRA over into her own account and takes distributions over her lifetime.

A better strategy: The husband designates his wife as the beneficiary of his IRA, names the couple’s children as secondary beneficiaries and any living grandchildren as the beneficiaries in the event his wife and children die first.

By naming children and grandchildren, the wife now has the option to “disclaim” her interest in the IRA. The children would become the named beneficiaries of the IRA and could take distributions over their much-longer life expectancies. And if the children don’t need the funds, they too can disclaim, in which case the grandchildren could withdraw funds over their life expectancies.

In many cases, the amount that is withdrawn will be less than the account is earning tax-sheltered each year. As a result, the IRA will continue to grow. Take the example of a $250,000 IRA with the wife, age 72, as the beneficiary. She has a 15.5-year life expectancy according to IRS tables, so she would withdraw $250,000/15.5 or $16,129 (6.45%). However, if her 16-year-old grandson were the beneficiary, he has a 66.9-year life expectancy and would have to withdraw only $3,737 or about 1.5%, allowing the additional $12,392 to continue growing.

Your financial advisor can help determine whether this strategy will work for you and also help draft the necessary beneficiary designation documents or perhaps a trust for young beneficiaries. Keep in mind that any withdrawals from a traditional IRA, whether made by the surviving spouse, children or grandchildren, are subject to income tax. You can also name a charity such as the Alley Theatre as partial or full beneficiary of your retirement accounts. Your estate will be entitled to a charitable deduction, and the income tax will be avoided on our portion.

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

DID YOU KNOW?

The Alley Theatre is the only producing arts organization in Houston’s Theatre District that owns and operates its own performance building and production center. And, the Alley owns these facilities debt free.

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