Goodman Theatre PLANNED GUIDE

Goodman

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Cover: Photo of Goodman Theatre. Photo by Steven Gross.



Chic Street Man, Cleavant Derricks, Anderson Edwards, Tosin Morohunfola, Larry Marshall and E. Faye Butler in Pullman Porter Blues. Photo by Liz Lauren.



Dear Friends,

For over 90 years, Goodman Theatre has been dedicated to three core values central to our mission-quality, diversity and community. These principles guide everything we do and have helped the Goodman develop into a major cultural resource, contributing to American theater on a local, national and international level.

The Goodman strives to provide season after season of top-quality productions; and each season includes an array of work that is unmatched in our country—a mix of reimagined classics and bold new plays from the next generation of theater artists. Goodman productions speak to our collective humanity, seeking to promote cultural diversity, inclusion, risk-taking and freedom of expression. With award-winning, in-depth and free educational and community programs developed in collaboration with educators and community partners across Chicago, the Goodman also utilizes each play on its stages to support the well-being of its community.

This success would simply not be possible without you-our dedicated audience and donors. We hope you are as proud as we are of the amazing growth our Theater has achieved.

This guide provides you with information about ways to support the Goodman through your estate plans and about the benefits of membership in The Spotlight Society, which plays a unique role in the life of our Theater. Spotlight Society members are forward-thinking individuals whose testamentary gifts help ensure Goodman Theatre will be here for generations to come. Their special gifts are critical to our artistic and programmatic excellence and our continuing commitment to the community. As you consider including the Goodman in your legacy, we hope the enclosed information will be useful.

Please join in the effort to endow this important cultural institution. On behalf of all of us at Goodman Theatre, we thank you for your consideration of such a meaningful gift.

Most Sincerely,

Robert Falls Artistic Director

Roche Schulfer Executive Director

REMEMBERING GOODMAN THEATRE IN YOUR ESTATE PLAN Bequest, Living Trust and Estate Note

BEQUEST IN YOUR WILL

A bequest is a gift made through your Will. You can make a bequest of a specific sum of cash, stock or property (gift of real estate, or tangible property such as musical instruments, art and manuscripts) or a percentage of an overall estate. The full amount of your charitable bequest will then be deducted from your estate for death tax purposes. You may find it helpful to review bequest language with a charity you wish to put in your Will for a number of reasons, particularly so both parties fully understand the intent of your gift. The review will help the executor of your Will simplify the estate distribution process.

LIVING TRUST

If you establish a living trust, you appoint a trustee and grant the legal right to manage and control the assets held in the trust to that person. You can act as your own trustee so long as you are able to do so. A trust agreement specifies the persons or charitable organizations ("beneficiaries") who are to receive the income and principal on or after your death. The agreement gives the trustee guidance and certain powers and authority to manage and distribute the trust property in a prudent fashion. The trustee is a fiduciary, one who occupies a position of trust and confidence and who is required to complete very specific responsibilities. A trustee is held to higher standards of

performance than would apply to someone who is dealing with his or her own property. Without your express written permission, the trustee cannot use trust property for his or her own personal use, benefit or selfinterest. The trustee must hold the trust property solely for the benefit of the trust's beneficiaries.

Generally assets already owned by your living trust pass to your beneficiaries without court proceedings known as probate. Avoiding probate may save some costs and time, and protect your beneficiaries' privacy (the probate process is public, while distribution through a trust is not).

You may name a charitable organization as a beneficiary in your living trust, to receive a specific dollar amount, a percentage of the trust assets or specific property such as stock or real estate. You can change the beneficiaries of your living trust at any time during your life.

ESTATE NOTE

An estate note is an irrevocable pledge that is legally binding against your estate. You can use an estate note to pay Goodman Theatre with a designated sum or a specified percentage your estate at the time your death. An estate note can be paid off in whole or in part with outright gifts during your lifetime.

A LEGACY AT THE GOODMAN Mr. and Mrs. Reginald Taylor

Mr. and Mrs. Reginald Taylor have been avid supporters of Goodman Theatre throughout their lives. In fact, one of their first dates was to see Arthur Miller's new play, Death of a Salesman, at the Goodman in the 1950s. This was an evening they never forgot. The Taylors plan to leave their two children, Sarah and C.J., a substantial portion of their estate, but they are also interested in supporting Goodman as part of their legacy. They decide to leave 20 percent of their total estate to Goodman from their living trust.

In advance of finalizing their decision with their legal representatives, the Taylors meet with Goodman development staff. They discover that their gift to the Goodman, which will be upward of \$250,000, will allow them to receive, in perpetuity, recognition in the Goodman's Classics Fund, which supports the work of their favorite playwrights – Arthur Miller, Tennessee Williams, Eugene O'Neill and William Shakespeare, among others. Their names will appear forever in the Goodman program each time a classic work is presented. They are thrilled with the idea of helping future generations enjoy these classic plays, while finding such an effective way to maintain their legacy at the Goodman.

(i) WHAT TO DO

The legal name for Goodman Theatre, as registered with the Internal Revenue Service, is Chicago Theatre Group, Inc. You can make a gift to Goodman in your estate by using the following language, "I hereby give and bequeath to Goodman Theatre, incorporated as Chicago Theatre Group, Inc., a not-for-profit corporation in Chicago, Illinois (specific amount, percentage of estate, or specific property) for general purposes." Please contact your legal counsel to make any changes to your will or trust.

Individual Retirement Accounts, Pension, Profit Sharing and 401(k) Plans

Many types of retirement plans pass at death to the beneficiaries you have designated for them. Some of these vehicles include individual retirement accounts (IRAs), pensions, profit sharing and 401(k) plans, Section 403(b) Plans (including TIAA-CREF and similar plans for government, school and hospital employees), stock bonus and employee stock ownership plans (ESOPs), and most types of tax-sheltered annuities and deferred compensation arrangements.

In an estate, retirement plans may be subject to two taxes – estate taxes after death and income tax as the funds are received by a beneficiary. This produces a very high combined rate of tax, which diminishes the value of the retirement plan to a non-spouse beneficiary.

If you designate Goodman Theatre as a beneficiary of this type of asset, you can avoid these taxes. Bequests to charitable organizations, such as Goodman Theatre, are not subject to estate taxes, whether made by Will or by beneficiary designation. Charitable beneficiaries also are exempt from income tax.

You can also name a charity as a "contingent beneficiary," or "secondary beneficiary," to receive a retirement plan at your death if the first named, or primary beneficiary, does not survive you. This is a useful planning tool for several reasons. It is always good planning to consider the possibility of an unusual or unexpected order of deaths. And even if your first named beneficiary survives you, he or she may wish to make a gift out of your retirement plan to a charity in order to avoid a confiscatory tax, such as that illustrated on the next page. By naming your favorite charity as your contingent beneficiary, you allow your primary beneficiary to refuse or "disclaim," part or all of your retirement plan benefits, which will then pass to your charity of choice.

(i) HOW TO DO IT

You can easily designate the Goodman as a beneficiary for your retirement plan. Simply request a new beneficiary designation form from the plan administrator, and name "Goodman Theatre, incorporated as Chicago Theatre Group, Inc., a not-for-profit corporation in Chicago, Illinois," as your primary or contingent beneficiary, in whatever amount or percentage you choose.

Mike Nussbaum and Catherine Combs in Smokefall. Photo by Liz Lauren.

A LEGACY AT THE GOODMAN Peter Mamet

Peter Mamet is a professor who is widowed and lives in Illinois. Professor Mamet has accumulated a TIAA-CREF retirement benefit of \$500,000. He also has other assets of \$4,000,000, consisting of a home, insurance and an investment account inherited from his parents. If Professor Mamet leaves his TIAA-CREF benefit to his children, the combined estate and income tax burden on the account in Illinois will be about \$308,000, or 61 percent. His children will receive \$192,000 out of the \$500,000 retirement after tax. If Professor Mamet designated Goodman Theatre as the beneficiary of his retirement plan, there will be no estate tax on the assets in the plan at his death. His children will receive \$4,000,000 after taxes, and Goodman will receive \$500,000. By forgoing a gift of \$192,000 to his children, Professor Mamet creates a \$500,000 gift for a charity he loves.

* This example assumes a federal estate tax exclusion of \$5,450,000, an Illinois estate tax threshold of \$4,000,000 and a federal income tax rate of 33 percent.

Life Insurance

Life insurance pays a specified amount on the insured's death to the designated beneficiary. One way to make a gift to a charity is to name it as the beneficiary of your life insurance policy.

For example, you could make a gift of \$1,000,000 to a charity upon your death by purchasing a \$1,000,000 life insurance policy and naming the charity as the beneficiary. Your cost would be the premiums required to maintain the policy. If you made Goodman Theatre the owner of the policy, you could receive an income tax deduction for the annual premiums you pay.

If you make Goodman Theatre the owner of an older policy that has cash value, you would be entitled to a charitable deduction for the cash surrender value of the policy.

A LEGACY AT THE GOODMAN John Shakespeare

John Shakespeare, age 55, wants to make a gift to Goodman Theatre and fund it with life insurance. Mr. Shakespeare purchases a \$100,000 life insurance policy, with annual premiums of \$800 for the first ten years. If he makes Goodman Theatre the owner and beneficiary of the policy, he is entitled to a charitable deduction of \$800 each time he contributes that amount for the Goodman to pay the premiums. Also the insurance policy is not subject to estate tax.

Mr. Shakespeare has accomplished the following:

- Made a generous gift to Goodman Theatre; and
- Qualified for a substantial income tax deduction

(i) EVERY GIFT COUNTS

Gifts of every size strengthen the future of Goodman Theatre! Please consider meeting with the theatre's development representatives to learn how your gift impacts the Goodman and to hear more about our recognition program.

Charitable Gift Annuity

A charitable gift annuity is a contribution to a charity such as Goodman Theatre in exchange for an annuity paid to you for life. Through a charitable gift annuity, a supporter can simultaneously satisfy several important objectives.

You can acquire a charitable gift annuity by contributing cash or securities (such as stocks or bonds) in exchange for the annuity. A donation to secure a charitable gift annuity will result in an immediate income tax deduction for a portion of that amount. In exchange for the contribution, you will receive an annual payment for life. The amount of the annual payment depends on your age at the time the annuity is purchased. Under the tax laws, a portion of each year's payment will be subject to income tax at the ordinary rates, and a portion will be considered a tax-free return of the funds used to purchase the annuity initially. The payments will continue each year of your life. You can arrange for an annuity that is paid quarterly, semi-annually or annually.

(i) REMEMBERING THE GOODMAN

This guide is meant to provide ideas about ways to remember the Goodman in your estate plan. However, each person's situation is different, and many considerations enter into your overall estate planning. Be sure to consult with your tax advisor or estate-planning attorney regarding the best decisions for you.



With a charitable gift annuity, you can:

- Support Goodman
 Theatre.
- Retain an annual payment ("annuity") for life.
- Obtain an immediate income tax deduction for a portion of the amount used to purchase the annuity.

A LEGACY AT THE GOODMAN Mrs. Becky Gilman

Mrs. Becky Gilman owns \$50,000 of stock that she purchased years ago for \$20,000. If Mrs. Gilman sells her stock, \$30,000 will be taxed as long-term capital gains. Instead of selling the stock, Mrs. Gilman decides to contribute it to Goodman Theatre to purchase a charitable gift annuity. She receives an immediate income tax deduction for a portion of the \$50,000. Going forward, Mrs. Gilman's annual annuity payment will consist in part of ordinary income, in part of long-term capital gain and in part of a tax-free return on her original contribution. The amount of Mrs. Gilman's income tax deduction, as well as the amount of her annuity, will depend on her age and interest rates at the time the annuity is purchased. The Goodman Theatre development office and Mrs. Gilman's legal representative assist her in finalizing these details.



Charitable Remainder Trusts

A charitable remainder trust allows you to put assets into a separately managed trust that will provide you or other beneficiaries with income for life or for a specific number of years. You can use a variety of assets to fund the trust, including stock, securities and real estate. If you establish such a trust to benefit the Goodman, the trust assets will be distributed to Goodman Theatre at the end of the term.

There are two types of charitable remainder trusts:

CHARITABLE REMAINDER UNITRUST This type of trust gives you, or another designated beneficiary, a **fixed percentage** of the principal in the trust each year. The principal is revalued annually. You are taxed on the unitrust payment based on the type of income earned by the trust. You can make additional gifts to the trust at any time.

CHARITABLE REMAINDER ANNUITY TRUST

A charitable remainder annuity trust pays a **fixed dollar amount** to you or your designated beneficiary annually, thus providing the security of a steady income. Additions to an annuity trust are not permitted.

A LEGACY AT THE GOODMAN Mr. and Mrs. Gary S. Kaufman

Mr. and *Mrs.* Gary *S.* Kaufman's investments have grown in value over many years. Rather than paying a significant capital gains tax, they choose to establish a charitable remainder unitrust, which will benefit Goodman Theatre and provide them with an income stream.

The charitable remainder unitrust will pay them a fixed percentage of the trust assets annually, and they initially fund the trust with \$100,000 of stock. This gift entitles them to an income tax deduction of the present value of what the Goodman will receive after they die. They can add to the trust at any time. No capital gains taxes are paid on the sale of the stock, and the Goodman will eventually receive a substantial contribution.

The Kaufmans have accomplished the following:

- Helped secure the future of Goodman Theatre with a significant gift;
- Ensured annual income for their lives (the amount of the unitrust payment will be adjusted annually);
- Obtained an income tax deduction;
- Avoided or deferred capital gains taxes;
- Removed assets from their estates; and
- Created an opportunity to reallocate their investments with capital gains tax.



Goodman Theatre has received Tony Awards for *Death of a Salesman*, *Long Day's Journey Into Night* and as an Outstanding Regional Theatre; received the Pulitzer Prize for Drama for *Ruined*, the Goodmancommissioned play by Lynn Nottage and has been recognized by *Time* magazine as the Number One Regional Theater in the U.S. By providing for the Goodman in your estate plan, you will ensure a legacy of excellence!



JOINING THE GOODMAN THEATRE SPOTLIGHT SOCIETY Spotlight Society Membership

Spotlight Society members are subscribers, donors, trustees, and friends– who are committed to creating a stable future for the Goodman by making a special gift to the Theatre in their estate plans.

Called America's "Best Regional Theatre" by Time magazine, Goodman Theatre has won international recognition for its artists, productions and programs, and is a major cultural, educational and economic pillar in Chicago. Goodman Theatre has garnered hundreds of awards for artistic achievement and community engagement, including two Pulitzer Prizes, 22 Tony Awards (including "Outstanding Regional Theatre" in 1992), nearly 160 Joseph Jefferson Awards and more. Under the leadership of Artistic Director Robert Falls and Executive Director Roche Schulfer, the Goodman's artistic priorities include new plays, reimagined classics, culturally specific work, musical theater, and international collaborations. Diversity and inclusion have been primary cornerstones of the Goodman's mission for 30 years; over the past decade, 68% of the Goodman's 35 world premieres were authored by women and/or playwrights of color, and the Goodman was the first theater in the world to produce all 10 plays in August Wilson's "American Century Cycle."



As a Spotlight Society member, you can take pride in knowing that your generosity will be a part of Goodman Theatre forever. Your membership allows you to enjoy benefits not available to the general public that include:

- Invitations for you and a guest to "behind-the-scenes" events as they occur throughout the season.
- Access to VIP Patron Services:
 - priority subscription renewals and ticket exchanges
 - purchase House Seats
- One complimentary evening each season for up to six guests in the Goodman Lounge with drinks and light hors d'oeuvres
- Opportunities to learn more about estate planning and the newest tax laws from the Goodman's Advisory Council
- Recognition as a member of the Spotlight Society in the Onstage program throughout each season; on the Spotlight Donor Wall in the Goodman lobby; and on the Goodman website.



estate planning gift options Quick Reference Guide

	Goal	Action	Benefit
Bequest, Living Trust and Estate Note	Defer a gift until after lifetime	Include a gift to Goodman Theatre in your Will or living trust	Donations are fully exempt from federal estate tax
Individual Retirement Account (IRA)	Avoid twofold taxation on IRA or other employee benefit plans	Name Goodman Theatre as the primary or contingent beneficiary	Avoid income and estate tax, you can leave other assets with less tax liability to family
Life Insurance	Make a large gift at modest annual costs	Name Goodman Theatre as the beneficiary, or as the owner and beneficiary	Income tax deductions for premium payments if Goodman Theatre owns the policy
Charitable Gift Annuity	Receive annual fixed income that is partially tax-free	Create charitable gift annuity	Current income tax deductions and guaranteed income
Charitable Remainder Annuity Trust	Receive fixed income for life leaving remainder to Goodman Theatre	Create charitable remainder annuity trust	Current income tax deductions and opportunity to diversify investments

Arranging a planned gift with Goodman Theatre allows you to share your passion for live theater with future generations, while you gain many tax advantages and other benefits for your estate. Goodman staff are always available to talk about ways to give and recognition programs. We also advise that you consult your attorney or financial advisor to arrange a planned gift.

Glossary of Terms

Annuity

A contract or agreement by which one receives a fixed dollar amount for a lifetime or fixed number of years in exchange for a transfer of assets.

Beneficiary

A person or entity designated as the recipient of funds or other property in a will, trust or financial contract.

Bequest

The process of giving stocks, bonds or any other assets to beneficiaries through the provisions of a will. There is a federal tax deduction to the estate for any gifts to charity.

Capital Gains Tax

The tax levied on profits from the sale of capital assets, such as stock, bonds and real estate.

Charitable Trust

A legal agreement whereby title to property is conveyed to an individual or entity to benefit a charitable institution.

Contingent or Secondary Beneficiary

The beneficiary you designate to receive a gift at your death if the first-named, or primary, beneficiary does not survive you.

Deferred Giving

A type of planned gift arrangement that brings immediate benefits to a donor and future benefits to the recipient charitable institution.

Fiduciary

A trustee, or one who occupies a position of confidence.

Gift Tax

A federal tax imposed on the transfer of money or property from one living person to another by gift, payable by the donor.

Income Tax

A tax on any money earned during the year, usually filed on an annual basis.

Irrevocable Gifts

A completed transfer of assets to the charity that cannot be changed or undone by the donor.

Inheritance Tax

A tax imposed on the receipt of property by inheritance. The tax is paid by the recipient and is calculated based on how much the recipient receives (not how much the decedent had). Some states have an inheritance tax instead of an estate tax.

Living Trust

A legal agreement in which a trustee is granted the right to control and manage assets held in a trust under which the person creating the trust has the right to amend or revoke it at any time.

Long Term Capital Gains Tax

The tax levied on profits from the sale of capital assets, which are held for at least 12 months.

Policy Owner

The person who owns a life insurance policy. This is usually the insured person, but it may also be a relative of the insured, a partnership, corporation or charitable organization.

Probate

The legal process of administrating an estate by resolving all claims and distributing property under a valid will, usually supervised by the court.

Revocable Gifts

A flexible arrangement that the donor may change or revoke at any time during his or her life. Arranging a planned gift with Goodman Theatre allows you to share your passion for live theater with future generations, while giving you tax advantages and other benefits.





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