PLANNED GIVING
The Legacy Circle

<u>Glossary of Terms</u>

The following terms are commonly used when discussing estate planning and planned giving. A brief definition of each is offered here for your reference.

Administrator
The person appointed by the court to manage one's estate when he/she/they dies without leaving a will. Administrators have the same duties as executors.

Beneficiary
An individual or organization designated to receive benefits or funds under a will or other contract, such as an insurance policy, trust, or retirement plan.

Bequest
A gift received through a donor's will or other estate-planning document. This is the simplest and most popular way to make a legacy gift.

Charitable Lead Trust
As trust that pays The Public income from a donated asset for a set number of years, after which time the principal passes to the donor's beneficiaries with reduced estate or gift taxes

Charitable Remainder Trust
Created to hold assets that produce an income stream for the donor and/or a loved one, for life or a period of years. At the termination of the trust, the remaining assets are transferred to The Public.

Executor
The person named in a will to administer a person's estate. Also called "Personal Representative" in some states.

Gifts By Will
Gifts by will may be fully deducted in determining federal and state taxes on your estate. This is an outright gift from your estate which The Public can use in full toward your gift designation.

Irrevocable Gift
A gift that cannot be annulled, undone, or changed.

Life Insurance
Naming The Public Theater as the beneficiary of your policy, your estate will receive a charitable deduction from the estate taxes for that gift.

Living Will
A legal document directing that the maker's or signer's life is not to be artificially supported in the event of a terminal illness or accident.

Power of Attorney
Legally appointing an individual as your "Attorney-in-Fact," allowing that person to take charge of your financial affairs in the event of incompetency or disability.

Retirement Accounts and Retirement Plan Assets
Qualified plans like IRAs and 401(k) accounts that permit individuals to accumulate savings tax-free for retirement. It is possible to make a planned gift by naming a charity as beneficiary of a retirement account.
Naming The Public Theater as a whole or partial beneficiary of your retirement plan (IRA, 401(k), or 403(b)) will reduce the size of the taxable assets of your estate. Retirement plans assets may be subject to both estate and income tax before an individual – other than spouse – can receive them after your death. Combined taxes on retirement plan assets may reduce the amount by as much as 75%. Since The Public Theater is a non-profit, we do not pay income tax on the distribution, nor will the gift be subject to estate tax. This means the entire amount is received by The Public, and your heirs will benefit from the reduced estate tax burden.