



# THE WILSON SOCIETY

of Hospital for  
Special Surgery  
Fall 2006

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Hospital for Special Surgery is an affiliate of NewYork-Presbyterian Healthcare System and Weill Medical College of Cornell University.

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For more information about planned giving, visit us online at [www.hss.edu/plannedgiving](http://www.hss.edu/plannedgiving)

HOSPITAL  
FOR  
**SPECIAL  
SURGERY**



## “A Class Act”

Wilson Society member Peter Haring Judd, PhD, has said that from the moment he walked through the doors at Hospital for Special Surgery he knew he was in the right place to receive exceptional care. “Special Surgery is truly a class act,” he remarked.

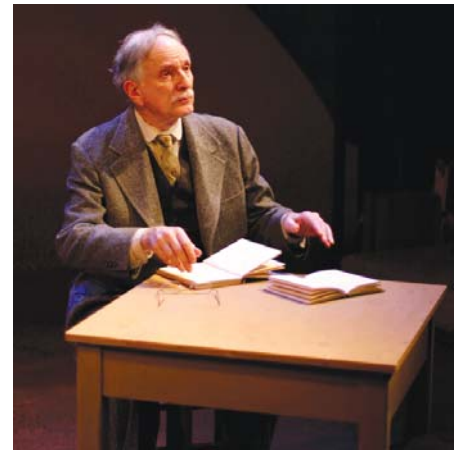
“Everyone who cared for me was considerate and knowledgeable.” So impressed was Dr. Judd that he has named the Hospital as a beneficiary of his IRA. “Donating the proceeds of an IRA is a most cost effective way to make a bequest,” he said. “It doesn’t involve redrafting my will, and I will avoid taxes that would otherwise be imposed on the account.”

An avid hiker, Dr. Judd first came to HSS three years ago for hip replacement surgery with Dr. Michael Alexiades. “Dr. Alexiades was very thoughtful and clear in explaining the details of my surgery,” he said. The successful operation eliminated the crippling pain that Dr. Judd says he endured for many years before the surgery.

“I can once again enjoy 15 to 20 mile hikes—something that I wouldn’t even have attempted in recent years,” says the Manhattan resident.

Born in Connecticut, Dr. Judd received an AB from Harvard University and a PhD from Columbia University. He established a career in the energy industry, where he remained for nearly 40 years. In retirement, Dr. Judd is a member of Actors Equity and appears in the theater. He enjoys research and is the author of two prize-winning books in which he describes in historical context the experiences of his forebears.

The Wilson Society welcomed Dr. Judd in 2005. “I’ve gained so much from this fine New York institution; it only makes sense to recognize it in this important way.”



*Dr. Peter H. Judd as Professor Holden in The Inheritors, by Susan Glaspell, Metropolitan Playhouse, New York City, October 2005.*

*For more information on donating the proceeds of your IRA and how the Pension Protection Act of 2006 may benefit you, see “Good News” article on back page. ■*

# Planning a Charitable Bequest? A Lifetime Gift Annuity May Provide Surprising Benefits

Among the most popular ways to make a significant gift to a favorite charity are provisions in wills and trusts. They are particularly attractive to those who feel they need the income generated by all their assets during their lifetimes.

Many philanthropic people are discovering, however, that there may be some very attractive reasons to



*Wilson Society member Edith Perman-Allen says that she enjoys the many benefits she receives from a charitable gift annuity with Special Surgery, and trusts that the proceeds will be used wisely in the future.*

accelerate their giving during their lifetimes in the form of charitable gift annuities.

## What exactly is a charitable gift annuity?

A charitable gift annuity is a contractual agreement between a donor and a charitable organization under which the charity agrees to pay a fixed annual amount to one or two designated beneficiaries for life.

## Sample Benefits for a \$100,000 Gift Annuity

AGE(S)	ANNUAL PAYOUT	TAX-FREE PORTION	CHARITABLE DEDUCTION	TAX SAVINGS IN 33% TAX BRACKET
<b>One annuitant</b>				
65	\$ 6,000	\$2,952	\$41,310	\$13,632
75	\$ 7,100	\$4,189	\$48,082	\$15,867
85	\$ 9,500	\$6,659	\$54,744	\$18,066
<b>Two annuitants</b>				
65-65	\$ 5,600	\$2,643	\$34,185	\$11,281
75-75	\$ 6,300	\$3,566	\$41,544	\$13,710
85-85	\$ 7,900	\$5,317	\$49,484	\$16,330
Calculations are based on 6.2% representative discount rate.				

## I rely on the income my assets generate. Can a charitable gift annuity increase cash flow?

Yes. The gift annuity provides you with a guaranteed, fixed stream of income for as long as you live. The specific rate you receive depends on your age, with older beneficiaries receiving a greater percentage than younger beneficiaries because they have a shorter life expectancy. Hospital for Special Surgery issues gift annuities in any amount of \$10,000 or more, and the chart above shows the rates we currently offer at various representative ages.

The payment from your gift annuity is likely to exceed the interest you are getting on traditional investments such as CDs, money market funds, and bank savings accounts.

In addition, a gift annuity contribution will enable you to claim a sizable income-tax deduction. The deductions for a \$100,000 charitable gift annuity contribution are also shown in the chart.

## Are there any other tax advantages of charitable gift annuities?

Definitely. Your gift annuity contribution is treated for tax purposes as part gift, part investment. Consequently you do not have to pay tax on the portion of your payment that represents a return of your investment.

This means the real return from a gift annuity is even higher than the stated rate when compared to a fully taxable yield from a CD, money market fund, bank savings account, or other traditional investment.

### Will a gift annuity cause more of my Social Security income to be taxable?

No. The tax-free portion of your gift annuity payout is not “income” but a return of your investment. You may actually be able to increase your cash flow and yet lower the amount that is treated as income.

### If I wait and direct a gift to Hospital for Special Surgery at my death, won't my estate get tax benefits from that?

If your gross estate is less than the amount exempt from federal estate tax—currently \$2,000,000—your estate will owe no tax and the gift will produce no tax savings. As the exempt amount has risen, fewer and fewer people are subject to federal estate tax.

Frankly, one of the reasons many people have chosen to accelerate their testamentary gifts and make current gift annuity contributions is to benefit from the *income-tax* savings available during their lifetimes. These savings could generate a meaningful amount of additional resources at your death.

For instance, let's compare the results of two different courses of action for a 75-year-old donor in the 33% tax bracket. In the first scenario, our donor



*Grateful patient J. Donald McNamara has arranged a charitable gift annuity with Special Surgery to say thank you for the care he and his wife received as patients, and to help to ensure that future patients will also benefit from the Hospital's expertise.*

has \$100,000 invested in a CD that pays 4.1%—or \$4,100—and she plans to give \$100,000 to Hospital for Special Surgery under her will.

In the second scenario, our donor decides to make a \$100,000 contribution for a gift annuity with HSS right now that will pay her 7.1%—or \$7,100—each year. The gift will generate a deduction of \$48,082 and save her \$15,867 in federal income tax.

If she lives 15 years and is able to earn a 6% annual return by investing her tax savings and the additional net annual income from the gift annuity, the donor essentially adds almost \$117,000 to the amount available for other purposes at the time of her death. ■

## Join Us

**N**amed for Dr. Philip D. Wilson, Jr., and his father, Dr. Philip D. Wilson, Sr., both of whom served as Surgeon-in-Chief, The Wilson Society was established to recognize and thank donors during their lifetimes for providing for Hospital for Special Surgery in their estate plans. Please contact Sandra Kessler Hamburg, Director of Planned Giving, at (212) 774-2997 if you would like more information about joining The Wilson Society. ■

### NEED MORE ANSWERS?

We welcome the opportunity to address your questions about charitable gift annuities and encourage you to contact our office.

We also would like you to have a copy of our latest booklet, *12 Ways a Charitable Gift Annuity May Benefit You*. To receive a complimentary copy, just return the enclosed card or call our office at (212) 606-1196. ■

*You should consult your attorney about the applicability to your own situation of the legal principles contained herein.*

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## Good News from Washington

Congress has enacted legislation as part of the Pension Protection Act of 2006 which offers charitably minded individuals a golden opportunity to make gifts from their IRAs and exclude the amount of their gifts from gross income.

To qualify for this opportunity, the donor must be 70<sup>1/2</sup> years of age or older. The transfers must go directly from the IRA to qualified charities; gifts cannot exceed \$100,000 per taxpayer per year; and gifts must be outright (transfers to donor advised funds, support organizations, and charitable remainder trusts and for charitable gift annuities do not qualify). This opportunity is only available for 2006 and 2007 and no charitable income-tax deduction is allowed. The new act presents a wonderful opportunity until the end of 2007 for individuals to utilize their IRAs creatively to accomplish special philanthropic objectives. ■

### Wilson Society Members as of October 1, 2006

Ms. Ethel B. Albert	Ms. Michelle Jenkins	Mrs. Eva A. Pusta
Mr. and Mrs. Leo Baer	Mr. Peter H. Judd	Mrs. Christiane A. Ramirez
Mrs. Jane C. Bannerman	Mr. and Mrs. Finbar Kenny	Ms. Gloria Roma
Mrs. Ben Barrack	Ms. Carol Klapper	Mr. Edwin G. Roos
Mr. David Barrett	Mrs. Elaine V. Krause	Dr. and Mrs. Leon Root
Mrs. Doris Williams Barth	Dr. and Mrs. Robert S. Kreisler	Ms. Susan W. Rose
Mr. Norman B. Berry	Mrs. Cyrilla D. Langeais	Mr. Benjamin M. Rosen
Ms. Anne Blatt	Mrs. Jean Spencer Lemaitre	Mr. and Mrs. Seymour Rosenthal
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Mr. and Mrs. James D. Farley	Mrs. Jean Nathan	Mr. and Mrs. Ernest E. Tyrrasch
Mrs. Jesse M. Farrow	Dr. Irwin Nydick and Mrs. Eleanor Nydick	Ms. Patricia A. Valluzzi
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Mr. Louis and Ms. Rose Franzone	Mrs. Leigh G. Overton	Mr. and Mrs. Barnet Weinstein
Ms. Constance Frederick	Mr. Henry Allen and Mrs. Edith Perman-Allen	Mrs. Charles S. Werner
Ms. Ruth Garfinkel	Mr. and Mrs. John J. Phelan, Jr.	
Ms. Sheryl Gold	Mr. and Mrs. Samuel S. Polk	<b>In Memoriam</b>
Mr. and Mrs. Alan C. Greenberg	Mrs. Herbert I. Puller	<i>Mrs. Barbara Roth</i>
Mr. David Halloran		<i>Mrs. Delores Facer</i>
Mr. J. Peter Hoguet		

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