



THE WILSON SOCIETY

of Hospital for
Special Surgery
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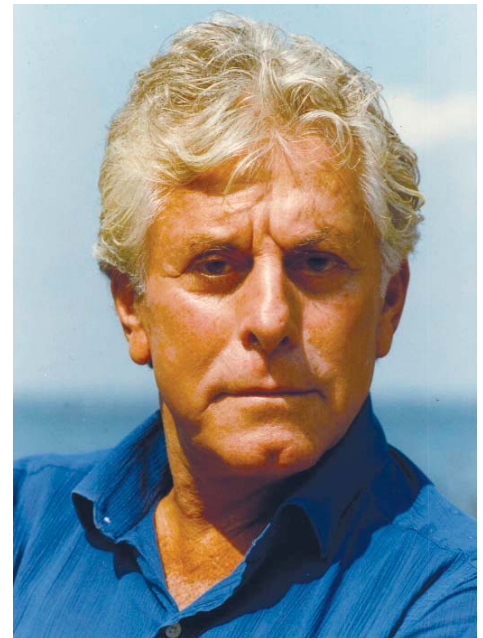
David Barrett, owner of a Manhattan-based interior design firm, joined The Wilson Society in 2005 by naming Hospital for Special Surgery in his will. His first experience at Special Surgery took place more than 20 years ago, when Dr. Philip D. Wilson, Jr., performed a successful, total-hip replacement.

“Years ago, I would travel to Europe to collect merchandise for my clients,” he explained. Mr. Barrett put his travel plans on hold when hip pain impaired his mobility. He found temporary relief through acupuncture therapy. “When the pain wasn’t going away, my acupuncturist suggested I contact Dr. Wilson.” Through surgery, Mr. Barrett says the burden of pain was lifted. “When you’re at Hospital for Special Surgery, you feel as though you are in the right place to get better,” he remarked.

Born and raised in Manhattan, Mr. Barrett served in the U.S. Army before attending The Ecole des Beaux-Arts in Paris, France, to study interior design. After graduation he returned to New York, where he opened a furniture and interior design firm in 1950. Fifty-six years later, David Barrett Interiors continues to thrive, serving clients all over the country.

Mr. Barrett says he has always had a soft spot for Special Surgery ever since his first visit. His decision to name the institution in his will stems from his affection for Dr. Wilson and everyone who crossed his path to recovery. “Everything was always done correctly—from the way I was cared for to the attitude of the staff—it’s different from any other hospital.”

By naming Special Surgery in his will, Mr. Barrett is providing a crucial source of support for future advances in bone and joint care and research. “I hope that my gift will give someone else a new start in life. That’s what Dr. Wilson did for me.” ■



Wilson Society member David Barrett

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

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planned giving, visit us online
at www.hss.edu/plannedgiving

HOSPITAL
FOR
**SPECIAL
SURGERY**



Keeping Your Assets Under Control

Why Is It Called a Will?

Remember the old adage, you can't take it with you? A real truth, it seems. And if you die without a will, your assets *will* go somewhere, but your state will make that decision.

A will is called a will for a reason. It is a way of expressing your desires and exercising control over what you want done with assets you have worked so hard to accumulate. Without a will you are not only

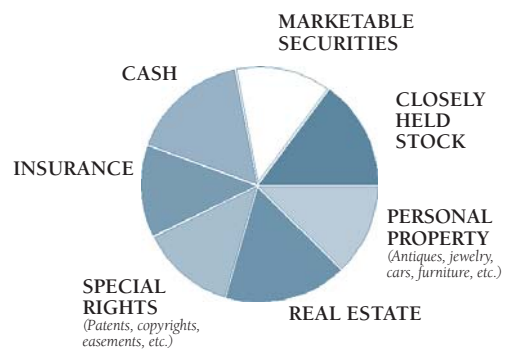


Ever since Hospital for Special Surgery opened its doors in 1863, the Hospital has witnessed tremendous developments in surgical care and medical treatments. By naming Special Surgery in your estate plan, you are helping to secure future innovations in patient care.

giving up your assets—you are giving up *control* over those assets.

What Does Control Mean?

While a will can be written to cover many different circumstances, basically it lets you decide three very important issues:



- **Ownership of your assets.** Who will receive your cash, your home, your investments, your antiques and collectibles, your jewelry, and your prized family possessions? These are all tied to ownership.
- **Use of your assets.** While the law will not enforce a bequest provision that is contrary to public policy, you can prescribe a whole range of uses for your assets.
- **What happens to your dependents?** A will lets you decide who will care for your young children, your aged, dependent parents, or other individuals who may rely upon you for support. A will lets you control *now* who will control their *future*.

How Do I Control Asset Transfer?

The way you choose to transfer assets depends on their types. The first thing you should do when making your will is to look at your assets. In which categories do they fit, and how are they allocated? The chart above shows the kinds of assets that might be part of an estate.

As you assess the worth of your assets, you need to think about three very important factors:

- **How are your assets owned?** Do you own them by yourself or jointly with your spouse or another person? If you own them jointly, is there a right of survivorship? The answers to these questions determine how much control you have over the transfer of your assets.
- **How liquid are your assets?** Assets that are easily turned into cash have more flexibility than

other types. How you set up your transfer may depend very much on their liquidity.

- **Do you want to transfer both the asset and the use of that asset** to the same person or charity, or do you want to *split those elements*? An asset usually has two elements: its *intrinsic value* and its *earning power*. You may transfer the asset to one person and the earnings to another. Any transaction requires two parties. You are clearly the first party; your heirs are the second. As you think about all of your assets, think about the other side of the transaction as well. To whom do you want your assets to pass? **Note:** While most states have laws restricting the disinheritance of a surviving spouse, you have considerable discretion as to how to distribute your assets.

Impact of the Federal Estate Tax

Fewer and fewer estates will be affected by the federal estate tax for the rest of this decade as the exemption-equivalent amount climbs to \$3.5 million in 2009 (see chart). The tax is repealed for the year 2010—but it will be back in 2011 in full force with an exemption of \$1 million unless repeal or higher exemption amounts are re-enacted at that time.

The uncertainties surrounding the eventual fate of the estate tax and even the exemption amounts will require your constant vigilance to avoid getting trapped in an unforeseen situation.

If you have a moderate-to-sizeable estate, your estate plans will require periodic reviews with

Think of an asset's *intrinsic value* as a tree and its *earning power* as the tree's fruit; you may transfer the tree to one person and the fruit to another.

your attorney and other advisors as the phase-in schedules of the recent tax act of 2001 unfold.

Fortunately, there are ways to reduce the estate tax, and we discuss many of them in detail in our follow-up booklet. And, of course, we will help you explore the planning benefits of charitable giving.

Is a Will the Only Way I Can Control the Transfer of My Assets?

No. There are other ways to plan now to arrange for the transfer of assets after your death—ways that take precedence over a will.

Life insurance and pension plans. While you can name your estate as the beneficiary of a life insurance policy or your pension plan, most people name specific beneficiaries—so the proceeds will go directly to the designated individuals or charitable institutions without passing through probate. As personal or financial circumstances change, a periodic review of your beneficiary designations is prudent to ensure that your assets will be distributed as you wish.

Living trusts. Many people are now creating *revocable living trusts*. Such a trust establishes a predetermined transfer of assets while full control remains in the hands of the creator of the trust. While assets are still subject to federal estate taxes, distribution is governed by the trust instrument—not by your will.

Lifetime gifts. You can give up to \$12,000 tax-free per person, to anyone you choose, each year. Spouses can agree to *split* gifts and transfer up to \$24,000 per donee, free of tax. Gifts exceeding

Rate and Exemption Schedule		
2002	\$1 Million	50%
2003	\$1 Million	49%
2004	\$1.5 Million	48%
2005	\$1.5 Million	47%
2006	\$2 Million	46%
2007	\$2 Million	45%
2008	\$2 Million	45%
2009	\$3.5 Million	45%
2010	Estate Tax Repealed	
2011	\$1 Million	55%

the \$12,000 limit are applied toward your lifetime credit against gift tax. And, of course, gifts to charity are removed from your estate for estate-tax purposes.

So, What Should I Do?

When planning the transfer of your assets, it is important that *you retain control*. But to retain control, you need to take action early.

Have a will prepared. The more carefully you have thought about what you want to do, the easier it is for your lawyer to put those thoughts into the right language.



The evolution of orthopedic and rheumatological care stems from critical advances in research. A planned gift to Special Surgery plays an integral role in sustaining groundbreaking investigations now and in years to come.

Think about ways that you can plan now to transfer assets to the people and charitable institutions of your choice.

Do the beneficiaries of your insurance and pension policies reflect your current wishes? Consider naming Hospital for Special Surgery as the *contingent beneficiary* should something happen to your primary beneficiaries. Also think about

including HSS as a *primary beneficiary for a percentage of the proceeds*. It is an easy way to make a long-term charitable gift at no additional current cost to you. Consider the many benefits of a living trust.

Think about splitting your assets between their underlying value and their income-producing ability. Give the income to your surviving spouse, a child, or a dependent elder for life or a period of years and the underlying asset to Hospital for Special Surgery at the end of the trust period.

Example: *Mary M wants to make sure that the financial assistance she is providing for her sister Lucy, aged 76, will continue if she should die before Lucy. She decides the best way to provide both for Lucy's care and for HSS is to create a \$250,000 charitable remainder unitrust. The trust will pay 6% of its value each year to Lucy for the rest of her life with the trust assets passing to us following Lucy's death.*

As a result of her gift to Lucy and the Hospital, Mary is entitled to a tax deduction of \$143,328, which will save \$47,298 in taxes in her 33% bracket. She also has the peace of mind of knowing that Lucy is assured of a stream of income for life and that her gift will ultimately benefit Hospital for Special Surgery.

You might consider putting a particularly large illiquid asset (for example, real estate or closely held stock) **into a charitable trust** and using the payments and/or tax savings generated by the trust to buy life insurance for your heirs. ■

How Can We Help?

Let us know if we can assist you in any way. A complimentary copy of our booklet, ***Your Will and Other Ways to Transfer Assets***, can be yours by simply returning the enclosed card. Or, if you prefer, please call Molly Murray, Director of Major Gifts, at (212) 606-1196. ■

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

Fall Tea Focuses on Advances in Arthritis Treatment

More than 100 members and guests gathered in Hospital for Special Surgery's Richard L. Menschel Education Center for The Wilson Society's annual fall tea. Samuel Polk, an HSS trustee and a Wilson Society co-founder, spoke briefly about the significance of planned giving for the future of the Hospital. Dr. Philip D. Wilson, Jr., welcomed the audience and introduced Stephen A. Paget, MD, who captivated the audience with highlights of the innovative rheumatology research underway at Special Surgery. ■

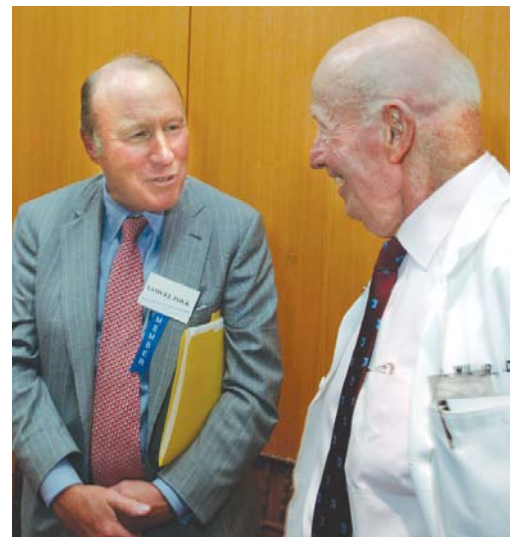


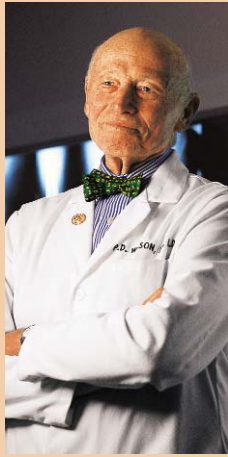
Above: HSS Trustee and Wilson Society member John J. Phelan (right) and his wife, Joyce, share a moment with guest Mary Birnbaum (left). Ms. Birnbaum has worked closely with Dr. Wilson as part of his office staff for more than 50 years.

Right: Stephen A. Paget, MD (left), Physician-in-Chief and Joseph P. Routh Professor of Rheumatic Diseases in Medicine, shares a moment with Wilson Society members Donald and Jean Stone. As members of The Wilson Society, Mr. and Mrs. Stone are invited to a number of special events held at the Hospital, are listed in the Wilson Society newsletter and Special Surgery's annual report, and receive up-to-date information on Hospital-wide initiatives and activities surrounding patient care and research. Mr. Stone is also a Life Trustee of Special Surgery.



Left: Wilson Society member Christiane Ramirez (left) enjoys the event with guest Yvonne Housey. Ms. Ramirez joined The Wilson Society by establishing a charitable gift annuity with Special Surgery. Right: Samuel Polk (left), chats with Dr. Wilson. Mr. Polk and his wife were one of the first members of the Wilson Society to contribute to Special Surgery's pooled income fund.





Named 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. ■

Share Your Story with Us

Have you had a life-changing experience at Hospital for Special Surgery? We want to hear from you! Please call Rachel Olszewski at (212) 606-1196 or write to us at: Hospital for Special Surgery, Development Department, 535 East 70th Street, Suite 842 W, New York, NY 10021. ■

Planning a Gift to Hospital for Special Surgery

We welcome you to join The Wilson Society and support the future of Special Surgery by selecting the planned giving approach that best matches your situation:

Charitable Gift Annuity

- Offers fixed-income payments of five to eleven percent depending on age.
- Provides immediate income-tax deduction.

Charitable Remainder Trust

- A flexible charitable planning vehicle for donors with different types of assets and varying income needs for themselves and their families.
- A tax-effective way of diversifying assets for the charitably minded.

Charitable Bequests

- A way to support the future of Special Surgery without affecting current income.
- A will provision can specify an area of the Hospital or provide general future support.

Charitable Lead Trust

- A way to support HSS now, and pass a large estate to your heirs with significant tax savings.
- Can be funded with a variety of assets, from cash to real estate.

These are just some of the many planned giving strategies offered at Special Surgery. A number of additional options—from the pooled income fund to gifts of life insurance or income from retirement plans—are also available. For more information, please call Molly Murray, Director of Major Gifts, at 212-606-1196, or visit us on the web at www.hss.edu/plannedgiving. ■