



THE WILSON SOCIETY

of Hospital for
Special Surgery
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Hospital for Special Surgery
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HOSPITAL
FOR
**SPECIAL
SURGERY**



Rewarding Kindness

Grateful for the successful care she has received at Hospital for Special Surgery over the past 20 years, Ms. Christiane Ramirez has joined The Wilson Society by establishing a charitable gift annuity. An annual contributor for nearly two decades, Ms. Ramirez was moved to make a planned gift to honor her physician, who she credits for the good health she enjoys today. "I feel very fortunate to have been a patient of Dr. C. Ronald Mackenzie for so many years," she said. "I decided to participate in the charitable gift annuity program because I wanted to pay tribute to him."

Ms. Ramirez first met Dr. Mackenzie in 1984, after undergoing a complicated surgery at NewYork-Presbyterian Hospital (NYPH). As she recovered in the Hospital's clinic, Dr. Mackenzie, who holds an appointment at NYPH and HSS, cared for her. He would later become Ms. Ramirez's primary care physician.

"I was in a critical state after my surgery, when I met Dr. Mackenzie," she commented.

"He was very supportive and sensitive to me as an individual. Since then, I have felt very comfortable under his care."

Born in Haiti, Ms. Ramirez immigrated to the United States in 1951 at 14 years of age. After attending high school in Queens, Ms. Ramirez and her family moved to Manhattan, where she completed a two-year nursing certification program at Bellevue Hospital. She worked as a registered nurse at NewYork-Presbyterian Hospital/Columbia University Medical Center for more than 30 years before retiring in 2002.

"When I was young and living in Haiti, my mother always encouraged me to become a nurse so that I could work alongside my godfather, who was a surgeon in Haiti," she said. "That never happened, of course," she laughed. "But I loved helping people, so I was very happy in that profession."



Ms. Christiane Ramirez

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Making Your Real Estate Work for You

Buy land—they ain't making any more of that stuff.—Will Rogers

More than half a century later, Will Rogers' statement is more apt today than ever. Indeed, the quest to own one's home is the "American Dream" pursued by two out of three families.

And, on an economic level, real estate has proven to be a valuable asset because of:

- *Leverage*, which allows investors to finance real estate investments largely with "other people's money."
- *Preferential treatment under federal tax laws.*
- *Favorable rates of return* for income-producing real estate.
- The potential for a very *healthy rate of growth* of capital investment.

But, even when demand is strong, a real estate investment can require a significant commitment of time and/or resources—insurance costs, rent collection, maintenance, yard work, etc., to manage and maintain.



Help to pave the way for future advances in musculoskeletal research by including HSS in your estate plans.

Join Us

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. Please contact Sandra Kessler Hamburg, Director of Planned Giving, at (212) 774-2997 if you would like more information about joining The Society.

In addition, dedicating significant cash to a single investment does not allow for diversification as do stocks and mutual funds.

One of the most significant challenges of real estate, however, is that even in a relatively strong market, it can take some time to dispose of it and convert its value to cash. This has major estate-planning and tax implications.

AN EXCELLENT CHOICE TO FUND A CHARITABLE GIFT

Many a real estate investor with significant charitable objectives will find that his or her appreciated real estate is the best asset to give because of the ability to reduce or even eliminate the capital-gain tax that will be due if the property is sold.

EXAMPLE: Tom G wants to make a major gift to support our work. Undeveloped ground that he bought several years ago for \$10,000 is now worth \$100,000. If he sells, because of the 15% capital-gain tax he will owe a tax of \$13,500.

Instead, he decides to give the land as his gift. He does not recognize any gain, and he can claim a deduction for the land's full \$100,000 fair-market value. In his 33% federal income-tax bracket, Tom's gift saves him \$33,000. The real cost of Tom's gift is only \$53,500 (\$100,000 value - \$33,000 income-tax savings - \$13,500 capital-gain tax avoided).

A HOST OF CHARITABLE OPTIONS

Real estate holdings are adaptable to a variety of charitable-planning strategies, some of which, in fact, are available only with real estate.

GIVE A FRACTIONAL INTEREST. Because real estate ownership is designated through documents recorded in the appropriate governmental office, it is a simple matter to transfer an *undivided fractional interest* in the property equal to the intended value of the gift to charity.



Top medical students from around the world compete for a spot in the Hospital's rigorous residency programs. The future of these highly competitive education programs will benefit from the generosity of a planned gift.

EXAMPLE: Gloria would like to use her investment in an apartment building to fund a gift to Hospital for Special Surgery worth \$75,000. After appraisal and careful planning, she decides to transfer an undivided one-fourth interest in the building to us. The appraisal shows that the value of this fractional interest is \$75,000.

MAKE A GIFT AND RETAIN POSSESSION. You may choose to leave your home to us in your will but that does not create any current income-tax benefit for you as a homeowner. However, with a gift of a *remainder*

**Get a tax deduction
for giving us your home—
and continue to live there.**

interest with a retained life estate, you can retain the right to both live in your home for life and receive a valuable charitable deduction by transferring it to Hospital for Special Surgery, subject to your right to live there for life.

EXAMPLE: Alan, 78, has intended for some time for Hospital for Special Surgery to have his home eventually. His will directs that the house be given to us when he dies. Presently, the home is worth \$400,000.

In order to realize tax savings during his lifetime, Alan decides instead to transfer the house now, subject to a life estate for his lifetime. This allows Alan to claim a charitable deduction of more than \$254,800 that, in his 35% federal income-tax bracket, saves him more than \$89,180 in taxes.

NOTE: Other types of real estate, such as commercial property and undeveloped land, are not permitted for a retained life estate.

RECEIVE A STREAM OF INCOME. Real estate is an excellent asset to fund a *charitable remainder trust*, which makes payments for life or for up to 20 years to one or more designated beneficiaries. These payments are based on the value of the trust's assets. At the end of the trust term or at the death of the last beneficiary, the remaining assets pass to a designated charity. The value of this "charitable remainder" qualifies for a charitable deduction.

- A *charitable remainder annuity trust* makes fixed payments based on a percentage (at least 5%) of the initial value of the assets put into the trust.

• A *charitable remainder unitrust* also uses a fixed percentage to determine its annual payout, but that fixed percentage is applied to the value of the trust's assets as it changes from year to year. So, if the value of the assets goes up, the payout will go up.

PLANNING POINTERS

A unitrust can allow a special provision for the payments to be made each year only to the extent that the trust has available income, guarding against depleting the trust's principal. It can also provide that any shortfall will be made up in future years in which there is excess income. Yet another provision provides added flexibility by permitting the trust to "flip" upon the occurrence of a so-called triggering event such as the sale of real estate or other illiquid assets. Thereafter, the unitrust will start paying a stated percentage of its annual value without regard to how much income is generated by the unitrust. Thus, the payments could be made up of **both** income and trust principal.

With wise charitable planning you can transform real estate holdings that generate no income into a source of annual payments—without selling and generating taxable capital gain.

EXAMPLE: Years ago, Helen Daley, 72, bought some acreage in the country for \$50,000. Gradually, the area developed, and now her land is worth \$500,000.

Now retired, Helen would like to sell and reinvest the proceeds to supplement her income, but the \$67,500 tax on capital gain would leave just \$432,500 to reinvest. At 6%, that would generate \$25,950 each year.

Helen is delighted to learn that she can transfer this land to a 6% flip unitrust and avoid recognizing the capital gain on the "built in" appreciation. As a result, Helen will be entitled to an immediate charitable deduction of \$255,145. In her 35% bracket, this saves her nearly \$90,000 in income taxes.



Physicians and staff depend on philanthropic support to obtain the latest tools and equipment for operating rooms and beyond. Gift planning plays a vital role in future innovations in patient care.

The trustee sells the land to a developer 18 months later—the triggering event—for \$530,000. The trust, being tax-exempt, will not pay any capital-gain tax on the sale. The next year, the straight unitrust will distribute \$31,800 (6% of \$530,000) to Helen. Thereafter, the annual payment will equal 6% of the annual value of the unitrust. At her death, the remaining assets in the unitrust will be distributed to Hospital for Special Surgery.

WE ARE HERE TO HELP

A gift of real estate can be a powerful planning tool for a charitably minded person but does require careful planning.

We want to be helpful any way we can. For a start, we would like to send you a complimentary copy of our booklet, *How to Realize Maximum Benefits from Your Real Estate*. To get your copy, simply 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.

Spring Luncheon Highlights Advances in Spine Surgery

On April 6, The Wilson Society of Hospital for Special Surgery hosted its annual Spring Luncheon in the Richard L. Menschel Education Center. Members and guests gathered to hear a stimulating presentation by spine specialist Bernard Rawlins, MD. Dr. Rawlins, an Associate Attending Orthopaedic Surgeon at HSS, spoke about the progress he and his colleagues have made studying the genetics of bone healing in spinal fusion and the impact his research may have on the success of recovery following spine surgery. ■



Bernard Rawlins, MD, and Wilson Society member Cynthia Sculco enjoy the luncheon.

More than 50 Wilson Society members and guests attended the Spring Luncheon, where Dr. Rawlins gave an overview of the cutting-edge spine research underway at Special Surgery and highlighted the prominent role that the Hospital plays in treating patients with spinal disorders such as scoliosis. Here, Dr. Rawlins answers questions from Wilson Society member Robert Kreisler following the luncheon.



Left: Philip D. Wilson, Jr., MD, Surgeon-in-Chief Emeritus, chats with Wilson Society member Jane Bannerman. Ms. Bannerman joined The Wilson Society by naming the Hospital in her will. Right: Among the many guests at this year's luncheon were Wilson Society members Leo and Lore Baer, who have established a charitable gift annuity with HSS.



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Today, Ms. Ramirez enjoys reading, taking long walks, visiting her sister who lives in Italy, and nurturing the flowers that adorn her home.

Taking care of her son, daughter-in-law, and granddaughter is also among her interests. “The gift annuity program appealed to me because it allows me to make a gift to the Hospital without changing my current lifestyle, which includes supporting my own family,” she said. The charitable gift annuity will provide Ms. Ramirez with income for life, a portion of which is tax-free, and the Hospital will eventually receive the residual funds in the annuity account. Ms. Ramirez’s gift will provide critical support for the future of patient care, thereby recognizing the care provided to her by her physician.

“Dr. Mackenzie exudes a certain degree of kindness that you don’t find very often,” she remarked. “I made this commitment to HSS because I want him to know just how much I appreciate all that he has done for me.” ■

Visit Us Online

Planning a gift to Hospital for Special Surgery is easy when you have all the information you need to get started. To learn more about the many ways in which you can make a planned gift, visit us online at www.hss.edu/Giving/Focus-on-Planned-Giving/.

Interested in determining the amount of your deduction and other financial benefits you will receive by making a planned gift to HSS? Visit www.hss.edu/Giving/Focus-on-Planned-Giving/Gift-Calculator/ to launch our Gift Calculator. ■



Support HSS the Easy Way

Including Hospital for Special Surgery in your estate planning can seem like a daunting task at times. It conjures up meetings with an attorney to discuss the final distribution of your assets, the drafting of a new will, and perhaps even creating one or more trusts. While that exercise can indeed be well worth doing, it does encourage procrastination. It is something we’ll do “someday,” but not today.

There are, however, two very simple ways to make sure you leave something for HSS that don’t require a great deal of effort. They are both revocable gift strategies, which means you can always change your mind if circumstances should require it.

One easy way to remember HSS in your planning is to designate a savings account as a future gift. It only requires you to rename the savings account in your name, adding the words, “in trust for Hospital for Special Surgery Fund, Inc.” Only you can make deposits or withdrawals during your lifetime. Then, whatever remains in the account passes tax-free to HSS.

The second option is to designate a brokerage account that you would like to have pass to HSS upon your demise. You simply tell your broker to rename the account in your name with the words “T.O.D. Hospital for Special Surgery Fund, Inc.” Again, only you can make transactions in the account while you are living, and what remains passes without being taxed to HSS.

If you have any questions about either gift method, please contact Sandra Kessler Hamburg, Director of Planned Giving, at (212) 774-2997. ■