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# THE WILSON SOCIETY

N E W S L E T T E R

## Inside This Issue

### The Charitable Gift Annuity

Make a charitable gift, receive payments

A gift annuity can pay either the donor or the donor and his or her spouse jointly and then the survivor

Avoid tax on capital gain by using appreciated stock to fund a gift annuity

Please send for our complimentary booklet, **The Charitable Gift Annuity: Guaranteed Payments for Life.**

## Couple Honors Physician with Bequest

Grateful for the extraordinary care they have received at Hospital for Special Surgery, Maria and Morris Coppersmith have chosen to name the Hospital in their wills.

“My wife and I want to leave our estate to organizations that have made an impact on our lives, such as HSS, especially because we don’t have any children,” says Mr. Coppersmith.

In 2002, Mrs. Coppersmith was diagnosed with a rare but debilitating condition that caused numbness in her legs and arms. After undergoing a series of unsuccessful treatments at another hospital, she was referred to Michael Lockshin, MD, a rheumatology specialist at HSS with a keen interest in Mrs. Coppersmith’s condition. Dr. Lockshin would eventually become Mrs. Coppersmith’s primary care physician. In 2005, he enrolled her in a clinical trial measuring the success of a new therapy for her illness.

“Dr. Lockshin is one of only a few physicians who is familiar with Maria’s condition,” Mr. Coppersmith said. “Under his care, she has found both comfort and relief.”



Michael Lockshin, MD, (left) with Wilson Society members Maria and Morris Coppersmith.

HOSPITAL  
FOR  
**SPECIAL  
SURGERY**



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# The Charitable Gift Annuity: Benefit from Your Generosity

Charitable giving doesn't have to be a one-way proposition. It is possible to make a charitable gift and actually have an income stream flow back to you—all while generating valuable income-tax benefits.

Numerous charitable strategies allow you to realize such benefits. One of the oldest—and one of the most popular—is the charitable gift annuity. The rates for gift annuities are generally higher when compared with fixed investments such as certificates of deposit. This is good news for those who want to make an important charitable gift but who need to retain cash flow based on the value of donated assets.

In this issue of *The Wilson Society Newsletter*, we explore how gift annuities work and some of the tremendous planning opportunities they present. Perhaps you will find that a charitable gift annuity is just the kind of charitable giving plan for you.



Wilson Society member Doris Barth (above) designated a portion of the remainder of a charitable gift annuity to support the Biomedical Ethics Research Fellowship, which is under the direction of C. Ronald MacKenzie, MD (inset). Her annuity will also benefit the research of Douglas Padgett, MD, and Edward Craig, MD.

## What exactly is a charitable gift annuity?

At its heart, a gift annuity is simply a contract between a donor and a charity, such as Hospital for Special Surgery. In exchange for a gift of a specified amount, we agree to make specified annual payments for life to one or two beneficiaries (*annuitants*).

**Example:** Tom B, 65, makes a gift of \$50,000 to the Hospital. In return, we promise to pay Tom \$3,000 a year for as long as he lives.

## How are the rates for charitable gift annuities determined?

All charities are free to set the rates they offer, as long as the rates comply with any applicable state regulations. Generally, charities choose to follow the schedule of recommended maximum rates published by the American Council on Gift Annuities. These recommended rates change from time to time, based on a variety of economic factors. (Any changes would affect only newly issued annuities.) The chart on page 3 shows the most recent rates recommended for annuitants of various representative ages.

## I am married. If I make a contribution in exchange for a charitable gift annuity, I would want payments to be made as long as either one of us is alive. Is this possible?

Absolutely. A gift annuity can be created to pay one or two annuitants for life. It can pay either the donor or the donor and his or her spouse jointly and then the survivor.

**Example:** Bill and Ellen J, both 70, make a gift of \$20,000 to Hospital for Special Surgery in exchange for a gift annuity. We will make annual payments of \$1,180 to Bill and Ellen jointly while they are both alive and then pay that amount to the survivor.

You can also create a gift annuity with payments to someone other than a spouse. Doing so, however, may have gift tax consequences.

### SAMPLE BENEFITS FOR A \$10,000 GIFT ANNUITY

AGE(S)	PAYOUT RATE	TOTAL ANNUAL INCOME	TAX-FREE PORTION	ALLOWABLE CHARITABLE DEDUCTION
<b>One annuitant</b>				
60	5.7%	\$570	\$308	\$2,566
65	6.0%	\$600	\$346	\$3,110
70	6.5%	\$650	\$403	\$3,594
75	7.1%	\$710	\$471	\$4,155
80	8.0%	\$800	\$564	\$4,696
85	9.5%	\$950	\$721	\$5,099
<b>Two annuitants</b>				
60-60	5.4%	\$540	\$285	\$1,561
65-65	5.6%	\$560	\$317	\$2,108
70-70	5.9%	\$590	\$357	\$2,680
75-75	6.3%	\$630	\$408	\$3,306
80-80	6.9%	\$690	\$477	\$3,938
85-85	7.9%	\$790	\$583	\$4,463

Calculations are based on quarterly payout.

### How is my charitable income tax deduction determined?

The charitable deduction is equal to the difference between the amount of the contribution and the value of payments to the annuitant(s). Deductions are lower for younger people since they are likely to live



The charitable gift annuity enables Wilson Society members Elaine and Robert Krause (above) to make a contribution to HSS and also receive income for life.

longer. Similarly, deductions are lower when there are two annuitants rather than one.

### I don't have a lot of readily available cash. Can I give stock instead?

Most definitely. If you own stock for more than 12 months, any gain you realize on its sale would be subject to capital gain tax at rates up to 15%.

On the other hand, if you use appreciated stock to fund a gift annuity and retain annual payments for yourself, only a portion of the gain would be taxable and recognizable in equal amounts over your life expectancy.

If you would like to find out more about charitable gift annuities, please complete the enclosed card and you will receive a complimentary copy of our booklet, *The Charitable Gift Annuity: Guaranteed Payments for Life*.

### Did you know?

Did you know that you could designate the remainder of your Charitable Gift Annuity to honor a physician or benefit a particular program at HSS? If you would like to learn more about ways in which your gift can support a specific area of interest at HSS, please contact Sandra Kessler Hamburg, Director of Planned Giving, at 212-606-1196.

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

## Couple Honors Physician with Bequest . . . *continued from cover*

Born in Colombia, Mrs. Coppersmith immigrated to New York nearly 44 years ago, where she pursued a career in the textile industry. She met Mr. Coppersmith when they lived in the same development in the Bronx, the borough in which he was born and raised. A graduate of Stuyvesant High School and City College of New York, Mr. Coppersmith worked as a mechanical engineer for R. Hoe and Co., where he designed printing press machinery for the *New York Times* and color presses for Condé Nast. He joined the engineering department at Con Edison in 1971 and remained there until his retirement in 1991. Today, the couple shares a passion for camping in places such as Canada, Mexico, and California.

The Coppersmith's thoughtful bequest to HSS will serve as an important source of support for future basic science and clinical investigations into rheumatic diseases undertaken by Dr. Lockshin and his colleagues. "I am confident that every penny HSS receives from us will be used in accordance with our wishes," Mr. Coppersmith remarked.

## Wilson Society Members as of September 30, 2005

Ms. Ethel B. Albert	Mr. and Mrs. Finbar Kenny	Dr. and Mrs. Leon Root
Mr. and Mrs. Leo Baer	Ms. Carol Klapper	Virginia F. and
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