THE WILSON SOCIETY NEWSLETTER

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Send for our complimentary booklet, ***Single-Minded Planning.***

HOSPITAL FOR **SPECIAL SURGERY**

Longtime Donor Makes Extraordinary Bequest

Ruth Virginia “Ginny” Abbett

The Wilson Society mourns with deep sorrow the loss of Ruth Virginia “Ginny” Abbett, a longtime patient and friend of Hospital for Special Surgery. Mrs. Abbett made a number of modest donations to HSS during her lifetime and bequeathed an extraordinary $700,000 to the Hospital in her will.

Born on July 6, 1911, and raised in New Jersey, Ginny Abbett enjoyed visiting the theater and ballet in Manhattan. She traveled often with her husband, Robert, a founding partner of an international engineering and architectural firm based in New York.

Mrs. Abbett first came to HSS in 1989 to be treated for a condition affecting circulation in her feet. Her physician, Dr. Walther Bohne, remarked on her positive attitude and congenial nature during her visits.

“She was very outgoing and had an excellent sense of humor,” recalled Dr. Bohne.

Ginny Abbett passed away on September 5, 2004, at the age of 93, leaving an indelible legacy to HSS thanks to her generous bequest. A bequest through a will not only reflects an individual’s philanthropic values, it is also an extremely tax-efficient way to give to a charity. “This gift demonstrates that a donor may make a more substantial gift through a bequest than might have been possible in his or her lifetime,” notes Sandra Kessler Hamburg, Director of Planned Giving at Special Surgery.

Mrs. Abbett’s gift will provide enduring support for HSS’s physicians as they continue to serve their patients with the highest quality of care, while also benefiting advances in musculoskeletal research.

Planning for the Single Person

The statistics are undeniable. There are more single Americans today than at any time in our history.

Single individuals, of course, have unique needs to suit their lifestyles in such areas as housing, food, and automobiles. Society is beginning to respond to these needs with accommodations, goods, and services geared for single people.

Singles also have unique needs for their financial and estate planning. The needs are unique not because single people have different financial objectives but rather because of the different strategies they must employ to reach their objectives. Presumably, they—like their married counterparts—seek to use their resources in a manner designed to yield the greatest benefits for themselves and for the people and charities that are important to them.

In some ways it can be said that the benefits of thoughtful financial planning yield greater benefits for singles than for married counterparts. Consider the case of two people—one single and one married—with identical taxable incomes. The single person will be in a significantly higher federal income-tax bracket solely because of his or her marital status. Planning strategies that reduce taxable income will mean greater savings for the unmarried person than for the married person.

In gratitude for the care her father received as a patient at HSS, Marilyn Mittleman has arranged to leave a generous bequest to the Hospital.

Estate planning also demands the use of appropriate strategies for single people. Perhaps the biggest difference in estate planning for singles is the lack of the marital deduction that shields the value of anything passing to a spouse from tax. This, accompanied by the necessity of careful disposition of assets—to avoid having the same property taxed in a subsequent estate—makes estate planning especially challenging for singles.

Trimming the Tax Burden

Federal income tax can be especially onerous for single people: their tax liability is higher than that of a married couple with the same total income. As a result, tax-saving measures can be especially valuable.

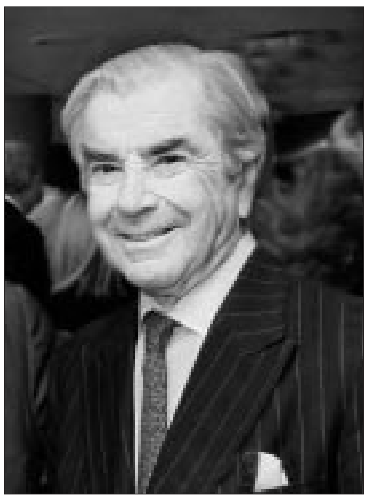
Example: *Mary Ann and Betty are the sole income earners in their respective households—each making about $50,000 per year. However, Mary Ann pays over $2,400 more per year in federal income taxes.*

Reason: *Mary Ann is unmarried, and her income is taxed at a higher rate than a similar amount of income for married persons filing a joint return—such as Betty and her husband.*

To determine tax liability, a taxpayer must choose between *taking the standard deduction* and *itemizing deductions*. For 2005, the standard deduction allows a single filer to deduct $5,000 from income, representing a “standard” amount for various deductible items.

If actual itemized deductions exceed the standard amount, the excess produces tax savings proportional to the taxpayer's marginal tax bracket. So, a single taxpayer in the 28% bracket who claims $1,000 in deductions beyond the standard amount will realize $280 in savings.

Keep in mind, also, that thoughtful planning of your investments can yield substantial tax savings. Not all income is taxable: income from municipal bonds generally is exempt from federal income tax (and state income tax in the state in which the issuing entity is located), and the tax on the income from Series EE savings bonds can be deferred.



Trustee J. Peter Hoguet established a charitable gift annuity to support future advances in medicine at HSS.

While it is not advisable to enter into transactions merely to create deductions, tax advantages of transactions that otherwise fit in with your objectives and lifestyle should not be overlooked.

Ensuring the Final Distribution

Some gift- and estate-tax planning options used by married persons are not available to singles. These include the unlimited deduction on transfers between spouses and gift-splitting to increase the annual tax-free amount of noncharitable gifts from $11,000 to $22,000 per donee.

Because of the smaller number of options open, single people perhaps must plan even more carefully than married people. This care extends especially to the planning of the single person's will.

Each state has its own laws for determining the distribution of an estate when there is no will. In the case of a married couple, these laws tend to favor a surviving spouse and children —based on the assumption that these are the individuals the estate owner probably would have wanted to benefit.

Such assumptions become much more difficult—and often much less valid—in the case of singles. If you have no surviving spouse or children, it may well be that you would want your property to go to a special friend or a favorite charity. State law, though, will usually provide for distribution to surviving relatives as distant as aunts, uncles, nieces, nephews, and cousins. Without a will, nothing is directed to friends or charities you might have in mind.

To be sure your estate is distributed the way you want, spell out your wishes in a carefully constructed will or trust instrument. Also, review the beneficiaries you have named on life insurance policies from time to time to ensure that your desires are expressed appropriately.

Charitable Planning and the Single Person

The desire to help parents, siblings, or friends, the sense of self-sufficiency, and charitable objectives sometimes seem to compete. Such objectives can, however, be mutually supportive.

Single people who rely on their own financial resources for support or for the support of a friend or relative may feel reluctant to part with assets that could be a source of income. Careful planning, however, may bring these goals together with productive results.

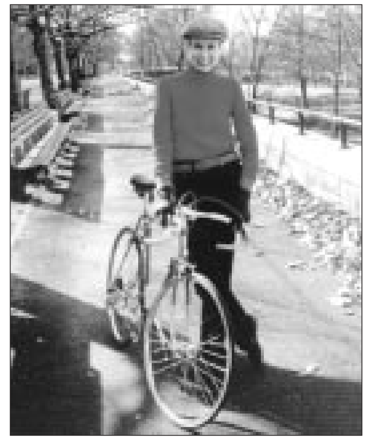
Example: *Ruth is a newly retired widow, aged 64. Among her assets are securities that she purchased several years ago for $10,000, which are now worth $75,000. The securities pay annual dividends of about $1,500—roughly 2% of their market value. If she were to sell the securities, significant erosion of the amount available for reinvestment would result from the tax on the $65,000 capital gain.*

She would like to make a major charitable gift to Hospital for Special Surgery but feels she needs all of her current income to continue to live comfortably. After conferring with her advisors and a member of our staff, Ruth decides to use the securities to fund a charitable remainder unitrust *that will pay her 6% of its annual value for the rest of her life. At her death, the trust assets will be transferred to us to support our continuing work.*

Result: *Ruth substantially increases her current spendable cash. In addition, she not only avoids paying any tax on the capital gain but also gets a current income-tax deduction of $29,459. This deduction saves tax dollars —$8,249 in her 28% bracket—freeing more additional funds for reinvestment. And, finally, she has the satisfaction of ensuring her charitable gift.*

The Estate-Planning Challenge

Just as lifetime planning can be more challenging for singles, so, too, can be planning the distribution of an estate. The primary complicating factor is the absence of the marital deduction, which can shelter an entire estate from current taxation. As a result, the single person whose estate exceeds a certain threshold ($1,500,000) must be extremely careful in his or her planning to avoid an unnecessarily large tax bite being taken out of the estate.



The late Franchellie M. Cadwell named HSS the recipient of an extraordinarily generous gift from her estate to support musculoskeletal research.

Often a single person may want to provide for the immediate needs of someone such as a sibling, parent, or friend. Without proper planning, this can result in essentially a double tax. For example, if an entire estate were left outright to a brother, it would be taxed in the estates of both the owner and the brother.

One alternative might be to place the assets in trust for the benefit of the brother and provide for their ultimate distribution to other beneficiaries. Or the creation of a charitable remainder trust could take care of the brother's lifetime needs with the remainder meeting a charitable objective.

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

We would be happy to send you our latest booklet on this timely topic, ***Single-Minded Planning***. Simply return the enclosed card for your complimentary copy.

Wilson Society Members and Guests Gather for Fall Tea

Members of The Wilson Society and guests gathered in the Richard L. Menschel Education Center at Hospital for Special Surgery to hear Jo A. Hannafin, MD, PhD, discuss her experience with HSS colleague Scott Rodeo, MD, as team physicians at the 2004 Summer Olympics in Athens. Dr. Hannafin is the Orthopedic Director of the Women's Sports Medicine Center and Director of Orthopedic Research at Special Surgery.

Kiki and James Nicholas, MD, (left), with Dr. Jo A. Hannafin and Dr. Philip D. Wilson, Jr., former Surgeon-in-Chief (right).

Over 60 Wilson Society members and guests attended the Fall Tea.

Wilson Society member Edwin Roos spoke briefly about his planned gifts to HSS.

HSS Trustee Henry Wilmerding (left), Cynthia Sculco, and Wilson Society Co-Founder Samuel Polk.

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) 606-1196 if you would like more information about joining the Society.

Insuring the Future of Research

As a child, Valerie D'Angelo assumed that the discomfort she often felt in her joints was simply due to "growing pains."

"Doctors would tell me that I was just 'hypermobile' or 'loose jointed,'" she remarked.

Years later, after seeing a number of doctors and undergoing a series of surgeries, she was diagnosed with Ehlers-Danlos Syndrome, a connective tissue disorder that causes collagen to become especially elastic, resulting in significant joint pain and excessive flexibility.

In 1999, Ms. D'Angelo sought out HSS and Dr. Scott Rodeo to be treated for a dislocated shoulder. Dr. Rodeo—a clinician-scientist at HSS who specializes in joint instability and trauma and a team physician at the 2004 Summer Olympics in Athens—performed surgery to repair her injury.

"Dr. Rodeo has become the center of hope for me because of his unrelenting effort to help people living with soft tissue disorders," Ms. D'Angelo said.

Valerie D'Angelo with her dog, Brandy

Forever grateful for the care she has received, Valerie D'Angelo has designated HSS the beneficiary of her life insurance policy, providing vital support to the Hospital for future research endeavors. Gifts of life insurance are an excellent way for individuals to make a significant planned gift to Special Surgery, and they can be given at a relatively low cost. By choosing to transfer ownership of the policy to HSS, future premium payments will be deductible, and the proceeds will not be subject to federal estate tax.

Today, at 33, Ms. D'Angelo is a physical therapist exploring the idea of returning to school to obtain a degree in medicine. She undergoes rehabilitation to help control her condition and awaits the day when researchers find a cure for Ehlers-Danlos Syndrome.

"Like many other patients, I rely on advances in medicine to help me to lead a normal life, which is why it is crucial to contribute to research at Special Surgery."

Life Insurance as a Gift to HSS

There are two ways in which life insurance can play an important role in supporting the future of the Hospital:

1. Donate a life insurance policy to HSS. You will receive an income-tax deduction roughly equal to its cash surrender value, and the face value is removed from your taxable estate.
2. Designate HSS the revocable beneficiary of a policy that you continue to own. While income tax cannot be deducted, you'll save estate taxes.

Please contact us at 212-606-1196 for more information on making a gift of life insurance to HSS.

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

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