After graduating from Houston County High School in Columbia, Alabama, Bill Oakley had plans. He wanted to study architecture at another university in Alabama.

Bill’s father, a UA graduate, had other ideas. Since the early 1900s, it has been a long-standing Oakley family tradition to attend The University of Alabama. Bill’s uncles, two older brothers, and his sister, as well as countless cousins, were graduates. His father gave him the choice of “going to work or going to UA.” Bill chose the latter; and that, he will tell you, was one of the best decisions of his life.

Bill’s years at the University were memorable ones. As a Sigma Nu, Bill formed friendships that endure to this day. His first two years were spent studying engineering before he switched to accounting after taking advantage of UA’s career counseling. “I never considered accounting, but, after making the Dean’s List, I knew I had made the right decision!”

Foundation for Success

In addition to being active in campus activities, Bill put his accounting skills to use when he was elected by his fellow students to be business manager of the Mahout, the University’s humor magazine. The magazine won special recognition under his leadership, and, for the first time, made a profit.

Graduating in 1962 with a B.S. in accounting, Bill was commissioned through the ROTC and spent the next 20 years in the military, serving in Germany, Vietnam, and Saudi Arabia as well as stateside in D.C. and Atlanta. He worked in the communications and computer fields, also earning a master’s degree in information technology from George Washington University. Bill spent the last 15 years of his career as a consultant for Booz/Allen/Hamilton before retiring in 1998.

Maintaining Strong Ties

Still an active traveler, Bill maintains strong ties to the University. “UA provided me the foundation to build a successful and rewarding career. I feel a responsibility—a moral obligation—to repay those benefits.”

Bill has established a scholarship to honor his parents through the Alumni Association. Working with fraternity brother Pat Whetstone (Director of Alumni Affairs), Bill created the scholarship with his sister, Margaret Oakley Nicholas, to assist deserving students from the Houston/Henry County area. Says Pat, “Bill was thrilled to set up this scholarship that has benefited multiple students from his hometown.” Tommy Tillman of Birmingham, AL, another Sigma Nu, encouraged Bill to establish a scholarship in Culverhouse College of Commerce and Business Administration. This gift supports military veterans studying accounting. Both of these scholarships were funded using stocks that had appreciated in value over time.

A long-time member of the Denny Society, Bill has also made plans to support the University after his lifetime. He has established a trust, naming UA as one of the beneficiaries. “I want to give others a chance to build their foundation for success.”
As you consider the best way to make your charitable gifts, you may want to pay special attention to what to give and also the timing of your gifts.

Ongoing changes in tax laws, fluctuations in investment markets, and other factors may make it especially important to weigh financial decisions carefully this year. Time invested in planning your charitable gifts can help increase their effectiveness and can also result in reduced tax liability and other benefits.

**Tax-efficient Giving**

Many University alumni and friends, like Bill Oakley, have discovered appreciated securities to be an excellent source for gifts. He has used shares of stock inherited from his grandmother, as well as other assets he has purchased over the years, to fund multiple scholarships with UA and other charitable interests. “By making my gifts with assets that had grown in value, there is a real tax advantage,” says Bill.

Bill discovered that securities and other assets that are worth more than you paid for them are generally deductible for tax purposes at their full current value. Therefore, you are allowed to deduct not only what you paid for them but also any “appreciation” or gain in the investment. As a result, you receive the following benefits:

1. A tax deduction based on the full current value.
2. No capital gains tax because the assets will be put to charitable use.

A gift made in this way can be used to eliminate tax on up to 30% of your adjusted gross income (AGI) in the year of your gift and up to five additional tax years.

**Example**

Jordan is in the 33% federal income tax bracket and would like to make a $100,000 gift to The University of Alabama. Should the gift be in the form of cash? Or would it be better to give stocks, bonds, or mutual funds of the same value that are worth more than they originally cost? Jordan is in a 15% capital gain tax bracket.

<table>
<thead>
<tr>
<th>Assuming 33% Income tax Bracket</th>
<th>Option A: Give $100,000 in Cash</th>
<th>Option B: Give Securities Outright</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift value</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Ordinary income tax savings</td>
<td>$33,000</td>
<td>$33,000</td>
</tr>
<tr>
<td>Capital gains tax saved or paid, assuming 15% tax rate</td>
<td>N/A</td>
<td>$13,500 saved</td>
</tr>
<tr>
<td>After-tax cost of making gift</td>
<td>$67,000</td>
<td>$53,500</td>
</tr>
</tbody>
</table>

If the gift is in the form of cash, the deduction for federal income tax purposes would be $100,000, saving $33,000 in taxes. If stock valued at $100,000 that was purchased years ago for $10,000 was given instead, the following would result:

A charitable income tax deduction for $100,000, saving $33,000 in taxes (just like a cash gift), and avoidance of capital gains tax on the $90,000 increase in value, a $13,500 savings (current 15% capital gain tax rate x $90,000).

Note that the after-tax cost of the gift of stock worth $100,000 is just $53,500 ($100,000 - $33,000 - $13,500). Comparing that to the $67,000 after-tax cost of giving cash ($100,000 - $33,000), it is better to give the stock and thus make the same gift to charity at a $13,500 lower after-tax cost than the same gift made in the form of cash.

**More Information**

Careful planning today can play a vital role in ensuring continued economic security for you and your loved ones, while continuing your support of The University of Alabama. We will be pleased to provide additional information to you or your advisors that can help you complete your gifts in ways that assure maximum benefits. Return the enclosed card or visit ua.aboutgiving.net.

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