A Better Way to Give

Personalized, Private, Easy to Manage

PHILANTHROPY gratitude giving

SCHWAB CHARITABLE®

Your Partner in Tax-Smart Philanthropy®

WELCOME

Schwab Charitable is among the top fundraising charities in the United States and a leading national donor-advised fund.

Working directly with individuals and their financial advisors, we have developed a strategic approach to assisting donors of all sizes to frame, develop, and fulfill their charitable goals. We provide advantageous ways to give, useful information, and unbiased guidance, delivered in the way that works best for you. While we offer technologically advanced options for managing philanthropy online, we also have a helpful and knowledgeable staff ready to answer any questions that you may have.

We are grateful to be at the forefront of strategic philanthropy, and we look forward to working with you to help you realize your charitable goals.

strategic

What is a Donor-Advised Fund?

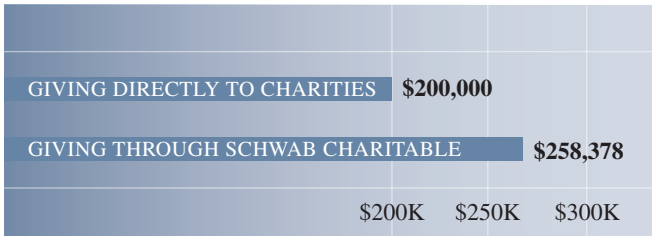
A donor-advised fund is a tax-smart charitable vehicle offered by a public charity that allows donors to make contributions to the charity, become eligible to take an immediate tax deduction, and then make recommendations for distributing the funds to qualified U.S. public charities.

Key benefits of a donor-advised account include:

Simple & Efficient	Open an account within 24 hours, with no setup costs[1]
	Submit and review online grant recommendations at any time; no need to write checks or save charity receipts
Tax-Smart	Receive an immediate tax deduction[2] for contributions to offset taxable income
	Avoid capital gains tax on contributions of appreciated assets held more than a year[3]
Customized & Private	Create a special name for your account and have grants issued on customized letterhead
	Decide whether to recommend each grant anonymously or receive acknowledgement
	Personal information and account activity are kept private and are not attributed to individual accounts in publicly available IRS returns
Flexible	Separate year-end tax decisions from charitable giving decisions
	Recommend grants online anytime
	No minimum annual distribution requirement
Establishes Legacy	Involve family members in recommending grants
	Name family members as successors to the account, ensuring a legacy of charitable giving for future generations
	Recommend recurring gifts after your passing to your favorite charities

Growth Potential of a Schwab Charitable Account

Contributing to a Schwab Charitable donor-advised account may also allow you to substantially increase your charitable impact over time through tax-free potential growth of your contributions.



Assumes 20 year time period, annual investment growth rate of 5% for the Schwab Charitable account and generous granting of 15% of the account balance every year. Contribution is assumed to be made on January 1 of the first year, and grant distributions on December 31 of each year. This is a hypothetical example used for illustrative purposes only and is not intended to represent the performance of any specific investment. It cannot be used to predict or project investment performance.

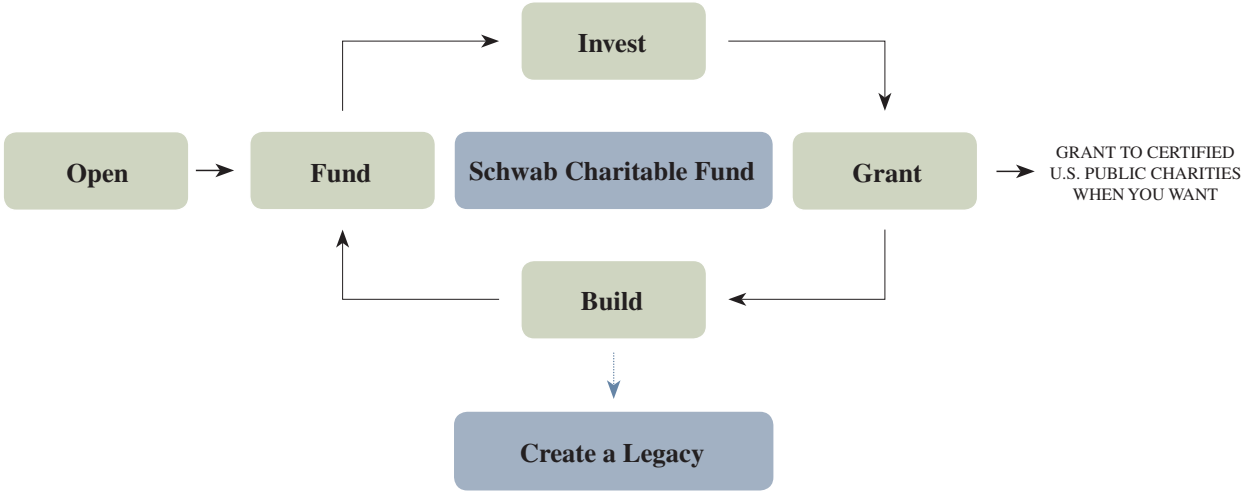
1 Ongoing administrative and investment fees apply.

2 A donor's ability to claim itemized deductions may be subject to further limitations depending upon the donor's specific tax situation and donors should consult their tax advisors.

3 Contributions of securities held for one year or longer are fully deductible at fair market value (FMV); securities held for less than one year have the same adjusted gross income (AGI) limits as cash contributions (50%), but the valuation is based on the lesser of the cost basis or FMV. Contributions that exceed AGI limitations may be carried forward and deducted for five years.

HOW THE PROGRAM WORKS

Schwab Charitable Fund, a leading national donor-advised fund[4], allows you to potentially realize the greatest tax benefits of charitable giving while supporting your favorite charities over time.



1. Open a donor-advised account with the enclosed application or visit us online at schwabcharitable.org to complete and print an application.

2. Fund your account with an irrevocable, tax-deductible[5] contribution of $5,000 or more in cash, publicly-traded securities, or various "non-cash" donations[6] such as real estate and private equity.

3. Invest your contributions for tax-free potential growth by recommending investments from a variety of investment pools, or by recommending an advisor to create an investment strategy.

4. Grant recommendations of $50 or more can be made at any time to your local church, your alma mater, local arts and music organizations or any other certified U.S. public charity.

5. Build your account with additional contributions at any time in increments as low as $500 and continue to manage your taxes while increasing the assets available for granting.

6. Create a legacy of giving by naming your account (i.e. "The Jones Family Fund"), assigning successor-advisors and/or setting up recurring gifts after your passing, allowing you to create a charitable legacy that can continue on for generations.

We offer competitive administrative fees to cover the expenses of operating a donor-advised account. These include web and phone support, grants administration, and quarterly account statements.

Please refer to the sheet included in the back of this folder or visit us at schwabcharitable.org for more information.

action

4 Philanthropy 400 data published by Chronicle of Philanthropy. Based on net assets for the period ending June 30, 2010, collected from IRS 990 annual returns.

5 A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation. Consult your tax advisor for more information.

6 Contributions of real estate, private equity or other non-cash assets are accepted via a charitable intermediary that specializes in these transactions, with proceeds of your donation transferred to your donor-advised account upon liquidation. The charitable deduction is based on when the contribution is made to the charitable intermediary, not when the proceeds are transferred to your donor-advised account. This intermediary considers donations on a case-by-case basis, and assets typically must be valued at $250,000 or more.

Contributions Accepted

Contributions to a donor-advised account can carry significant tax benefits. All contributions are eligible for an immediate tax deduction.

Assets Generally Accepted	Deductibility Limits[7]
Cash • via check, wire transfer or Electronic Funds Transfer[8]	50% of Adjusted Gross Income (AGI)
Publicly-traded Stock & Bonds	• Generally, 30% of AGI • If held for more than one year, deductible at Fair Market Value (FMV) • If held for less than one year, generally deductible at lesser of cost basis and FMV, but subject to 50% AGI limit
Mutual Fund Shares	
Restricted Stock • Control person, lock-up, other	
Initial Public Offering (IPO) Stock	

Assets Accepted Under Certain Conditions[9]
Privately held securities • C- or S-Corp stock with exit strategy of merger, acquisition or redemption[10] • LLC and limited partnership interests holding C-Corp stock • Pre-IPO shares[10]
Cash value of a life insurance policy[11]
Tangible personal property (artwork, collectibles)
Real estate
Alternative assets[12]

Donate Appreciated Securities for More Tax Benefits

If you have appreciated stock that you have held for more than a year, you can donate it to your charitable account and deduct the fair market value of the donation without realizing any capital gain.

However, if you sell the stock first and then donate the cash proceeds to charity, you may be subject to capital gains taxes on the proceeds from the sale of the stock.

7 Tax deductibility limits are different by asset type. Contributions that exceed AGI limitations may be carried forward and deducted for five years. A donor's ability to claim itemized deductions may be subject to further limitations depending upon the donor's specific tax situation. Please consult your tax advisor.

8 For instructions on how to facilitate an Electronic Funds Transfer from your bank account, please call us at (800) 746-6216.

9 Available to large accounts only and considered on a case-by-case basis. Contributions of real estate and privately held interests are accepted via a charitable intermediary that specializes in these transactions, with proceeds of the donation transferred to the donor's donor-advised fund upon liquidation. The charitable deduction is based on the value of the asset at the time it is contributed to the charitable intermediary, not when the proceeds are transferred to the charitable account.

10 In certain circumstances, a donor may be liable for taxes with respect to gifted stock subject to a merger, redemption or acquisition. Donors considering such a gift should consult their tax advisors. Cannot be a pre-arranged sale.

11 The amount of charitable deduction for a gift of a life insurance policy may depend on the nature of the policy. Donors considering such a gift should consult their tax advisors.

12 Assets transferred from a private foundation are not eligible for a tax deduction.

Helpful Planning Tools

Cost of Contribution Calculator

By asking a few simple questions, our online calculator will determine the income tax and capital gains tax savings for cash, stock, or mutual fund donations, and will show you the "net cost" of your contribution.

Use the calculator online at: **schwabcharitable.org/giving/calculator**

Charitable Giving Planner

This interactive tool shows you how much more could potentially be given to charity by leveraging the tax benefits and potential growth of your contributions over time.

Use the planner online at: **schwabcharitable.org/giving/how_planner**

Schwab Charitable Fund offers a comprehensive range of investment alternatives for donor-advised accounts—from simple to complex—to meet a variety of goals. Choose either a Standard Donor-Advised Account or a Professionally-Managed Account.

Investment Allocation Survey

For assistance in recommending the appropriate investment allocation for your account, complete our quick donor profile questionnaire at **schwabcharitable.org/investment-allocation-survey**

Involve Your Investment Advisor on Your Standard Donor-Advised Account

- Advisors may receive copies of account statements.
- If the advisory firm is on the Schwab Advisor Services platform, advisors can link the donor-advised account to their master account.
- As a nominator, advisors can recommend grants to charity on your behalf, and elect to receive copies of grant letters.

Standard Donor-Advised Account

With a standard donor-advised account, donors can recommend investments from among a variety of investment pools.

Standard Donor-Advised		
	< LOWER COMPLEXITY/CUSTOMIZATION	
	PRE-ALLOCATED INVESTMENT POOLS	SINGLE ASSET CLASS INVESTMENT POOLS
Investments Available:	• Conservative • Balanced • Growth	• Money Market • Income & TIPS • Large Cap Equity (2) • Small Cap Equity • International Equity (2) • Socially Responsible
Account Minimum:	$5,000	

Standard donor-advised accounts may choose among 12 investment pools which feature pre-screened, top performance mutual funds, including:

• **3 Pre-Allocated Investment Pools** for donors who want to recommend a diversified investment strategy with one investment choice

• **9 Single Asset Class Investment Pools** that can be combined by donors who want to recommend a more customized investment strategy.

See the fact sheet in the back pocket of this brochure for more information about the investments we offer, including underlying funds and fund performance.

Double Give Microfinance Guarantee Program

Available for both Standard Donor-Advised and Professionally-Managed Accounts

The Double Give Program allows participants to stretch their philanthropy even further by recommending that up to 10% of their donor-advised accounts be set aside to guarantee microfinance loans to the world's poorest entrepreneurs, while leaving donated assets in the account invested for potential growth and future granting.

This program is available exclusively to Schwab Charitable donors and is the first program of its kind. For more information and to read the full program description, visit **schwabcharitable.org/double-give-program**.

Professionally-Managed Account

With our professionally-managed account, donors may recommend an investment advisor to create an investment strategy customized to the specific philanthropic goals for the donor-advised account.[13]

	Professionally-Managed	
	HIGHER COMPLEXITY/CUSTOMIZATION >	
	PUBLICLY-TRADED SECURITIES	ALTERNATIVE INVESTMENTS
Investments Available:	• Stocks • Bonds • Mutual Funds • ETFs, ETNs • CDs	• Hedge Funds • Private Equity/ Venture Funds • Real Estate Funds • Real Asset Funds
Account Minimum:	$250,000	$10 Million

Publicly-traded Securities:

For accounts of more than $250,000, a donor may recommend an independent investment advisor to actively manage a customized investment portfolio for the account (subject to Schwab Charitable investment policies and oversight) by investing in a broad universe of publicly-traded securities, including individual stocks, mutual funds, exchange-traded funds and fixed-income products.

Alternative Investments:

For accounts with more than $10 million, an independent investment advisor or wealth manager may also recommend alternative investments (including hedge funds, private equity/venture funds and private debt) for the portfolio. All privately-offered alternative investments must be reviewed and approved in advance by Schwab Charitable.

A pioneer in professionally-managed donor-advised accounts

Schwab Charitable Fund was the first leading national donor-advised fund to enable donors to recommend an independent investment advisor to manage the donated assets in their donor-advised accounts[14].

13 Professionally-managed accounts are available only through independent investment advisors working with Schwab Advisor Services™ (formerly Schwab Institutional), a business segment of The Charles Schwab Corporation serving independent investment advisors and includes the custody, trading and support services of Charles Schwab & Co., Inc.. While donors may recommend an advisor, the Fund must approve the recommendation. Advisors must meet certain eligibility requirements and adhere to Fund fee and investment guidelines. You may request a copy of the investment guidelines by calling us at (800) 746-6216.

14 Schwab Charitable press release, October 7, 2003.

"What Our Donors Say..."

"My Schwab Charitable donor-advised account is so tax-efficient and simple to use. Recommending grants online is easy and it is great to have all of the account records in one place."

– Michael G.
(donor since 2002)

"We are so impressed with your microfinance guarantee program because it allows us to always make an impact while our donor-advised account is invested."

– Robert and Linda B
(donor since 2003)

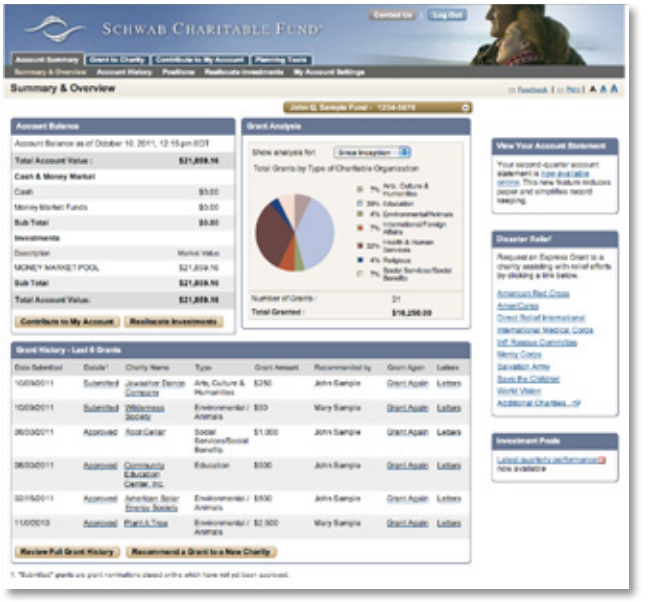
"Schwab Charitable is a first class experience in every way. What a great way to help make the world a better place."

– Anonymous
(donor since 2003)

The above testimonials may not be representative of the experiences of other clients and are not indicative of future performance or success. They stem strictly from the clients' experiences with a Standard Donor-Advised accounts and not from any investment advisory services such as Professionally-Managed Accounts.

GRANTING FROM YOUR ACCOUNT

Recommend grants of $50 or more at any time to any IRS-approved 501(c)(3) public charity through our online donor center[15]. You can recommend future grants to the same charity by using express granting, which pre-fills most of the required information for you.



To help you research charitable organizations, we offer CharitySearch from GuideStar®, a national database of over 1 million charitable organizations.

Personalize Your Grantmaking…

Recommend grants to charities accompanied by letters on stationery personalized with your special account name.

…Or Keep Your Grantmaking Private

Recommend that grants be sent anonymously by not selecting the "Account Special Name" option when submitting a grant online.

Secure Online Account Management

Login to check your account balance, make contributions, reallocate investments, and recommend grants.

If you have a Schwab Account, you can use your schwab.com login and password to access the Schwab Charitable Fund donor center.

15 Grant recommendations are subject to the due diligence process and approval of Schwab Charitable.

Our donor-advised fund provides several options to help ensure that your philanthropy extends beyond your lifetime, continuing to support the causes you care about the most.

Involving Your Family

- You can create a special name for the account (e.g. "The XYZ Family Fund").
- You can involve your family in recommending grants to engage them in family philanthropy and encourage a tradition of giving.
- You can name successors to the account in order to ensure a legacy of charitable giving for future generations.

Charitable Legacy Program

Program Features:

- Recommend up to six charitable organizations as grant recipients, each to receive a percentage of the remaining donor-advised account balance over time after the donor's death
- Recommend a recurring gift after your passing to your favorite charities for five years or more
- Create an account name of your choosing

In addition, the program can provide an advantageous estate-planning strategy that allows increased giving to valued charities and reduced estate taxes.

Additional features include:

Account minimum at activation	• $100,000 for standard donor-advised account • $250,000 for professionally-managed account
Minimum annual distribution	5% of account balance
Minimum term	• 5 years • Will terminate with lump-sum grants if balance falls below $5,000

For more detailed information about the Charitable Legacy Program, see our Program Policies at **schwabcharitable.org/program-policies**.

Building a Charitable Legacy

In addition to contributions that you make to your donor-advised account during your lifetime, there are several tax-advantaged ways to add to your account upon your death. You can name your donor-advised account as the beneficiary of:

- Your retirement plan
- Your will or revocable living trust(s)
- A life insurance policy

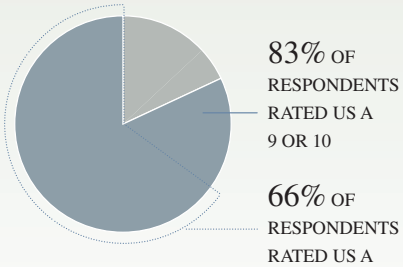
16 Source: Brandweek March 17, 2010; Satmetrix 2010 Net Promoter Benchmark Study of U.S. Consumers. A net promoter score is a result of service research used to gauge the satisfaction of a company's clientele.

Our Commitment to Satisfaction

At Schwab Charitable, we pride ourselves on the service we provide to the donors, financial professionals, and nonprofit organizations that we serve.

Our donor satisfaction scores rival those of best in class companies such as Apple, Google, and Amazon.[16]

HOW LIKELY IS IT THAT YOU'D RECOMMEND SCHWAB CHARITABLE TO A FRIEND OR COLLEAGUE?
(1= highly unlikely -> 10= highly likely)



Source: 2010 annual survey of all Schwab Charitable donors.

"The online experience is great, and I also appreciate the friendly and knowledgeable specialists on the phones."

– Jim and Mary C.
(donors since 2007)

The above testimonial may not be representative of the experience of other clients and is not indicative of future performance or success. It stems strictly from the clients' experiences with a Standard Donor-Advised account and not from any investment advisory services such as a Professionally-Managed Account.

A donor-advised fund is a flexible and tax-efficient way to give, whether you use it as your primary giving vehicle or as a complement to a private foundation, charitable trust, or supporting organization.

	Private Foundation	Donor-Advised Fund
Asset minimums	Generally recommended only for those with millions of dollars in charitable assets	$5,000
Startup costs	May be substantial – legal documentation, tax filings, other	None
Ongoing Annual Expenses	May be substantial[17]	Comparatively low
Privacy	Public disclosure of contributions and grants in annual tax filings	Individual account activity can be private
Tax deduction limits for cash contributions	30% of adjusted gross income (AGI)	50% of AGI
Tax deduction limits for securities contributions[18]	20% of AGI	30% of AGI
Tax deduction limits for real estate and other assets	20% of AGI, deductible at cost basis	30% of AGI, deductible at fair market value
Administration	Required recordkeeping, asset management, reviewing grant solicitations, tax filings	Managed by Schwab Charitable
Reporting	Required annual state and federal tax returns	None at the account level
Taxes	Excise taxes, up to 2% of annual investment income	None
Annual distribution requirements	5% distribution required annually	None[19]
Professional asset management options	Yes	Yes

Private Foundation vs. Donor-Advised Fund Self Assessment Survey

Wondering if a private foundation, donor-advised fund, or a combination of both vehicles suits your philanthropic circumstances? This survey can help.

Take the survey online or download and print a copy at **schwabcharitable.org/pf-survey-email**

Private Foundation Conversion Service

This Service is specifically designed to help determine whether a donor-advised fund, private foundation, or one or both vehicles are appropriate to help facilitate your philanthropy. We provide guidance, including:

- assisting with paperwork associated with the transfer in the state where the foundation is held
- facilitating the transfer of foundation assets to a donor-advised account, and
- working with you and your advisor(s) on all associated issues throughout the transition

17 Typically requires hiring an attorney to set up the foundation, hiring staff (if needed) to review grant submissions, performing grant due diligence, issuing checks to grantees, hiring an investment manager or paying investment management fees (OERs on mutual funds or trading fees), and also requires the preparation and submission of an annual tax filing for the foundation, typically performed by a paid Certified Public Accountant (CPA).

18 Contributions of securities held for longer than one year are generally deductible at fair market value (FMV); securities held for one year or less have the same AGI limits as cash contributions (30%/50%), but the valuation is based on the lesser of the cost basis or FMV. Contributions that exceed AGI limitations may be carried forward and deducted for five years. Deductibility rules can be complex. Consult your tax advisor for more information.

19 Schwab Charitable Fund requires that its total annual grants must be at least 5% of the Fund's average net assets on a fiscal five-year rolling basis. If this requirement is not met, the Fund may contact the current primary donor on each account that has grants equal to or less than 5% of the account balance on an annual basis. Schwab Charitable Fund will then offer the donor the opportunity to recommend the requisite amount in grants. If Schwab Charitable Fund does not receive sufficient grant recommendations within 90 days, the Fund may transfer the requisite amounts from these accounts to the Philanthropy Fund and may make corresponding grants from that fund. Since the inception of the Fund, annual grant distributions have always far exceeded the stated 5% minimum. Hence, the process described above has not happened to date.

PHILANTHROPY

giving

FOR MORE INFORMATION

VISIT OUR WEBSITE:
WWW.SCHWABCHARITABLE.ORG

SEND EMAIL TO:
ASK@SCHWABCHARITABLE.ORG

CALL A DONOR RELATIONS SPECIALIST:
(800) 746-6216

Schwab Charitable™ is committed to increasing charitable giving in the United States by providing advantageous ways to give, useful information and unbiased guidance. To achieve this goal, we provide donors and financial professionals with a broad range of philanthropic services, including Schwab Charitable Fund™, our Private Foundation Conversion Service and Microfinance Guarantee Program.

Schwab Charitable is the name used for the combined programs and services of Schwab Charitable Fund, an independent nonprofit organization, and Schwab Charitable Trust Services, a limited liability company owned by Schwab Charitable Fund.

Schwab Charitable Fund has entered into service agreements with certain affiliates of The Charles Schwab Corporation (Charles Schwab & Co., Inc. and Charles Schwab Investment Management, Inc.). Schwab Charitable Fund is recognized as a tax-exempt public charity as defined in Internal Revenue Code (IRC) Sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi) and is eligible to receive tax-deductible charitable contributions under IRC Section 170(c).

This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary or appropriate, Schwab Charitable recommends consultation with a qualified tax advisor, CPA, Financial Planner or Investment Manager.

SCHWAB CHARITABLE®

Your Partner in Tax-Smart Philanthropy®

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