



News Release

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SCHWAB FUND FOR CHARITABLE GIVING CREATES MORE CHOICES FOR PRIVATE FOUNDATIONS AND PHILANTHROPISTS

First leading national donor-advised fund to offer management of charitable assets by independent investment advisors

SAN FRANCISCO, Oct. 7, 2003 — The Schwab Fund for Charitable Giving[®], a leading national donor-advised fund, today announced the launch of Charitable Asset Management, a new feature that gives independent financial advisors the ability to manage the assets in a client's donor-advised fund¹.

Charitable Asset Management is a significant offering because no other leading national donor-advised fund permits such flexible and personalized management of a client's donated assets. With this new feature, the Schwab Fund for Charitable Giving provides donors with many of the benefits of a private foundation with the ease, efficiency, and reduced expenses of a donor-advised fund.

"Private foundations face a less favorable legislative environment and increased scrutiny from public officials who are pushing for more accountability and reporting," said Kim Wright-Violich, president of the Schwab Fund for Charitable Giving. "At the same time, many high net worth individuals cite a lack of time as an obstacle to giving. A simple solution for many philanthropists is to convert their private foundation into a donor-advised fund account, which allows them to continue their giving without the administrative responsibilities and fiduciary oversight required for a private foundation."

Charitable Asset Management is available exclusively to donors and advisors working with Schwab Institutional[®] or U.S. Trust advisors. It allows the advisor to actively manage charitable assets of \$500,000 or more that a client has contributed to a Charitable Gift Account with the Schwab Fund for Charitable Giving.

In addition to Charitable Asset Management, the Schwab Fund for Charitable Giving offers philanthropists many services to make it easier to achieve their unique charitable goals.

The Charitable Gift Account typically offers lower administrative fees and greater tax benefits relative to a private foundation, and there is no annual distribution requirement. (Editor's Note: See chart, comparing a private foundation to a donor-advised fund.) It also reduces paperwork and administrative requirements, because the Schwab Fund for Charitable Giving tracks contributions and grant recommendations and provide donors with regular account statements and annual tax documentation.

The Schwab Fund for Charitable Giving offers donors significant privacy benefits as well. Private foundations are subject to mandatory public disclosure requirements, and tax returns are widely available online. A Charitable Gift Account, with or without the Charitable Asset Management feature, can be a private vehicle for giving. Contributions are not subject to public review with a Charitable Gift Account, and there is no requirement for a separate tax filing, as is the case with a private foundation.

Donors can open a Charitable Gift Account with the Schwab Fund for Charitable Giving with an initial contribution of cash or securities valued at \$10,000 or more. There is no upper limit to what may be contributed to a Charitable Gift Account.

"We've found that people are grateful to have someone help them move away from impulse giving or charity based on last-minute tax preparations," said Wright-Violich. "Many people want a more strategic and private way to give that can complement their financial plan. The Schwab Fund for Charitable Giving can help them achieve that."

About The Schwab Charitable Fund for Giving

The Schwab Fund for Charitable Giving is an independent, nonprofit organization established in 1999 to offer donor-advised funds and other philanthropic services. The Fund has received \$380 million in contributions and has helped donors distribute more than \$166 million out to charities. The Fund has distributed more than 40,000 grants to more than 14,000 charitable organizations. For more information about the Fund and the Charitable Gift Account, please visit www.schwabcharitable.org.

About Schwab Institutional

Schwab institutional is a leading provider of custodial, operational and training support for independent fee-based investment advisory firms. The investment professionals it serves represent about 30% of Schwab's total customer assets and about 15% of Schwab's total customer accounts as of June 30, 2003. Schwab Institutional is a division of Charles Schwab & Co. Inc. ("Schwab"), Member SIPC/NYSE. Schwab is a subsidiary of The Charles Schwab Corporation.

About The Charles Schwab Corporation

The Charles Schwab Corporation (NYSE: SCH), through Charles Schwab & Co., Inc. (member SIPC/NYSE), U.S. Trust Corporation, CyberTrader, Inc. (member SIPC/NASD) and its other operating subsidiaries, is one of the nation's largest financial services firms serving investors through offices, regional client telephone service centers and automated telephonic and online channels. The Charles Schwab, U.S. Trust and CyberTrader Web sites can be reached at www.schwab.com, www.ustrust.com, and www.cybertrader.com, respectively.

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Private Foundations and Donor – Advised Funds --- --- How They Compare

A donor–advised fund offers donors a flexible, tax–smart, and efficient way to manage their charitable giving, and privacy protection that is not available through a private foundation.

Features	Private Foundation	Donor-Advised Fund
Professional asset management options	Yes	Yes, from the Schwab Fund for Charitable Giving ¹
Startup costs	May be substantial	None
Administration	Record-keeping, asset management	None
Reporting	Annual state & federal tax returns	None
Taxes	Excise taxes, up to 2% of annual investment income	None
Privacy	Public disclosure in annual tax filings of contributions and grants	Individual transactions can be private
Annual distribution requirements	5% distribution required annually	None
International giving	More flexibility	Less flexibility
Grants to individuals, e.g., scholarships	Permitted	Not permitted
Paid staff and trustees	Permitted	Not permitted
Asset minimums	Generally recommended only for \$20 million or more in charitable assets	\$10,000 or more
Expenses	May be substantial	Comparatively low
Tax deduction limits for contributions: Cash Securities	30% of adjusted gross income (AGI) 20% of AGI	50% of AGI 30% of AGI

NOTES

¹ Charitable Asset Management is a feature that allows an independent investment advisory firm, recommended by the donor and approved by the Schwab Fund for Charitable Giving, to actively manage the assets in a Charitable Gift Account investment portfolio in accordance with general investment guidelines adopted by the Fund. Charitable Asset Management is available only for Charitable Gift Accounts with assets of \$500,000 or more.