



For more information, please contact:

Morrison Shafroth
Communications Strategy Group
720-470-3653

SCHWAB CHARITABLE OFFERS EIGHT SMART TIPS TO STRETCH CHARITABLE DOLLARS DURING THIS GIVING SEASON

SAN FRANCISCO, Oct. 28, 2008 — With turmoil on Wall Street causing many to wonder how they can continue to support their favorite charities, Schwab Charitable released today a series of tips to help donors stretch their charitable budgets—even in tough economic times.

Past economic downturns have cut deeply into nonprofit bottom lines precisely when demands for services have increased. During two economic declines, 1973 and 2001, donations failed to keep pace with inflation for three straight years – 1973-75 and 2001-03.¹ This year, with markets down more than a third and a fairly significant recession all but assured, it may feel difficult to sustain past charitable giving habits. But with some planning, you can make donations go further and support the nonprofits that are most important to you even during an economic downturn.

“The key is to leverage your time, money and tax planning to maximize impact,” said Kim Wright-Violich, president of Schwab Charitable, one of the country’s largest and fastest growing national donor-advised fund organizations with 12,000 donors and nearly \$2 billion in assets.

Here are eight tips to help make a charitable difference in tough economic times:

- 1. Maximize tax planning:** Charitable giving can help reduce income taxes, estate tax and capital gains tax, so it is crucial to think about how you can best leverage tax rules to expand your philanthropic impact. Two basic rules include itemizing deductions on your tax return if you plan to deduct charitable contributions and requesting a receipt for donations of \$250 or more to a single charity. Since the tax aspects of charitable giving can be complex, it is a good idea to consult with a tax professional.
- 2. Give Appreciated Securities:** Even with stock prices down significantly, many investors have securities (stocks, mutual funds) worth more than they paid for them. You may want to consider transferring some of those appreciated securities to charity. Giving the securities to charity--rather than selling them and donating the cash from the sale--enables you to avoid the capital gains tax liability which would be due if you sold them. If you’ve held the donated securities for a year or more, your income tax deduction will be based on the appreciated fair market value at the time of donation.
- 3. Donate Cash: Cash donations may still make the most sense if the only securities you currently hold were purchased less than a year ago or have depreciated.** Generally, if you donate securities with unrealized gains you’ve owned less than a year, your deduction would be limited to just what you paid. If you are donating securities worth less than the amount you paid for them, sell them first and then donate cash in order to lock in the losses to offset other taxable gains. Make sure you retain a canceled check or a receipt from the charity in order to deduct the donation.
- 4. Donate unusual assets:** Often overlooked, retirement accounts and life insurance policies can also be tapped for charity. You may designate a charity as the beneficiary of your life insurance policy or make a gift of the policy itself. Or if you are 70 ½ or older you can make gifts totaling up to \$100,000 a year from your IRA to qualified charities without incurring income tax on the withdrawal. This provision originally expired at the end of 2007, but was renewed through the end of 2009 as part of the Emergency Economic Stabilization Act of 2008. While most public charities are eligible to receive distributions from an IRA, this new rule does not apply to donor-advised funds, supporting organizations or private foundations.

¹ Giving USA 2008

5. **Open a Charitable Account with a Donor-Advised Fund Organization:** If you have appreciated assets to give that you've held a year or longer, but don't want to give them all to one charity or all in this calendar year and prefer to spread your giving over multiple organizations and years, consider opening a Charitable Gift Account. These accounts allow you to contribute when you feel the conditions are right, receive an immediate tax deduction for doing so, and then make smaller grant nominations to numerous charities over time. They also have an added bonus; they act as a charitable reserve that can be tapped during economic downturns. The minimum contribution for most donor-advised fund accounts is \$5000 and the minimum grant is typically \$100.
6. **Set priorities:** If assets have not been previously set aside, make a decision about whether to cut back on your charitable contributions in a uniform way (for example, reduce all previous contributions by 5%) or focus your giving by setting priorities and identifying your "nice to give to charities" from your "have to give to charities". The key is to be strategic, not impulsive.
7. **For those who have existing endowment-style philanthropic vehicles such as a Private Foundation or Supporting Organization:** Consider giving a higher percentage in grants than in previous years and letting the asset level drop lower than you would normally. Another option is to consider pledging a small portion of your endowment for use by a microfinance organization to secure loans to struggling entrepreneurs in some of the world's poorest regions. This approach may be expanding to donor-advised funds as well. For example, Schwab Charitable Fund, one of the largest and fastest growing donor-advised fund organizations in the country, recently announced a new microfinance guarantee program that allows donors to recommend pledges of assets in Charitable Gift Accounts to guarantee loans to the world's neediest entrepreneurs. Regardless of the funding source, these types of guarantees help expand the availability of and lower interest rates on small loans to businesses in the developing world.
8. **Give time and expertise:** Sometimes giving our time and talents can have more impact than making a financial contribution to charity. As a volunteer or a board member with a charity, you can have a direct and personal impact on causes you care about.

"As we enter the holiday giving season, most Americans are feeling the pinch from a slowing economy and a declining stock market," said Ms. Wright-Violich. "In this environment, charitable giving is more important than ever, so it's crucial to be thoughtful about your giving to maximize the impact for the causes and organizations you care about most."

About Schwab Charitable

Created as a national donor-advised fund organization with a mission to increase charitable giving nationwide, Schwab Charitable has raised over \$3 billion and has facilitated more than \$1 billion grants to charity since inception. In 2007, the Fund received more than \$1 billion in donations, which is expected to place Schwab Charitable among the top ten fundraising charities in the United States and the largest in the State of California. For more information about Schwab Charitable or the Schwab Charitable microfinance program, visit www.schwabcharitable.org.

#