

What is a donor-advised fund?

A donor-advised fund is a simple, efficient and tax-smart solution for charitable giving. A Schwab Charitable donor-advised fund account can help donors make tax-efficient charitable donations, invest assets for potential tax-free growth while the funds are in the account, and potentially give even more to their favorite charities now or when it's needed most.

Donor-advised funds are administered by a charitable sponsoring organization that qualifies as a 501(c)(3) public charity including, community foundations, and national organizations such as Schwab Charitable. Donor-advised funds may have different minimum contributions, guidelines for grants, investment, and administrative fees.

Why donor-advised are growing in popularity among donors

- **Ease of use:** Donor-advised fund accounts are easy to establish, flexible and simple to manage.
- **Tax-efficiency:** Contributions qualify for a same-year tax deduction if the donor itemizes his or her taxes, and capital gains taxes are potentially eliminated for contributions of appreciated non-cash assets held for more than a year, which means the donor can potentially give up to 20% more to charity.
- **Flexibility:** Because the decision of when, where and how much to give is not tied to tax benefits, the donor can give when it makes the most sense and can even set up future and recurring grants to the nonprofits they support.
- **Lower complexity and cost than a private foundation:** Using a donor-advised fund as a giving vehicle requires no account administration on the part of the donor. The sponsoring organization handles all recordkeeping and tax filings. Many donor-advised funds, including Schwab Charitable, have no or low startup costs and lower operating expenses than private foundations.
- **Low fees:** Donor-advised fund sponsors generally offer competitive administrative fees that cover the expenses of operating a donor-advised fund account such as online donor services, phone support, grant due diligence and administration, tax filings, annual account summaries, and communications.
- **Efficient legacy planning options:** Donors can create a charitable legacy to continue their giving with options that include the designation of their account as a beneficiary of their retirement plan, a will or revocable living trust among other options.

Grantmaking from DAFs to qualified charities totaled more than **\$25 billion in 2019**, a 93% increase since 2015.*

* As of January 2020: The 2020 DAF Report, National Philanthropic Trust



How a donor-advised fund works



1. Contribute

Donors can contribute cash or appreciated non-cash assets such as publicly-traded securities, real estate, or private business interests. They receive a same year tax deduction for their contributions and can potentially eliminate capital gains tax for contributions of non-cash assets.



3. Grant

Donors may recommend grants to qualified 501(c)(3) public charities of their choice at any time. They can choose to set up recurring grants to provide steady support to nonprofits over time.



2. Invest

Once the contribution is made to the account, donors may recommend their assets be invested for potential tax-free growth while they are in the account. At Schwab Charitable, a variety of investment choices make it possible to help donors to maximize their charitable giving goals. Donors can invest in one or more investment pools or recommend an investment advisor to manage their account.



4. Plan

Donors can recommend successors to carry on their legacy of giving or nonprofit beneficiaries to receive grants after their lifetime. A donor-advised fund can also be a beneficiary of a retirement plan, a will or revocable living trust or a remainder trust.

For fiscal year 2021, approximately

60% of contributions

to Schwab Charitable were in the form of non-cash assets including publicly traded securities, restricted stock, and private business interests.[†]

Since Schwab Charitable's inception, investment growth has generated an additional

\$5.8B for the charities

its donors support.[‡]

Schwab Charitable donors granted

\$4.7B to 113K charities

in fiscal year 2021.[‡]

Schwab Charitable has facilitated more than

\$17B in grants

since our inception in 1999.[‡]

About Schwab Charitable

Schwab Charitable is an independent 501(c)(3) public charity with a mission to increase charitable giving in the U.S. by providing a tax-smart and simple giving solution to donors and their investment advisors.

We offer our donors the tools, guidance, and relationships they need to approach giving in much the same way they approach savings and investments. With Schwab Charitable, donors are empowered to incorporate charitable planning into their everyday lives, giving them the potential to make a bigger difference in the world.

To learn more, visit
schwabcharitable.org/charities

Call Schwab Charitable at
800-746-6216

[†] For the 12 months ending June 2021.

[‡] As of June 30, 2021

Schwab Charitable™ is the name used for the combined programs and services of Schwab Charitable Fund™, an independent nonprofit organization. Schwab Charitable Fund has entered into service agreements with certain subsidiaries of The Charles Schwab Corporation.

Schwab Charitable Fund™ is recognized as a tax-exempt public charity as described in Sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi) of the Internal Revenue Code. Contributions made to Schwab Charitable Fund are considered an irrevocable gift and are not refundable. Please be aware that Schwab Charitable has exclusive legal control over the assets contributed. This information is not provided to the IRS.

Schwab Charitable accepts illiquid assets for contribution on a case by case basis.

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 or CPA.

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

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