

What charities should know about Schwab Charitable granting guidelines

The Internal Revenue Service sets the ground rules for charities to receive grants from donor-advised fund accounts. Sponsoring organizations then implement their own policies that are intended to facilitate compliance with the IRS ground rules, among other things. Below you will find the granting guidelines specific to Schwab Charitable.

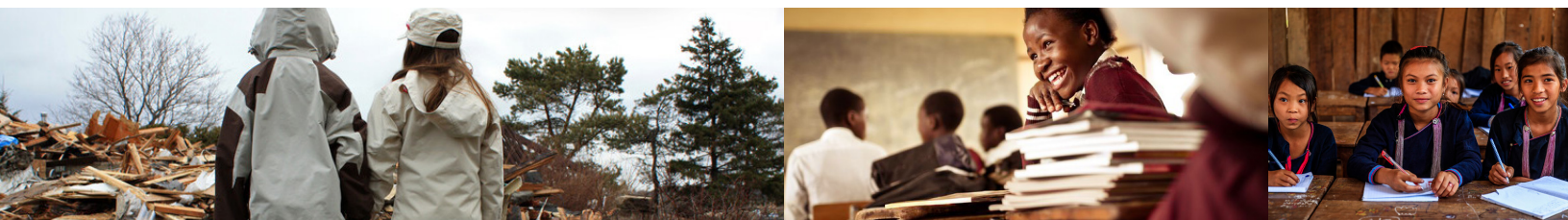
Charities eligible to receive grants from Schwab Charitable

With minor exceptions, Schwab Charitable may grant to charitable organizations that qualify as tax-exempt under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended ("IRC") and are further classified as public charities under 509(a) of the IRC. Such organizations include religious entities, organizations covered by a valid group exemption, and government entities.¹ If the charity is required to file a tax return, it must also be in good standing with the IRS. Schwab Charitable cannot approve grant recommendations to organizations whose tax-exempt status has been suspended or revoked.

Grants from Schwab Charitable

Schwab Charitable generally may approve grant recommendations to an eligible charity for a permissible charitable purpose. Schwab Charitable may not make grants that:

- Are for non-charitable purposes
- Are for a specific individual
- Are not 100% tax deductible
- Provide more than an incidental personal benefit to an individual²
- Relieve the donor of a financial obligation such as a legally binding pledge
- Support lobbying, or a political campaign or party



Examples

The table below applies these guidelines to common granting scenarios. A quick read will help you gain a better understanding of what types of grants can and cannot be recommended from a Schwab Charitable account.

Commonly proposed grant purposes	Examples of grants that can be recommended from a Schwab Charitable account to an eligible charity:	Examples of grants that cannot be recommended from a Schwab Charitable account:
Pledges and pledge drives	<ul style="list-style-type: none"> • Expression of intention by the donor to recommend a grant. 	<ul style="list-style-type: none"> • Any financial commitments that are legally binding (that is, enforceable against the donor or related party).
Events	<ul style="list-style-type: none"> • Tickets to or tables at events that the donor is not attending. • Support for charitable events that are designated 100% tax-deductible by the recipient charity. • Support for charitable events if associated benefits are waived by the donor. • Paddle Raisers or Fund-a-Need opportunities at an event with no benefits received. 	<ul style="list-style-type: none"> • Tickets to charitable events that the donor plans on attending, even if the donor pays the non-tax-deductible portion separately. • Paying for a sponsorship at an event where the donor plans on accepting the associated benefits. • Paying for an auction item at an event.
Memberships	<ul style="list-style-type: none"> • Memberships at houses of worship that provide only intangible benefits. • Annual Memberships that provide only incidental benefits as defined by the IRS and are 100% deductible as stated by the recipient charity. 	<ul style="list-style-type: none"> • Memberships where the donor has not waived all benefits.
Scholarships	<ul style="list-style-type: none"> • Contributions to scholarship funds as long as the donor does not have a majority or deciding vote on scholarship recipients. 	<ul style="list-style-type: none"> • Scholarships that the donor has the majority or deciding vote on scholarship recipients. • Scholarships that the donor or a related party of the donor is a recipient.
Individual support	<ul style="list-style-type: none"> • Grants that generally sponsor missionary or religious work. • Support for the fundraising efforts of an individual in an athletic event or race. • Contribution toward a project or effort led by an individual that does not directly go to paying that individual's salary. 	<ul style="list-style-type: none"> • Grants to benefit designated individual(s), including hardship or disaster relief grants. • Grants to pay a named person's salary. • Support for the fundraising efforts of the donor for which the donor has made a fundraising commitment, such as an athletic event or race, unless the fundraising obligation has been satisfied in full.
Lobbying, political contributions	<ul style="list-style-type: none"> • Grants to qualified charities that advocate on issues of public concern that support their charitable purpose. 	<ul style="list-style-type: none"> • Grants to support a political campaign on behalf of or in opposition to any candidate for public office. • Grants to organizations that conduct activities that are in direct support of or opposition to a specific piece of introduced legislation.

To learn more, visit
schwabcharitable.org/charities

Call Schwab Charitable at
800-746-6216

¹ Charity recipients cannot be classified as private foundations under IRC Section 509(a). Additionally, some charities classified as "supporting organizations" under Section 509(a)(3) do not qualify. "501(c)(3)" refers to Internal Revenue Code (IRC) Section 501(c)(3).

² An incidental benefit is typically anything valued at less than \$100.

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.

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