Program Policies

Updated September 2020

The Schwab Charitable™ Program Policies serve as a detailed resource for Schwab Charitable donor-advised fund accounts.

Topics covered in the Program Policies include:

- Opening a Schwab Charitable Account
- Fees and Expenses
- How to Contribute
- Income Tax Considerations
- Investing Account Assets
- Recommending Grants
- Succession Planning

Schwab Charitable reserves the right to amend the Program Policies.

All Schwab Charitable account holders are required to attest that they have read these Program Policies and any updates thereof, and further agree to be bound by the terms and conditions of the Schwab Charitable Program.

For questions about Schwab Charitable or these Program Policies, please call Schwab Charitable at 800-746-6216 or email ask@schwabcharitable.org.

Key

RIA Indicates content of particular interest to investment advisors.
Contents

About Schwab Charitable 3

Top 10 Policy Highlights 3

1. Opening a Schwab Charitable Account 4
   Core Account ........................................... 4
   Professionally Managed Account .................. 4
   Contributions Are Irrevocable .................... 4
   Naming an Account ................................... 4
   Account Roles .......................................... 4
   Account Access ........................................ 6
   Account Communications ............................ 6
   Account Updates ....................................... 6

2. Fees and Expenses 7
   Administrative Fees .................................. 7
   Investment Expenses .................................. 8
   Additional Costs ....................................... 8

3. How to Contribute 9
   Who Can Contribute? .................................. 9
   Which Assets Are Eligible? .......................... 9
   Contribution Guidelines ............................ 10
   Specific Situations ................................... 12
   Conditional Contributions Prohibited ............ 12
   Contribution Rejections ............................. 12
   Approval and Acknowledgment of Contributions ... 13
   Contribution Processing ............................. 13

4. Income Tax Considerations 14
   General Deduction Amounts ......................... 14
   Qualified Appraisal Requirements .................. 14
   Deduction Limits ...................................... 14
   Income and Gains ...................................... 15
   Estate Planning Considerations .................... 15

5. Investing Account Assets 16
   Core Accounts .......................................... 16
   Professionally Managed Accounts ................ 17

6. Recommending Grants 19
   Charity Eligibility ..................................... 19
   Grant Purpose .......................................... 21
   Grant Processing ....................................... 22
   Grant Communications ............................... 23
   Account Granting Activity ........................... 23
   International Grantmaking .......................... 24

7. Succession Planning 25
   Successors .............................................. 25
   Charitable Beneficiaries ............................. 26
   Charitable Legacy Program .......................... 26

Index 28

Additional Terms and Policies 30
About Schwab Charitable

Schwab Charitable is recognized as a tax-exempt public charity as defined by the 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). Schwab Charitable was established by Charles Schwab & Co. but is governed by an independent board of directors.

Top 10 Policy Highlights

1. Contributions to a donor-advised fund account are irrevocable and nonrefundable. Page 4
2. Fundraising is not permitted in Schwab Charitable accounts. Page 9
3. Contribution acceptance requirements vary. Page 10-11
4. Contribution acknowledgments should be read carefully and any errors reported immediately to Schwab Charitable. Page 13
5. Schwab Charitable does not provide investment, legal, or tax advice. Please consult with professional advisors. Page 14
6. Past investment pool performance does not guarantee future results. Page 16
7. Schwab Charitable only approves grants to eligible organizations—and then only for permissible purposes. Page 19
8. Schwab Charitable retains final authority over the distribution of grants. Page 22
9. The time required to process and approve a grant recommendation varies. Page 22
10. Successors have no account privileges until an account’s succession plan is enacted. Page 25
Opening and accessing a Schwab Charitable donor-advised fund account is easy, whether the account holder is contributing and managing investments on their own, or with assistance from an investment advisor. Schwab Charitable offers two account options: a core account and a professionally managed account. To be eligible to open either type of an account with Schwab Charitable, account holders must be 18 years of age and have a Social Security number, as well as a U.S. permanent resident address.

Core Account
A core account requires a $5,000 minimum contribution and account holders may recommend that account assets be allocated among a variety of investment pools selected and monitored on a regular basis by Schwab Charitable. Individuals can open a core account online at the Schwab Charitable Client Center or by downloading, completing, and faxing the New Account Application found on schwabcharitable.org.

Professionally Managed Account
A professionally managed account requires a $250,000 minimum contribution and a qualified investment advisor who has been approved by Schwab Charitable. (See Section 5: Investing Account Assets, for investment advisor approval requirements.) Once approved, the investment advisor can open their client’s account online or by downloading, completing, and faxing the Advisor New Account Application found on schwabcharitable.org or on the secure Schwab Advisor Center. All account holders must sign the application.

All Contributions Are Irrevocable
Schwab Charitable follows all rules and regulations regarding charitable contributions as described in the Internal Revenue Code of 1986. Among these rules is the requirement that donor-advised fund sponsors like Schwab Charitable must maintain exclusive legal authority and control over all donated funds and assets as to their use and distribution. For this reason, all contributions to Schwab Charitable, both initial and subsequent, are irrevocable and unconditional. Once contributions are accepted by Schwab Charitable, they are no longer counted among the donor’s personal investments.

Naming an Account
Account holders can recommend a name for their donor-advised fund account to honor an individual or a family, to cultivate a legacy of charitable giving, or for another charitable purpose. Names may include words like Foundation, Fund, or Account (e.g., ABC Charitable Fund), but they should not contain the word Trust, as this denotes a different type of charitable giving vehicle. If necessary, Schwab Charitable may contact the account holder to discuss alternative names. Account names may be updated at any time with the Update Account Information form found on schwabcharitable.org.

Account Roles
Schwab Charitable offers a variety of ways for clients to manage their accounts. Account holders may restrict account access and privileges to themselves, or they are welcome to designate others to participate. Account roles include: account holder, additional account user/nominator, successor, and investment advisor.

Account holders
The individual establishing the account is considered the primary account holder and serves as Schwab Charitable’s main point of contact for the account. Primary account holders can appoint up to five people to serve as secondary account holders. All account holders, both primary and secondary,
automatically receive notifications of the transactions they initiate and have the option to receive notifications of all transactions on the account. Each account holder (both primary and secondary) has full and equal account access and privileges, including the ability to:

- Access the Schwab Charitable Client Center
- Recommend grants to eligible charities
- Contribute to an account
- Recommend a portfolio asset allocation among the investment pools on core accounts
- Recommend a qualified investment advisor on professionally managed accounts
- Maintain account holder privileges in the event of death, refusal to serve, or other disqualifications affecting other account holders
- Recommend an account name
- Add a new account holder or nominator
- Remove a nominator
- Change successors or charitable beneficiaries
- Review account transaction history

Additional account users/nominators
Account holders can authorize up to four individuals as additional account users, also known as nominators, such as certified public accountants, family members, assistants, or authorized investment advisors. These users may:

- Access the Schwab Charitable Client Center
- Recommend grants to eligible charities (see Roles of Investment Advisors on the following page)
- Contribute to an account
- Recommend a portfolio asset allocation among the investment pools

On the New Account Application, the account holder can indicate whether the additional account users/nominators should receive duplicates of acknowledgments for recommended grants, annual contribution summaries, and/or account statements. Account users/nominators can later change these selections if desired.

The account holder is responsible for maintaining and keeping current all of their account users’ information.

Successors
Account holders are encouraged to name up to four successors when they open a Schwab Charitable account. Successors will be able to exercise full privileges on the account only upon the death or disqualification of all account holders. Please note, however, that if a successor is a minor at the time of succession, the minor’s legal guardian will represent the minor in taking any actions with respect to the account until the minor reaches the age of majority. See Section 7: Succession Planning for more information on successors and other legacy planning options.

Investment advisors
Account holders may recommend a qualified investment advisor to act on their behalf on the account, though the recommended investment advisor must first be approved by Schwab Charitable. See Section 5: Investing Account Assets for details on the requirements for investment advisor approval.

Philanthropy Fund
The Philanthropy Fund is Schwab Charitable’s giving fund, established to make charitable grants and to sponsor account holder and investment advisor education and research. Grants issued from the Philanthropy Fund are approved by the Board of Directors of Schwab Charitable.
The role of the investment advisor depends on the relationship with the account:

<table>
<thead>
<tr>
<th>Account Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agent</td>
<td>Conveys recommendations for grants and reallocations of account assets in the investment pools on behalf of any account holder. Agents must retain written records of the account holder's recommendations. They cannot charge investment fees and they cannot charge the account for processing account holder grant recommendations.</td>
</tr>
<tr>
<td>Advisor</td>
<td>Provides active management of a customized portfolio and can charge a management fee for investment services. This option is only available for professionally managed accounts. An advisor not serving in a dual role as agent is not authorized to recommend grants.</td>
</tr>
<tr>
<td>Dual advisor and agent</td>
<td>Retains the responsibilities of both an advisor and an agent. (Note that in addition to the requirements for Schwab Charitable investment advisor approval outlined in Section 5: Investing Account Assets, an Agency Agreement between the investment advisor and the account holder is also required.)</td>
</tr>
</tbody>
</table>

Advisors who only provide services on clients’ Charles Schwab accounts and have no role on the respective Schwab Charitable accounts may, by default, have view-only access to Schwab Charitable account information via the secure Schwab Advisor Center.

Account Communications

All account communications are available on the secure Schwab Charitable Client Center. Account holders and additional account users/nominators have electronic access to the following account information, which can be mailed upon request:

- **Quarterly account statements,** which reflect changes in the account’s value, the asset allocation, and details on investment pools
- **Contribution acknowledgments,** which detail each contribution to an account, including, where applicable, a list of assets and fair market value (see Section 3: How to Contribute for additional information on acknowledgments)
- **Grant award letters,** which provide a view of award letters that have been sent to charities
- **Annual account summaries,** which summarize contributions and grants made during a given calendar year

The account holder making a grant recommendation or contribution receives confirmation that the request was processed, either by email (if available) or U.S. mail. In addition, eligible third parties who contribute to an account receive a contribution acknowledgment if they provide their name and address. See Section 3: How to Contribute for additional information on acknowledgments.

Additional communications

By opening an donor-advised fund account with Schwab Charitable, account holders and nominators are consenting to receive communications from Schwab Charitable. Schwab Charitable may send periodic communications about services and products believed to be of interest to any account holders or additional account users associated with the account.

Account holders can opt out of select communications by following the opt-out instructions contained in any email received from Schwab Charitable. However, Schwab Charitable reserves the right to continue to send important information related to the account holder’s account, including regulatory communications.

Account Updates

Account holders should regularly keep contact and other information up to date. Information can be updated via the secure Schwab Charitable Client Center or by completing an Update Account Information form.
2 Fees and Expenses

Schwab Charitable’s mission is to increase charitable giving in the U.S., and part of that effort means keeping donor-advised fund account costs prudent and competitive. Put simply, the annual cost of a Schwab Charitable account consists of two parts: administrative fees and investment expenses.

**Administrative Fees**

Schwab Charitable incurs administrative expenses associated with regulatory compliance and its operation as a grantmaking charitable organization. Administrative fees cover these costs, which include online donor services, phone support, grant processing and administration, charity due diligence and eligibility review, tax filings, reporting, and communications.

Each Schwab Charitable account is assessed an annualized administrative fee of 0.60% of the account balance or $100, whichever is greater; the fees are calculated based on the account balance. Accounts with assets in excess of $500,000 are eligible for a reduced fee in accordance with the tiered schedule below.

### Tiered Fee Schedule

<table>
<thead>
<tr>
<th>Average Daily Balance</th>
<th>Annualized Administrative Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>First $500,000</td>
<td>0.60% of assets or $100 (whichever is greater)</td>
</tr>
<tr>
<td>Next $500,000</td>
<td>0.30% of assets</td>
</tr>
<tr>
<td>Next $1,500,000</td>
<td>0.20% of assets</td>
</tr>
<tr>
<td>Next $2,500,000</td>
<td>0.15% of assets</td>
</tr>
<tr>
<td>Next $5,000,000</td>
<td>0.13% of assets</td>
</tr>
<tr>
<td>Next $5,000,000</td>
<td>0.12% of assets</td>
</tr>
<tr>
<td>Assets of $15,000,000 and beyond</td>
<td>0.10% of assets</td>
</tr>
</tbody>
</table>

**Core accounts**

The 0.60% administrative fee does not appear as a line item on account statements; rather, in keeping with the method widely used for mutual fund investments, this expense is accrued daily and reflected in the investment pool’s daily net asset value (NAV). Any administrative fees that have been collected during the course of Schwab Charitable’s fiscal year ending June 30 are subtracted from the $100 minimum (assessed on an annual basis on or around July 31).

Accounts with assets in excess of $500,000 will receive a quarterly rebate for the difference between the tiered fee and the 0.60% administrative fee initially charged.

**Professionally managed accounts**

Schwab Charitable deducts the administrative fee from the account on a quarterly basis, in accordance with the tiered schedule and based on the average account balance for the preceding quarter.

Schwab Charitable will notify investment advisors in the event the cash in the account is less than the administrative fees owed. If the account holder does not contribute sufficient funds to pay the administrative fees, Schwab Charitable may sell any proprietary money market mutual fund shares held in the account or take other actions provided for in these policies. As it deems necessary, Schwab Charitable reserves the right to place a hold on the assets in the account to cover expenses.

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1 NAV is calculated by the net asset value of the underlying investment fund, less Schwab Charitable administrative fees and operating expenses attributable to that investment pool, divided by the total outstanding shares of that investment pool. The net asset value of the underlying investment fund incorporates realized and unrealized capital gains or losses, dividends/interest on the portfolio of investments, as well as expenses charged by the fund manager as described in the corresponding mutual fund’s prospectus. Operating expenses include custodial fees and administrative fees.
Investment Expenses

The management of assets in a donor-advised fund account will incur investment expenses, which vary depending upon how the assets are managed.

Core accounts
Schwab Charitable does not assess any separate charges for investment services, and it does not generally pay a load or sales charge on purchases of mutual fund shares in the investment pools. However, each investment pool bears investment management and operating expenses, including those of the underlying mutual funds. (Mutual fund expenses are reflected in each fund’s net asset value, respectively.)

For current investment pool information, including underlying investment fund, investment performance, and fee information, please see the Investment Pools Fact Sheet, located on schwabcharitable.org.

Professionally managed accounts
Investment expenses for professionally managed accounts include investment advisory fees as well as costs associated with underlying investments. Investment advisory fees may not exceed 1% of the account balance each year. Investment advisors deduct their fees from the account on a quarterly basis. Note that the following individuals may not receive payment for investment advisory services: account holders, account users/nominators (other than investment advisors), successors, or certain family members or affiliates thereof.

Family members and affiliates
“Family members” for the purposes of these Program Policies means spouses, ancestors, children, grandchildren, great grandchildren, brothers and sisters, as well as the spouses of children, grandchildren, great grandchildren, brothers, and sisters. An entity is an “affiliate” of a person if it is:
• a corporation at least 35% owned (by voting stock), or
• a partnership at least 35% owned (by profits interest), or
• a trust at least 35% owned (by beneficial interest) by that person and/or that person’s family members.

Example of a total annual cost calculation for a hypothetical $1,000,000 core account

<table>
<thead>
<tr>
<th>Account Balance Tiers</th>
<th>Tiered Administrative Fee</th>
<th>Example Investment Expense*</th>
<th>Total Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>First $500K</td>
<td>0.60% X $500K = $3,000</td>
<td>0.03% ($1M) = $300</td>
<td>$4,500 + $300 = $4,800 (0.48%)</td>
</tr>
<tr>
<td>Next $500K</td>
<td>0.30% X $500K = $1,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1M</td>
<td>(0.45%) X $1M = $4,500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Example of an expense ratio of the underlying mutual fund for an investment pool selection
3 How to Contribute

Schwab Charitable accepts a wide range of publicly traded and non-publicly traded assets from individuals, trusts, private foundations, other donor-advised funds, corporations, and other entities.

As a reminder, contributions are both irrevocable and unconditional. Once contributions are accepted, they are no longer counted among the donor’s personal investments and are subject to the exclusive legal authority and control of Schwab Charitable as to their use and distribution.

Who Can Contribute?

Schwab Charitable accepts contributions from account holders, additional account users/nominators, and authorized investment advisors. Schwab Charitable also accepts third-party contributions—contributions made to an account from an entity or individual with no active role on the account. Schwab Charitable encourages account holders to provide advance notice of a third-party contribution to ensure proper processing of the donation, which includes sending a confirmation to the third party for their tax reporting purposes.

It is important to note that third-party contributors have no account privileges with respect to such contributions. Further, third-party contributors may not receive any goods or services in exchange for—or in consideration of—their contribution. Additionally, account holders may not guarantee or represent to third-party contributors that intended grant recommendations will be approved.

Which Assets Are Eligible?

Schwab Charitable accepts contributions of cash or cash equivalents, publicly traded securities, and a range of less-liquid, more-complex asset types. Contributions of cash, cash equivalents, or publicly traded securities are accepted either as an account holder’s minimum initial contribution of $5,000, or as subsequent contributions of at least $500. (Contributions of certain more-complex assets may be subject to higher minimum contribution requirements.) Eligibility, tax considerations, and processing requirements differ by the type of contributed asset and are summarized in the tables on the following pages.

Fundraising prohibited

Due to significant regulatory and administrative complexities, account holders may not solicit third-party contributions to their accounts; fundraising is not permitted in Schwab Charitable accounts.

Account holders may, however, use their Schwab Charitable accounts to receive third-party donations in memory of a loved one or in honor of a loved one’s significant life event such as a graduation, birthday, or wedding. Schwab Charitable will consider such requests on a case-by-case basis and will require that the account holder execute a letter of understanding. Contact Schwab Charitable at 800-746-6216 for assistance with this type of account contribution.
### Contribution Guidelines

Processing times and effective dates for accepted contributions vary by asset type. Individual results may vary.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Requirements and/or Restrictions</th>
<th>Contribution Instructions</th>
</tr>
</thead>
</table>
| Cash or cash equivalents         | • Schwab Charitable generally does not accept contributions of certain cash-like monetary instruments, including Treasurer’s checks, bank checks, traveler’s checks, postal money orders, or international money orders.  
• Contributions to Schwab Charitable are typically in U.S. dollars but cash equivalents denominated in select foreign currencies are acceptable. Visit schwab.com for a list of acceptable foreign currencies. | • Deliver by check, electronic funds transfer, or wire  
• May also be made directly from a Schwab brokerage account  
• Submit the request online on the Schwab Charitable Client Center or complete the Contribute to Your Account form  
• Checks should be made payable to Schwab Charitable; include the account number in the memo line                                                                                                                     |
| Money market holdings            |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                           |
| Short-term government bonds      |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                           |
| Treasury bills                  |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                           |
| Publicly traded securities       | • Contributions must be initiated from the Schwab Charitable account, not the source brokerage account.  
• If completing the contribution form, the account holder should indicate both the number of shares and the approximate value of the donation. Because security values may fluctuate, Schwab Charitable transfers assets based on the number of shares and not the approximate value.  
• Shares are contributed based on a Schwab brokerage client’s current cost-basis method unless otherwise specified.                                                                 | • Contribute online on the Schwab Charitable Client Center or complete the Contribute to Your Account form  
• Provide advance notice of contributions that constitute 10% or more of the trading volume of the particular security to ensure proper processing                                                                 |
| Assets held at Schwab            |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                           |
| Publicly traded securities       | • Should the transfer agent ask that an account be established using Schwab Charitable’s name or address, please contact Schwab Charitable first.  
• Depending on the type of securities and how quickly they are transferred by the originating financial institution, a typical transfer initiated by Schwab Charitable takes three to five weeks; transfers initiated by the account holder at the originating financial institution often are completed more quickly.  
• Contributions of securities held in a brokerage account (in street name) are effective, for tax-reporting purposes, on the date the account holder can no longer recall the asset. Schwab Charitable considers contributions as irrevocable as soon as they are credited to the account. | • Complete the Transfer of Assets form, sign and fax to Schwab Charitable, along with a copy of the most recent statement from the originating account  
• Initiate the transfer at the originating financial institution  
• Contact Schwab Charitable at 800-746-6216 for additional requirements                                                                                                                        |
| Assets held at financial institutions other than Schwab |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                           |
| Certificated securities          | • Stock certificates must be endorsed by all registered owners of the contributed assets and accompanied by an irrevocable stock power form.  
• The contribution is effective when the account holder makes unconditional delivery of the properly endorsed certificates.  
• In the case of contributions sent by U.S. mail, the effective date is the date the securities are mailed and postmarked.                                                                 | Registered owners should submit the properly endorsed security certificate, the completed Contribute to Your Account form, and irrevocable stock power via registered, certified, or overnight mail and request a return receipt. |
| Mutual fund shares               | • Account holders can contribute most mutual fund shares from a Charles Schwab & Co. Inc. brokerage account or from another institution.  
• If the mutual fund shares are to be transferred from another institution, Schwab Charitable will initiate the transfer. Often, additional documentation is required to process mutual fund contributions. Allow three to five weeks for the shares to be transferred from a non-Schwab custodian to Schwab Charitable. | • For shares held at Schwab, submit the request online on the Schwab Charitable Client Center or complete the Contribute to Your Account form.  
• For shares held at a financial institution other than Schwab, contact Schwab Charitable at 800-746-6216 to verify acceptability and then complete the Transfer of Assets form. |

For contributions via a transfer agent (such as shares from a dividend reinvestment program):  
Please contact Schwab Charitable at 800-746-6216 prior to making a contribution.
## Contribution Guidelines for Complex Assets

- All assets listed below are considered on a case-by-case basis only.
- Processing times and effective dates for accepted contributions vary by asset type. Individual results may vary.
- Processing costs will vary; Schwab Charitable may deduct all costs associated with processing complex contributions from the amount realized by the sale of the contributed asset.
- Contact Schwab Charitable at 800-746-6216 in advance of contribution for complete information and instructions, regardless of account type.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Requirements and/or Restrictions</th>
<th>Contribution Instructions</th>
</tr>
</thead>
</table>
| Restricted stock                       | • Contribution acceptance is subject to the marketability of the securities and the issuer’s approval of the sale of such securities.  
• During peak periods, issuer approval may take several weeks or longer to obtain. Contributions of restricted securities are considered effective only when the issuer approval is received and the securities are re-registered to Schwab Charitable, which may take eight weeks or longer.  
• The timing of any tax deduction, for those who itemize deductions, is affected by the timing and value of such approval and acceptance. | If the account holder holds R144 restricted shares, the restrictive legend must be cleared from the certificate and the certificate must be re-registered to Schwab Charitable before a contribution can be processed. |
| Publicly traded partnerships and master limited partnerships | • Contributions of PTPs and MLPs are normally liquidated immediately.  
• As PTPs and MLPs can generate Unrelated Business Taxable Income, Schwab Charitable reserves a minimum of $500 for each approved PTP or MLP contribution through the end of the year following the year of donation. | Although PTPs and MLPs trade like other publicly traded securities, the contribution of such assets may trigger adverse consequences for both Schwab Charitable and the account holder. Account holders should consult a tax advisor before contributing such assets. |
| Other complex assets                    | • Accepted on a case-by-case basis only  
• Processing times and costs vary | Contact Schwab Charitable at 800-746-6216 for additional requirements.                     |
Specific Situations

Excess business holdings

Pre-approval is required for the contribution of securities representing greater than 2% ownership of any operating business; contact Schwab Charitable at 800-746-6216. Additionally, an account cannot, under any circumstances, hold an interest in any operating business that represents greater than 20% of the ownership of the business—either alone or when taken together with the holdings of the primary account holder, any secondary account holders, any successors, any additional account users/nominators (other than investment advisors), and/or certain family members or affiliates of such people. Pre-approval is also required for any contribution of a single security interest representing greater than 2% of Schwab Charitable assets under management.

Concentrated positions

Contributions of a security that represent greater than 25% of the account’s total market value at the time of the contribution are deemed concentrated-position contributions. Concentrated positions must be liquidated over time—or sufficient additional contributions of unrelated assets must be made to the account—such that the value of the position represents no more than 50% of the account value within three years and represents no more than 25% of the account value within five years. Each contribution of a concentrated position has its own timeline for diversification. During the period of reallocation, the investment advisor is prohibited from making purchases in the concentrated security for the account.

A diversified exchange-traded fund or mutual fund is not considered an individual security for the purposes of the concentrated position contribution policy.

For more information about managing concentrated positions, please refer to the Professionally Managed Account Investment Guidelines, which can be found in the Investment Policy Statement located online at schwabcharitable.org.

Conditional Contributions Prohibited

Contributions may not be subject to a material restriction or condition as defined in the tax laws, including, but not limited to:

- The account holder’s reservation of a right to control or direct distributions from a particular account
- A requirement that assets be retained
- Any other condition that prevents Schwab Charitable from exercising exclusive legal control over the use of contributed assets to further its exempt purposes

Schwab Charitable has the power to modify or disregard any restriction or condition on any contribution or asset held by Schwab Charitable if it, in its sole discretion and without the need for approval by any person, determines that such restriction or condition has become obsolete or impractical or otherwise violates the terms of these Program Policies.

Contribution Rejections

A contribution may be rejected if Schwab Charitable determines that it will be too difficult or risky to process, or that it causes excessive unreimbursed expenses, or for any other reason. If unacceptable assets are delivered to Schwab Charitable, they will be returned.

2 See the explanation of family members and affiliates on page 8.
### Approval and Acknowledgment of Contributions

Schwab Charitable reserves the right to review contributions prior to accepting them. Following acceptance of a contribution, Schwab Charitable sends an acknowledgment via U.S. mail to the account holder, which contains a description of the contributed assets. Account holders should allow 10 business days for delivery.

**Contribution acknowledgments should be read carefully and any errors reported immediately to Schwab Charitable.**

If unrestricted publicly traded securities are contributed, Schwab Charitable provides an estimate of the fair market value of the donation as of the date the contribution is received. (Note that, for the account holder’s tax purposes, this may not be the date that the contribution is effective. Schwab Charitable recommends account holders consult a tax advisor regarding the tax deductibility and valuation of property other than cash.)

If Schwab Charitable accepts a contribution of non-publicly traded assets, Schwab Charitable acknowledges receipt of the property but does not provide or agree to any valuation of the property. The IRS may require account holders to obtain a qualified appraisal. For more information, please see IRS Publication 561—Determining the Value of Donated Property and Section 4: Income Tax Considerations.

### Contribution Processing

For core accounts, Schwab Charitable typically accepts and liquidates contributions as quickly as possible once the required paperwork (completed, signed, and dated) and the assets have been received. Thinly traded, illiquid securities, and large contributions generally take longer to liquidate and may incur additional brokerage fees.

**Schwab Charitable will not hold assets at an account holder’s request.**

During high-volume periods, such as at the end of the calendar year, processing times may be delayed. Recommended guidelines for securing a timely contribution are available on the Year-End Giving Guidelines page of schwabcharitable.org and on the Schwab Charitable Client Center.

### Summary of Fair Market Value Acknowledgment

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Estimated Valuation Provided on Acknowledgment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Cash amount provided</td>
</tr>
<tr>
<td>Publicly traded securities (including foreign securities) readily tradable on an established securities market with no material restrictions</td>
<td>Estimated fair market value provided based on the average high and low price on the day that the contribution was received</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>Closing value on the day the contribution was received</td>
</tr>
<tr>
<td>Thinly traded stock</td>
<td>No estimated valuation provided if no selling prices are available on a date within a reasonable period before and/or after the contribution date</td>
</tr>
<tr>
<td>Publicly traded securities (including foreign securities) with material restriction</td>
<td>No estimated valuation provided</td>
</tr>
<tr>
<td>Master limited partnerships or publicly traded partnerships</td>
<td>No estimated valuation provided</td>
</tr>
<tr>
<td>Non-publicly traded securities</td>
<td>No estimated valuation provided</td>
</tr>
<tr>
<td>Pass-through interests (LLPs, LLCs, LPs)</td>
<td>No estimated valuation provided</td>
</tr>
<tr>
<td>Real estate and real-estate related</td>
<td>No estimated valuation provided</td>
</tr>
<tr>
<td>Life insurance</td>
<td>No estimated valuation provided</td>
</tr>
<tr>
<td>All other illiquid assets (art, collectibles, etc.)</td>
<td>No estimated valuation provided</td>
</tr>
</tbody>
</table>
The following information provides general guidelines for claiming tax deductions for charitable donations by donors who itemize. It is not intended as—and should not be construed as—legal or tax advice. Contributing to a donor-advised fund may generate certain tax benefits, so it is important to understand the rules that determine deductibility before making a charitable contribution. Schwab Charitable recommends that account holders consult with a qualified tax advisor and/or legal counsel to review the specific tax implications of their proposed contributions.

**General Deduction Amounts for Those Who Itemize**

Contributing appreciated assets held for more than one year typically generates larger tax benefits than contributing assets that are held for less time. The deduction for appreciated assets held for more than a year is usually equal to the fair market value of the asset, while the deduction for assets held for less than a year is generally limited to the lower of the cost basis or the fair market value on the date the asset is contributed.

There are other considerations for specific types of assets being contributed:

- Inherited assets
- Publicly traded securities or mutual funds
- Restricted publicly traded securities
- Publicly traded partnerships or master limited partnerships
- Non-publicly traded assets
- Real estate
- Cryptocurrency

For additional information about contributing appreciated, non-cash assets, please see the white paper entitled *Why It Might Make Sense to Donate Your Best Investments Instead of Cash* located online at schwabcharitable.org.

**Qualified Appraisal Requirements**

The IRS requires that donors complete and file **Section A** of **IRS Form 8283** with their federal income tax return for contributions of property valued in excess of $500 (including publicly traded securities).

The IRS further requires a donor to obtain a qualified appraisal by a qualified appraiser for donated property (other than most publicly traded stock) for which the donor, if itemizing, claims a deduction and the property’s valuation exceeds $5,000. In this circumstance, the donor must complete **IRS Form 8283, Section B**. The donor may send the completed **IRS Form 8283, Section B** to Schwab Charitable for an acknowledgment signature. The Schwab Charitable signature acknowledges receipt of the gift only and does not endorse the valuation in any way. Valuation is the responsibility of the donor.

For additional information regarding taxpayer filing and substantiation requirements, or for tax advice, please consult a tax advisor. More information may also be found in **IRS Publication 561, Determining the Value of Donated Property** and **in IRS Publication 526, Charitable Contributions**.

**Deduction Limits for Those Who Itemize**

Under the Internal Revenue Code, deductions for charitable contributions of cash cannot exceed 60% of a taxpayer’s adjusted gross income (AGI). A 30% limit applies to contributions of property subject to long-term capital gains (e.g., appreciated securities held for more than one year).

Contributions in excess of these percentage limitations may be carried forward for up to five subsequent years. Because Schwab Charitable is a public charity, the percentage limitations that apply are generally the most favorable available charitable deductions for those who itemize under IRS regulations.
Note that the total of a donor’s charitable contributions deduction and certain other itemized deductions may be limited if the donor’s AGI exceeds certain limits. Additional information regarding these limitations can be found in the Instructions for Form 1040, Schedule A, IRS Publication 561, Determining the Value of Donated Property, and in IRS Publication 526, Charitable Contributions. Schwab Charitable recommends account holders consult with a tax advisor for tax advice, as each account holder’s personal situation is unique.

Income and Gains
A key feature of a donor-advised fund—the investment of assets and generation of tax-free income—enables account holders to maximize the value of their charitable contributions. However, income and gains generated after assets are donated to Schwab Charitable are subject to the exclusive legal control of Schwab Charitable and therefore do not qualify as deductible contributions by the account holder.

Estate Planning Considerations
Contributions to a Schwab Charitable account can facilitate estate planning purposes and may help reduce the tax liabilities faced by the account holder’s survivors. Details on estate planning can be found in the Planning for Your Charitable Legacy brochure found on schwabcharitable.org.

Contributions during lifetime
Account holder contributions to Schwab Charitable, and any subsequent increase in the value of an account, are not part of an account holder’s taxable estate and are not subject to estate taxes or probate. Balances in a donor-advised fund account may not be appointed, transferred by will, or bequeathed to any person or non-charitable organization.

Testamentary contributions
An account holder may name Schwab Charitable as a charitable beneficiary of cash equivalents, securities, or other property in their will or other testamentary instrument. An account holder may name Schwab Charitable as a charitable beneficiary with respect to other non-probate property, including but not limited to retirement plans, charitable trusts, life insurance, brokerage, or other accounts allowing designation of beneficiaries. Such contributions may be made to Schwab Charitable for allocation to an existing account or to an account established at the time of the bequest (as one’s testamentary instrument or beneficiary designation specifically directs). Individual accounts may be established by trusts and estates if specifically directed by the applicable testamentary instrument and an individual is named as the account holder.

Schwab Charitable must review and approve all contributions. Any contribution that Schwab Charitable does not accept is returned as soon as possible. Trusts or estates making charitable contributions to a Schwab Charitable donor-advised fund receive a written acknowledgment meeting IRS requirements. Please consult with an estate planning attorney for appropriate beneficiary or testamentary language. Account establishment requirements must be satisfied.

Charitable Legacy Program
The Charitable Legacy Program is a legacy-planning strategy that offers account holders the flexibility to support charitable organizations beyond their lifetime (see Section 7: Succession Planning).
5 Investing Account Assets

One of the key benefits of a donor-advised fund is that once assets are contributed, account holders have the opportunity to recommend how assets are invested, with the objective of maximizing tax-free growth potential to give even more to charity. Schwab Charitable offers a comprehensive range of investment choices to help meet a wide variety of philanthropic goals. Account holders may choose from either a core account or a professionally managed account. Investment activities in either type of account must be in compliance with Schwab Charitable’s Investment Policy Statement located online at schwabcharitable.org.

Core Accounts

Core account holders can recommend that their account assets be allocated among a variety of investment pools selected as appropriate investment choices by Schwab Charitable.

Trades not permitted on core accounts

Account holders and authorized account users/nominators, including investment advisors, may only make allocation recommendations; trades are not permitted with core accounts.

Investment pools

Schwab Charitable provides investment pools with broad coverage of asset classes and investment styles to help account holders potentially grow the value of their charitable contributions. For current investment pool information, including underlying investment fund, investment performance, and fee information, please see the Investment Pools Fact Sheet, located on schwabcharitable.org.

Schwab Charitable sets each investment pool’s investment objective, and in selecting the underlying mutual funds, considers the following:

- The stability and strength of the mutual fund investment company
- Investment objectives
- Long-term risk/return profile
- Peer ranking
- Size (assets under management)
- Fees
- The length of time the fund has been managed by the portfolio manager or committee

The selected underlying mutual funds are monitored by Schwab Charitable on a continuing basis, and each investment pool is managed according to its stated investment objectives. Schwab Charitable may change the investment pools and the underlying mutual funds from time to time, at its discretion.

Accounts are generally not charged any sales loads or brokerage commissions for purchases or sales of pool shares; see Section 2: Fees & Expenses for additional information. The investment pools are not registered funds themselves and are not available for investment separately from Schwab Charitable. A link to a prospectus for each underlying registered mutual fund can be found on the Investment Pools Fact Sheet, located on schwabcharitable.org. Account holders should read each prospectus carefully before making contributions or recommending asset allocations.

Past performance not guaranteed

Market fluctuations may cause the value of pool shares held in an account to be worth more or less than the value of the original contribution to Schwab Charitable. Past investment pool performance does not guarantee future performance.

Portfolio asset allocation

At the time the core account is opened, an account holder may recommend how contributions to the account are allocated among the investment pools. An account holder or nominator may subsequently recommend reallocation of the account assets online via the Schwab Charitable Client Center or by completing an Update Account Information form. Schwab Charitable invests all future contributions and funds all grants according to the most current requested portfolio asset allocation. If an account holder chooses not to recommend a portfolio asset allocation, Schwab Charitable allocates 100%
of the contribution to the Money Market Pool or to another asset allocation as determined by Schwab Charitable in its sole discretion. When cash is contributed, Schwab Charitable credits the account with shares in each selected investment pool in values equal to the amount of contributed cash allocated to each investment pool.

For donated securities, Schwab Charitable credits the account with shares in each selected investment pool equal in value to the net proceeds that it realizes from the sale of the contributed securities. For publicly traded securities, Schwab Charitable seeks to sell the securities promptly and obtains the price available at the time of the sale. Any costs incurred in the sale of the securities are deducted from the proceeds of the sale.

When proceeds from contributions to an account become available, Schwab Charitable invests them in investment pool shares as soon as administratively possible, normally on the following business day. The purchase price of each investment pool is the net asset value (NAV) of that investment pool at the end of each business day. The date of the purchase may be delayed by such factors as market deadlines, unusually high volumes, and trade settlement timing.

The value of each account is equal to the number of shares of each investment pool attributable to the account, multiplied by the share’s current NAV, plus any cash or securities in the account that are pending investment into the investment pools.

**Low balance core accounts**

Schwab Charitable regularly reviews low balance core accounts. When an account has a balance of less than $100, with little or no other activity for more than one year, and repeated attempts to contact the primary account holder have failed, Schwab Charitable sends a formal notification to the primary account holder’s address on file and closes the account by transferring assets to eligible charities based on the account granting history, if any, or to the Philanthropy Fund to be granted to public charities approved by the Board of Directors of Schwab Charitable.

**Professionally Managed Accounts**

Professionally managed accounts, which are available only for accounts of $250,000 or more, allow an account holder to recommend an investment advisor to manage the assets outside of the investment pools. The investment advisor may invest account assets in individual equities, bonds, or mutual funds consistent with Schwab Charitable’s investment policy and guidelines. The investment guidelines for professionally managed accounts are documented in the Investment Advisory Agreement available on schwabcharitable.org.

The investment advisor works with the account holder to select an investment strategy and performance benchmark for the account by considering the account holder’s granting plans, target return, risk tolerance, and other special situations, as well as the terms of the Schwab Charitable Investment Policy Statement available on schwabcharitable.org. Schwab Charitable must approve the investment strategy and benchmark established for the account by the investment advisor.

The investment advisor must manage the account’s investments in a manner that provides sufficient liquidity to support the account holder’s grantmaking recommendations and to cover account expenses. The investment advisor must also manage the account’s investments prudently to be consistent with the agreed-upon investment strategy and to comply with the Investment Advisory Agreement available on schwabcharitable.org.

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3 Net proceeds equal gross proceeds minus any applicable fees, which could include fees paid to Charles Schwab & Co., Inc.

4 A business day is defined as any day when the New York Stock Exchange (NYSE) is open for business. A business day for purchasing investment pool units may end earlier than the close of the NYSE.

5 NAV is calculated by the net asset value of the underlying investment fund, less Schwab Charitable administrative fees and operating expenses attributable to that investment pool, divided by the total outstanding shares of that investment pool. The net asset value of the underlying investment pool incorporates realized and unrealized capital gains or losses, dividends/interest on the portfolio of investments, as well as expenses charged by the fund manager as described in the corresponding mutual fund’s prospectus. Operating expenses include custodial fees and administrative fees.

6 See page 5 for additional information about the Philanthropy Fund.
Appointing an advisor

Account holders opting to use an investment advisor must choose one that conducts advisory business on the Schwab Advisor Custody and Trading Platform. Schwab Charitable must approve the recommended investment advisor. The advisor must meet certain eligibility requirements and adhere to Schwab Charitable’s fee and investment guidelines. Account holders, any secondary account holders, any successors, any additional account users/nominators (other than investment advisors), or certain family members or affiliates of such individuals may not receive payment for any services rendered, including investment advisory services.

Low balance professionally managed accounts

Schwab Charitable regularly reviews low balance professionally managed accounts. Should the asset level in a professionally managed account remain below $200,000 for more than one year, the account is no longer eligible for the professionally managed accounts program; contributions can be made to meet the minimum balance requirement or the account may be converted to a core account. If the account is converted, assets must be reinvested among the investment pools, as described in the previous section.

Using Schwab subadvisors

In some instances, investment advisors may recommend separately managed subaccounts to provide exposure to specific investment strategies. For accounts larger than $1,000,000, the investment advisor may recommend that an allocation of account assets (minimum $250,000 per subaccount) be managed in a separate subaccount by a subadvisor conducting advisory business on the Schwab Advisor Custody and Trading Platform.

Regardless of the separation of an account into subaccounts for investment purposes, all grants must be recommended from and funded by the original “parent” account.

These accounts are subject to Schwab Charitable’s investment guidelines where applicable. Subadvisors are subject to the same policies and procedures pertinent to investment advisors. The account’s primary investment advisor oversees the delegated subadvisors’ investment management performance and compliance with the investment guidelines of the account.

Investment advisory fees

Schwab Charitable can pay an investment advisor fees for managing the investments in the account. The investment advisor is responsible for disclosing such fees to the account holder. Investment advisory fees may not exceed 1% of account assets annually.

Investment advisors cannot receive any compensation or personal benefit from the account for conveying the account holder’s grant recommendations to Schwab Charitable.

Advisors as successors

Investment advisors who are named successors and subsequently become account holders cannot receive a fee for managing the investments in the account. Investment advisors may wish to encourage the account holder to name someone else as a successor or to select the Charitable Legacy Program as described in Section 7: Succession Planning and in the Planning for Your Charitable Legacy brochure found on schwabcharitable.org.

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7 Schwab Advisor Custody and Trading is a business segment of The Charles Schwab Corporation serving independent advisors and includes the custody, trading, and support services of Charles Schwab & Co., Inc.
8 See the explanation of family members and affiliates on page 8.
6 Recommending Grants

Recommending grants is the most important and fulfilling feature of a donor-advised fund. Schwab Charitable account holders and additional account users/nominators may recommend grants of $50 or more to eligible 501(c)(3) public charities at any time via the secure Schwab Charitable Client Center, the Schwab Mobile App, or by completing and mailing or faxing a Grant Recommendation form.

To help account holders and additional account users/nominators easily research charitable organizations that align with their philanthropic goals, Schwab Charitable offers online access to a wide variety of charity databases found on the Explore Charities page at schwabcharitable.org.

Account holders and additional account users/nominators can either recommend a new grant recipient or use the “Grant Again” function on the secure Schwab Charitable Client Center to recommend a grant to a previously selected charity. What’s more, Schwab Charitable offers a recurring grant option, which allows authorized individuals to schedule future grants at strategic points over time.

Schwab Charitable evaluates two key considerations before approving a grant: charity eligibility and the purpose of the grant.

Schwab Charitable only approves grants to eligible organizations—and then only for permissible purposes.

**Charity Eligibility**

Once a grant recommendation has been made, Schwab Charitable first performs due diligence to verify the eligibility of the recommended grant recipient. This strict review and approval process is designed to:

- Ensure all grant dollars are issued for qualified charitable purposes
- Comply with IRS deductibility rules and protect philanthropic intentions of account holders
- Avoid taxes and penalties put in place by the Pension Protection Act
- Protect Schwab Charitable’s tax-exempt status

Schwab Charitable performs a due diligence review customized by the type of grant recipient. Generally, Schwab Charitable will only issue grants to organizations that are in good standing with the IRS, qualify as tax-exempt under Section 501(c)(3), and are classified as public charities under Section 509(a) of the Internal Revenue Code at the time the grant is approved.

### U.S. organization types generally eligible to receive grants from Schwab Charitable

<table>
<thead>
<tr>
<th>Public charity</th>
<th>A publicly supported organization operated for solely charitable purposes such as advancing education, literacy, or science</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-advised fund</td>
<td>A public charity created to manage charitable donations on behalf of organizations, families, or individuals</td>
</tr>
<tr>
<td>Supporting organization</td>
<td>An organization that actively supports a public charity, not just by fundraising, granting, or investment activity (also known as a functionally integrated supporting organization, as defined by the IRS). For more information on supporting organizations, please review the IRC Section 509(a)(3), Supporting Organizations—Requirements and Types.</td>
</tr>
<tr>
<td>Religious entity</td>
<td>An organization that operates exclusively for religious purposes and may not be required to file Form 990</td>
</tr>
<tr>
<td>Certain government entities</td>
<td>Governmental organizations, divisions, or subdivisions that support a qualified charitable purpose such as public schools, national or state parks, or libraries</td>
</tr>
<tr>
<td>Private operating foundation</td>
<td>An organization that uses a small number of donors’ funding to support the public good by actively conducting charitable pursuits</td>
</tr>
</tbody>
</table>
Ineligible grant recipients
Schwab Charitable will not approve grant recommendations to the following types of organizations:

- Private non-operating foundations
- Non-functionally integrated supporting organizations as defined by the IRS
- Lobbying organizations, political campaigns, or other political entities
- Any organization whose purpose is not entirely charitable

Additionally, note that federal tax law classifies certain organizations as public charities based on their sources of financial support and as part of this classification, the law takes into account whether a charity represents the broad interests of the public or the personal or private interests of a limited number of individuals. Schwab Charitable generally will not approve grants to organizations that would likely be considered non-operating foundations absent the Schwab Charitable grants. Further, Schwab Charitable generally will not approve a grant recommendation to an organization that is controlled by the recommending Schwab Charitable account holder and/or their family members and/or their affiliates.  

Due Diligence
Schwab Charitable is committed to ensuring that all grants are made only to eligible organizations and are used exclusively for charitable purposes. Due diligence begins with confirmation of IRS eligibility. The Internal Revenue Code defines eligibility status and Schwab Charitable relies on the IRS’s determination. If a charity loses its eligible status, Schwab Charitable stops approving grants to that organization and informs any account holders with outstanding grant recommendations.

In addition to confirming IRS eligibility, Schwab Charitable may correspond with the charity and conduct additional research as needed. Such due diligence may consider data from a range of sources, including but not limited to IRS databases, charity watch groups, public records, news reports, and information provided by account holders, advisors, and others. A recommended grant recipient may be flagged for monitoring or placed under temporary suspension due to circumstances that Schwab Charitable deems appropriate to protect Schwab Charitable, its account holders, and/or the public interest, or that otherwise do not further Schwab Charitable’s mission.

See the explanation of family members and affiliates on page 8.
Grant Purpose

In addition to recommending a recipient charity, account holders can recommend a purpose for the application of their grant money. While the majority of account holders do not state an intended use—which expedites grant processing and allows a charity to apply the money wherever it is needed most—Schwab Charitable allows for the stating of common, specific, and custom purposes. Some common purposes include alumni funds, annual funds, capital campaigns, endowment funds, operating expenses, scholarship programs, and holiday giving.

An account holder may also recommend that a grant be used for a more specific purpose, such as a building fund or a research project. Schwab Charitable reviews the grant recommendation and stated purpose and, if the grant is approved, conveys the recommended special purpose to the charitable organization. However, Schwab Charitable generally cannot compel a charitable organization to use grant money for the specific purpose.

For more complex philanthropic goals, Schwab Charitable will consider custom grants on a case-by-case basis. Additional fees may apply. Account holders interested in recommending a custom grant should contact Schwab Charitable at 800-746-6216 or ask@schwabcharitable.org.

Depending upon the nature of the stated purpose—whether common, specific, or custom—and whether the recommended charitable recipient has been reviewed by Schwab Charitable in the past, additional due diligence may be required and may extend the timing of grant processing.

Grant purpose restrictions

There are restrictions with respect to the purpose of a donor-advised fund grant. Under rules enacted by the Pension Protection Act, the IRS imposes stiff tax penalties on any account holder or nominator who recommends a grant resulting in impermissible benefits. Account holders and additional account users/nominators must not make—and Schwab Charitable will not approve—grant recommendations with the following impermissible purposes:

Summary of impermissible grant purposes

| Enforceable pledges          | No grants may be used to discharge or satisfy a charitable pledge or obligation that is legally enforceable. |
| Contributions to individuals | Grants that would directly or indirectly benefit a specific individual are prohibited from being issued by a donor-advised fund. |
| Salary or tuition payments   | Donor-advised funds cannot be used to pay salary or tuition for designated individuals, account holders, or their related parties. |
| Quid pro quo benefits        | Grants may not be used to support any charitable event or membership for which the account holder would receive a quid pro quo benefit, such as the benefit of being able to attend a fundraising dinner, concert, auction, sporting/athletic event, or any other benefit. |
| Bifurcated grants            | No grants may be used to pay for any portion of a split—or bifurcated—disbursement to a charity where there is a deductible portion and a nondeductible portion. If attendance at an event (or the receipt of any other benefit) is contingent on a grant from an account, Schwab Charitable will not approve the grant recommendation. |

For more details on impermissible benefits, please see Granting Guidelines available online at schwabcharitable.org.

10 See the explanation of family members and affiliates on page 8.
Final Authority

In accordance with regulations, once contributions are accepted, they are not refundable and are subject to the exclusive legal authority and control of Schwab Charitable as to their use and distribution. Schwab Charitable retains final authority over the distribution of all grants and may decline or modify a grant recommendation that is inconsistent with these Program Policies, or for any other reason. When this occurs, Schwab Charitable notifies the account holders and/or advisor agents.

Because Schwab Charitable retains final authority over the distribution of grants, account holders may not attempt to modify the purpose of a grant disbursed from their account. Moreover, they may not attempt to exert control over the grant funds or divert the grant funds to an improper purpose. If Schwab Charitable discovers that grants have been made for improper purposes, Schwab Charitable takes remedial action, including but not limited to: a requirement that the recipient charity return the grant, termination of the offending account holder’s advisory privileges, and/or closure of the account.

Grant Processing

Account holders and additional account users/nominators can recommend grants to eligible charities on the secure Schwab Charitable Client Center, by using the Schwab Mobile App, or by completing and mailing or faxing a Grant Recommendation form.

Schwab Charitable allows unlimited grants from an account to the extent that the account balance allows. If less than $50 is in the account, the recommended grant must be for the balance of the account.

Funding

For a core account, once Schwab Charitable approves a grant recommendation, the appropriate shares of the account’s investment pool(s) are redeemed from the account and an amount equal to the approved grant is distributed to the charitable organization.

Unless otherwise indicated by the recommending account holder, all approved grants are funded according to the most recent portfolio asset allocation recommendation for the account, if one exists. Otherwise, grants are funded according to another asset allocation as determined by Schwab Charitable, in its discretion (see Section 5: Investing Account Assets—Portfolio Asset Allocation).

For professionally managed accounts, the investment advisor is responsible for making cash available in an amount sufficient to fund the approved grant.

Investment advisors acting either as agents or in a dual role on a professionally managed account can recommend grants to eligible charities on behalf of account holders online through the secure Schwab Advisor Center.

Timing of grant distributions

The time required to process and approve a grant recommendation varies, but, on average, checks are mailed within five to seven business days. During peak activity periods, especially in November and December, checks may take longer to issue. USPS delivery typically takes three to five business days within the continental U.S. Because Schwab Charitable retains final authority over the distribution of all grants, checks must be issued by Schwab Charitable directly to the recipient charity; account holders may not deliver Schwab Charitable grant checks to the charitable organization.

Grant recommendations to charities that have not been previously reviewed and verified by Schwab Charitable, as well as certain designated grant purposes, require additional due diligence and may take longer to review and process.

Time-sensitive grants

If a grant is time-sensitive, Schwab Charitable is able to wire grants under certain circumstances. For more information on this option, please contact Schwab Charitable at 800-746-6216 or ask@schwabcharitable.org.

Scheduled grants

Account holders, additional account users/nominators, and their agents may recommend a one-time future grant or a series of grants scheduled on a recurring basis. Scheduled/recurring grants are reviewed on a periodic basis. A grant recommended and approved in the past may be denied in the future based on a change in eligibility rules, the recipient organization’s status, the Internal Revenue Code, Treasury regulations, or for other reasons.
Grant cancellations

In some instances, Schwab Charitable needs to contact the proposed recipient charity to verify certain information. Schwab Charitable makes a reasonable effort to contact the organization and obtain the information before canceling a grant. If the charity cannot be reached after multiple attempts or the organization does not supply the requested information within 30 days, the grant recommendation may be declined. When this occurs, Schwab Charitable notifies the account holders and/or advisor agents.

Uncashed grant checks

Schwab Charitable contacts recipient charities if records indicate that a grant check has not been cashed or deposited within 90 days of the issue date. If Schwab Charitable can confirm that the charity did not receive the check, Schwab Charitable initiates a stop-payment order on the check and forwards a new check with a revised letter. If the issue cannot be resolved, Schwab Charitable stops the check and refunds the amount to the account.

Grant Communications

Schwab Charitable makes grants by issuing checks bearing the name of Schwab Charitable. The check is attached to a grant award letter from Schwab Charitable, which is where an account holder may choose to be identified to the charity in one of the following ways:

- By the account holder’s name, the special account name (e.g., “The Smith Family Fund”), and an address
- By the account holder’s name or the special account name only, and no address
- Anonymously with the statement “As recommended by a Schwab Charitable account holder who wishes to remain anonymous”

Schwab Charitable does not release the account holder’s name and contact information to any recipient charity without the account holder’s explicit consent.

Schwab Charitable cannot include with the grant checks and award letters any personal letters, cards, attachments, or enclosures from donors to recipient charities.

Notification and history

The recommending account holder receives an electronic confirmation of all grants distributed unless written confirmation has been requested. All account holders and nominators have access to the account’s grant history and grant award letters on the Schwab Charitable Client Center.

Notice and history

The recommending account holder receives an electronic confirmation of all grants distributed unless written confirmation has been requested. All account holders and nominators have access to the account’s grant history and grant award letters on the Schwab Charitable Client Center.

Other correspondence

As part of the due diligence process, Schwab Charitable may contact prospective grant recipients to obtain information about their charitable activities, particularly if the charitable organization is a first-time recipient. In addition, Schwab Charitable regularly verifies existing charities’ addresses and contact information on the date a grant is recommended if more than 12 months has elapsed since the last grant from Schwab Charitable. From time to time, Schwab Charitable also contacts a charity after a grant is issued to determine if the grant was used for its stated purposes.

Account Granting Activity

Schwab Charitable’s mission is to increase charitable giving in the U.S. and account holders are expected to be actively involved in recommending grants to eligible charitable organizations. If no account holders recommend grants during a period of 30 months, the account will be considered inactive, and Schwab Charitable will request that the primary account holder make a grant recommendation. If the account holder does not take action, Schwab Charitable will issue a grant from the account to an eligible public charity in accordance with the account’s succession plan, granting history, or, if these are unavailable, to the Philanthropy Fund.¹¹ If no account holder recommends grants during a subsequent two-year period, the account will be considered dormant. Schwab Charitable will again ask the primary account holder to make a grant recommendation. If no grant recommendation is made, the account may be closed or the succession plan may be enacted (see Section 7: Succession Planning for more details). If no succession plan is on file, the account will be closed and assets will be transferred to eligible charities based on the account granting history, if any, or to the Philanthropy Fund.

¹¹ See page 5 for additional information about the Philanthropy Fund.
Schwab Charitable may approve an extension of time for a dormant account if the account holder makes a written request documenting a long-term charitable plan which requires accumulation of funds beyond the policy time period.

**Account granting activity in aggregate**

Schwab Charitable requires that its total annual grants in aggregate must be at least 5% of the average net assets of all accounts (on a fiscal five-year rolling average basis). If this requirement is not met, Schwab Charitable may contact account holders with accounts that have not granted above 5% of net asset value and ask them to recommend the requisite amount in additional grants. If sufficient grant recommendations are not received 90 days, Schwab Charitable may elect to distribute the balance of the account to eligible charities in the account’s recent grant history. At its discretion, Schwab Charitable may also transfer amounts from such accounts to the Philanthropy Fund.

Since inception, Schwab Charitable’s annual aggregate grant distributions have consistently far exceeded 5%.

**International Grantmaking**

For account holders who wish to extend their giving beyond the U.S., Schwab Charitable will consider grants to international causes that have been recommended in one of three ways:

- Through an established U.S. charity that performs work overseas
- Through intermediaries that direct grants to international charities
- Through our Direct Global Giving Program

Recommended grants to foreign charities will be reviewed by a Schwab Charitable International Granting Specialist who will work with the account holder to determine the most cost-effective and efficient granting method based on the account holder’s philanthropic objectives.

**U.S.-based organizations**

Account holders may recommend grants to a U.S. charity that conducts some or all of its charitable activities in another country, or to a U.S.-based “friends of” organization that supports a well-known foreign charitable or cultural institution. Such recommendations are subject to the same due diligence process as any other recommendation. Schwab Charitable only approves grants to eligible organizations—and then only for permissible purposes.

**International intermediaries**

Most international grantmaking can be accomplished via a third-party intermediary. Additionally, more complex international grant recommendations that also require monitoring and impact analysis are referred to a third-party intermediary network with vetted individuals who are local to their areas of expertise. While additional fees will apply, special pricing is available for Schwab Charitable account holders.

**Direct Global Giving Program**

For account holders wishing to recommend grants directly to foreign charities, Schwab Charitable offers the Direct Global Giving Program. Once the account holder has enrolled, Schwab Charitable must conduct due diligence to ensure that the recommended international grant is designated for a charitable purpose, which includes a review to comply with U.S. and foreign laws pertaining to anti-terrorism, anti-money laundering, and anti-bribery.

From there, Schwab Charitable works through a third party to determine whether the recommended grant recipient is equivalent to a U.S. 501(c)(3) public charity through something called an equivalency determination, or ED, process. The third party will typically collect detailed information about the finances and activities of the foreign charity, review English-language versions of its governing documents, and obtain an opinion of counsel that the foreign organization is the equivalent of a U.S. public charity.

Because of the due diligence and logistic requirements, a grant recommendation to an international charity where an ED certification is needed typically takes eight to 10 weeks. An ED certification is normally valid for one to two years.

Grants directed to foreign charities via the Direct Global Giving Program will incur additional fees. Costs that cover the ED process or a due diligence review may not be reimbursed even if it is determined that the foreign charity does not qualify as a U.S. 501(c)(3) equivalent charity. Please contact Schwab Charitable for current applicable fees.

For additional information, please refer to the Direct Global Giving Program brochure available online at schwabcharitable.org.
7 Succession Planning

When someone opens a donor-advised fund account with Schwab Charitable, they are prompted and encouraged to establish a succession plan. Account holders can plan a charitable legacy by naming individuals as successors, recommending charitable organizations as account beneficiaries, enrolling in the Charitable Legacy Program, or any combination of the three. These and additional succession planning options are described in the Planning for Your Charitable Legacy brochure found on schwabcharitable.org. Schwab Charitable recommends that account holders seek professional guidance for their broad estate planning needs, as each account holder’s personal situation is unique.

Whether Schwab Charitable account holder succession plans designate successors, charitable beneficiaries, the Charitable Legacy Program, or any combination thereof, succession plans are activated only upon the death or disqualification of all account holders, which can include unwillingness to serve.

If the account holders do not choose a succession option, Schwab Charitable may, upon the death or disqualification of all account holders, elect to distribute the balance of the account to eligible charities in the account’s recent grant history. At its discretion, Schwab Charitable may also transfer the account balance to the Philanthropy Fund.12

Successors

Account holders may name up to four successors to exercise the privileges and fulfill the duties associated with an account holder once the succession plan has been activated, including the ability to recommend grants.

Successors have no account privileges until an account’s succession plan is activated.

Upon assuming account holder privileges, successors are encouraged to establish their own succession plan, including naming their own successors and/or charitable beneficiaries.

If multiple successors are recommended, a new account will be established for each individual named as a successor. If a successor is a minor, Schwab Charitable requires that the minor’s legal guardian approve any account activity until the minor reaches the age of 18. A contingent successor can also be named in case a recommended successor is unable to fulfill the duties of an account holder.

Please note that a successor must be an individual, not an entity. For example, an account holder cannot name their estate or trust as a successor, but they can name their executor or trustee.13

Succession Planning Options

- Successors
- Charitable Beneficiaries
- Charitable Legacy Program

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12 See page 5 for additional information about the Philanthropy Fund.
13 An individual appointed as an executor and/or trustee in the account holder’s estate planning documents cannot exercise privileges on the account, including appointing successor account holders, unless the executor or trustee is also a successor account holder on the account.
Successor recommendations can be changed by any account holder at any time before the death or disqualification of the last remaining account holder with the Update Account Information form found on schwabcharitable.org.

Charitable Beneficiaries

Account holders may choose to recommend up to six charitable organizations to receive the proceeds of any remaining assets in the account upon the death or disqualification of all account holders named on the account. If more than one charity is named as a beneficiary, the primary account holder may also recommend an allocation among the multiple beneficiaries. If there is no recommended allocation, Schwab Charitable will allocate the assets equally among the eligible charitable beneficiaries. Charitable beneficiary recommendations can be changed by any account holder at any time before the death or disqualification of the last remaining account holder with the Update Account Information form found on schwabcharitable.org.

Charitable beneficiary eligibility

All recommendations of charitable beneficiaries are subject to the approval of Schwab Charitable, in its sole discretion, at the time the recommendation would otherwise take effect. See Section 6: Recommending Grants for details on charity eligibility requirements. If, at the time that a succession plan is activated, an organization is no longer an eligible grant recipient, the portion of the account designated for that beneficiary may be distributed pro rata among any other named beneficiaries. If no additional beneficiaries are named, the account balance is distributed at Schwab Charitable’s discretion to eligible charities in the account’s recent granting history, if any, or to the Philanthropy Fund.14

Charitable Legacy Program

The Charitable Legacy Program is available for account holders interested in supporting charitable organizations over time after their death. The program enables account holders to recommend annual or semi-annual grants to be disbursed after their death to a maximum of six eligible charitable organizations. Account holders can enroll in the Charitable Legacy Program by completing the Update Account Information form found on schwabcharitable.org.

Please note that all account holders on an account must sign the completed form.

Minimum balance

To be eligible for the Charitable Legacy Program, the account balance must be at least $100,000 once the program is activated—after all fees and expenses required by Schwab Charitable have been paid and distributed, and after all prior grant recommendations have been acted upon, including any recommendations to charities named as beneficiaries.

If the balance is less than $100,000 after all fees and expenses have been paid and Schwab Charitable has acted on all other grant recommendations, Schwab Charitable treats the account holder’s Charitable Legacy Program recommendations as recommendations for one-time grants rather than a series of recurring grants over time. This one-time grant amount is a pro rata portion of the remaining balance of the account distributed among the recommended eligible charitable recipients.

Account access after activation

Once the Charitable Legacy Program is activated, account access for all additional account users/nominators is terminated. However, for professionally managed accounts enrolled in the Charitable Legacy Program, if the investment advisor is identified as a nominator, Schwab Charitable may still retain the investment advisor on the account to manage the assets, as noted below.

Core accounts

For core accounts, the investment pool allocation for the Charitable Legacy Program will be that of the account at the time the program is activated. If at any time after the activation of the Charitable Legacy Program an account is allocated in an investment pool that is no longer offered, Schwab Charitable rebalances the account using the best approximation of the account holder’s desired allocation based on the account at the time of death. Investment asset allocations for the Charitable Legacy Program follow the guidelines set forth in Section 5: Investing Account Assets. Grants issued through the Charitable Legacy Program for a core account are funded proportionately from the investment pools in which the account is invested.

14 See page 5 for additional information about the Philanthropy Fund.
Professionally managed accounts

Once the Charitable Legacy Program is activated, the investment advisor may continue to manage the assets. The investment advisor is responsible for ensuring sufficient cash is available in the account at the time grants recommended in the Charitable Legacy Program are issued.

Requirements for minimum balances on professionally managed accounts apply. All fees and expenses required by Schwab Charitable must have been paid and Schwab Charitable must have acted on all other grant recommendations, including any recommendations to named charities as beneficiaries. If, after all fees and expenses have been paid and Schwab Charitable has acted on all other grant recommendations, the account does not have a balance of at least $250,000, the account is still eligible for the Charitable Legacy Program if the balance is at least $100,000. However, the account is no longer eligible to be professionally managed. Schwab Charitable may remove the investment advisor from the account and transfer the assets into Schwab Charitable’s investment pools.

Naming options

Account holders may choose to keep the current special account name or elect to recommend a new special account name upon activation of their Charitable Legacy Program (see Section 1: Opening a Schwab Charitable Account for naming guidelines).

Program term

Account holders can recommend a term of five years or more for the Charitable Legacy Program or they may choose to have it exist for as long as assets remain in the account to fulfill the approved recommended grants. Schwab Charitable cannot guarantee that an account enrolled in the Charitable Legacy Program will last in perpetuity.

If a specific term is recommended by the account holder and a balance remains in the account at the end of the term, Schwab Charitable treats the account as if the now deceased or disqualified account holder had recommended that the remaining balance be granted pro rata to each of the account holder’s recommended eligible charitable recipients.

Regardless of the term, the Charitable Legacy Program terminates if the account balance falls below $5,000. At termination, Schwab Charitable treats the account as if the account holder had recommended that the remaining balance be granted pro rata to each of the account holder’s recommended eligible charitable recipients.

Timing of grant distributions

Grants can be scheduled to be issued annually or semi-annually. Charitable Legacy Program grants are processed in March and September.

Charitable recipients

Account holders can recommend up to six charitable organizations meeting the requirements described in Section 6: Recommending Grants to receive grants through the Charitable Legacy Program. The same guidelines for eligibility and approval apply, including acknowledgment and special-purpose designations.

Upon receipt of Charitable Legacy Program enrollment information, Schwab Charitable reviews the eligibility of each charity listed. If a charity listed is not eligible to receive grants, Schwab Charitable notifies the primary account holder and requests an alternate charity be recommended. At the time a grant distribution is scheduled, Schwab Charitable reconfirms the eligibility of each charity named in the account holder’s Charitable Legacy Program. At that time, if a charity is ineligible to receive a grant, Schwab Charitable declines the grant recommendation and grants that portion pro rata to the remaining recommended eligible charitable recipients. If none of the charities listed in the Charitable Legacy Program qualify as an eligible charity at the time the grants are to be made, Schwab Charitable, at its discretion, transfers all of the assets in the account to eligible charities consistent with the account’s granting history, if any, or to the Philanthropy Fund.15

Contingent succession plans

A contingent succession plan may be enacted if all listed charitable beneficiaries are ineligible and/or all named successors are deceased, unwilling to serve, or otherwise ineligible. Account holders may add up to a total of 10 contingent charitable beneficiaries and/or successors to their account.

Program amendments

Prior to program activation, details can be updated and amended with the signatures of all account holders on the account by completing the Update Account Information form found on schwabcharitable.org.

The Charitable Legacy Program cannot be amended by anyone once it has been activated.

15 See page 5 for additional information about the Philanthropy Fund.
M
Master limited partnerships (contributions thereof) 11
Memberships (grants for) 21
Memorial and honorary accounts 9
Mutual fund shares (contributions thereof) 10

N
Naming an account 4
Nominator 5

P
Pledges 21
Philanthropy Fund 5
Portfolio asset allocation 16
Private equity (contributions thereof) 11
Privately held corporations (contributions thereof) 11
Publicly traded securities (contributions thereof) 10
Publicly traded partnerships (contributions thereof) 11
Professionally managed account administrative fees 7
Professionally managed account investment expenses 8
Professionally managed account investment management requirements 17

Q
Qualified appraisals 14
Qualified charitable distributions (QCDs) 15
Quid pro quo benefits 21

R
Real estate (contributions thereof) 11
Recurring grants 22
Restricted stock (contributions thereof) 11

S
S-Corp securities (contributions thereof) 11
Scheduled grants 22
Scholarships (grants for) 21
Subadvisors 18
Successors 5, 25

T
Tax considerations 14
Testamentary contributions 15
Trading and liquidation costs 8
Tuition (grants for) 21

O
Opening a core account 4
Opening a professionally managed account 4

U
Uncashed grant checks 23

V
Venture funds (contributions thereof) 11
Additional Terms and Policies

General Terms

Account holders are subject to the terms and conditions of these Program Policies. Schwab Charitable reserves the right to modify these Program Policies at any time.

Account holders, additional account users, and other individuals or entities may not use Schwab Charitable logos in printed or electronic materials without Schwab Charitable’s prior written approval.

Errors and Discrepancies

If account holders find any errors or omissions relating to an account, they should contact Schwab Charitable immediately at 800-746-6216. Notification should occur immediately upon discovery of the error but no later than 10 days after the communication containing the error or omission is sent or made available to account holders. If account holders fail to so notify Schwab Charitable, they agree that all account activity and information is correct for all purposes with respect to the account.

Governing Law

These Program Policies and any Schwab Charitable-related agreement executed by an account holder shall be governed by California law. All Schwab Charitable-related contribution agreements are deemed to be entered into in the State of California, and all contributions to Schwab Charitable are intended to be administered and managed in the State of California.

Schwab Charitable is registered in all states, and the District of Columbia, in which such registration is required. The following state notices are required under state law. The address for Schwab Charitable is: 211 Main Street, San Francisco, CA 94105. If account holders have questions or need additional information, please call Schwab Charitable at 800-746-6216.

State Registration

A copy of Schwab Charitable’s latest financial report is available online here or may be obtained by writing to Schwab Charitable, 211 Main Street, San Francisco, CA 94105 or calling 800-746-6216. Contributions may be tax deductible pursuant to IRC section 170(c) for those who itemize. If account holders are residents of one of the following states, they may obtain financial information directly from the state agency.

Florida: A copy of the official Florida registration and financial information may be obtained from the Division of Consumer Services by calling, toll-free, 800-435-7352 (800-help-fla) within the state or visiting www.FloridaConsumerHelp.com. Registration does not imply endorsement, approval, or recommendation by the State. Florida Registration Number CH9986.

Georgia: A full and fair description of the programs of the organization and financial statement summary is available upon request at the office of the Secretary of State, Security Division, 2 Martin Luther King Jr. Dr. SE, Suite 313, West Tower, Atlanta, GA 30334.

Maryland: Documents and information submitted under the Maryland Solicitations Act are available, for the cost of copies and postage, Office of the Secretary of State, State House, Annapolis, MD 21401.

Mississippi: The organization’s registration and financial information may be obtained from the Mississippi Secretary of State’s office by calling 888-236-6167. Registration by the Secretary of State does not imply endorsement.

New Jersey: Information filed with the Attorney General concerning this charitable solicitation and the percentage of contributions received by the charity during the last reporting period that were dedicated to the charitable purpose may be obtained from the Attorney General of the State of New Jersey by calling 973-504-6215 and is available on the internet at http://www.state.nj.us/lps/ca/charfrm.htm. Registration with the Attorney General does not imply endorsement.
New York: You may obtain information on charitable organizations and obtain a copy of the latest financial report from the New York Attorney General’s Charities Registry at www.charitiesnys.com or, upon request, by contacting the Office of the Attorney General, Charities Bureau, 28 Liberty Street, New York, NY 10005, or by calling 212-416-8401.

North Carolina: Financial information about this organization and a copy of its license are available from the State Solicitation Licensing Branch at 888-830-4989. The license is not an endorsement by the State.

Pennsylvania: The official registration and financial information of Schwab Charitable may be obtained from the Pennsylvania Department of State by calling toll-free, within Pennsylvania, 800-732-0999. Registration does not imply endorsement.

Virginia: Virginia State Office of Consumer Affairs, Virginia Dept. of Agricultural and Consumer Services, P.O. Box 1163, Richmond, VA 23218.


Wisconsin: A financial statement disclosing assets, liabilities, fund balances, revenue, and expenses for the preceding fiscal year will be provided upon request.

West Virginia: Residents may obtain a summary of the registration and financial documents from the Secretary of State, State Capitol, Charleston, WV 25305.

Schwab Charitable has entered into service agreements with Charles Schwab & Co., Inc. to perform administrative and research services, as well as trademark and service mark license agreements.

For more information, please call Donor Relations at 800-746-6216.

Schwab Charitable Structure and Service Agreements

Schwab Charitable is an independent nonprofit organization and is 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 of 1986, as amended.

The majority of the members of Schwab Charitable’s Board of Directors are independent of The Charles Schwab Corporation and its affiliates. This Board has full discretion over Schwab Charitable and its activities.

Should the Board determine that it is necessary to dissolve Schwab Charitable, the Board reserves the right to reassign assets held in accounts to the Philanthropy Fund and distribute its net assets to qualified charitable organizations.16 Under this highly unlikely circumstance, the Board would attempt to notify investment advisors and account holders sufficiently in advance so they could recommend grants to specific public charities. The Board makes final grant determinations.

16 See page 5 for additional information about the Philanthropy Fund.