

Program Policies & Guidelines

Effective September 2018

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

Topics covered in the *Program Policies & Guidelines* include:

- [Opening a Schwab Charitable Account](#)
- [Fees and Expenses](#)
- [Contributing to an Account](#)
- [Income Tax Considerations](#)
- [Managing Investments](#)
- [Recommending Grants](#)
- [Succession Planning](#)

Each section begins with a brief overview followed by additional detailed information. Schwab Charitable reserves the right to amend the *Program Policies & Guidelines*.

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

Key



Indicates content of particular interest to investment advisors.

Glossary
term

Hover to view definition.

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About Schwab Charitable

Schwab Charitable is an independent public charity created in 1999 to help increase giving among individuals in the United States. Schwab Charitable helps donors achieve their philanthropic goals by offering and administering donor-advised fund accounts — simple, tax-smart solutions for charitable giving.

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.

Since its inception, Schwab Charitable has helped donors maximize their charitable giving.¹

\$20 billion
IN CONTRIBUTIONS

\$10 billion
IN GRANTS TO CHARITIES

130,000
CHARITIES BENEFITTED

History

| | |
|-------------|--|
| 1999 | <p><i>Schwab Fund for Charitable Giving</i> (renamed <i>Schwab Charitable Fund</i> in 2007) is founded to help account holders simply and strategically achieve their charitable planning and giving goals.</p> |
| 2003 | <p>Schwab Charitable is the first national donor-advised fund administrator to introduce Professionally Managed Accounts, allowing account holders to recommend independent investment advisors to manage assets in their accounts.</p> |
| 2004 | <p>Schwab Charitable expands the types of contributions it accepts to include appreciated non-cash assets such as real estate and closely held businesses.</p> |
| 2006 | <p>Schwab Charitable accepts non-cash asset contributions and enables large accounts to be invested in alternative investments (including hedge funds and private equity/venture funds) if recommended by the investment advisor and approved in advance by Schwab Charitable.</p> |
| 2009 | <p>Schwab Charitable launches a comprehensive choice of new investment pools to maximize the impact of the account holder's charitable giving. Schwab Charitable also introduces a Private Foundation Conversion Service for foundations interested in converting to a donor-advised fund account.</p> |
| 2011 | <p>Working with multigenerational families and their advisors, Schwab Charitable establishes the Charitable Legacy Program for account holders who wish to extend their charitable intentions to future generations beyond their lifetimes.</p> |
| 2013 | <p>Schwab Charitable expands international granting options to help facilitate direct international giving to qualified charities.</p> |
| 2014 | <p>Schwab Charitable celebrates its 15th anniversary and \$5 billion in grants since inception and enables donors to make grants from their mobile devices using the Schwab Mobile App.</p> |
| 2015 | <p>Schwab Charitable enhances its non-cash asset acceptance and international granting programs to make giving even more convenient and tax-smart for donors with sophisticated needs.</p> |
| 2018 | <p>Schwab Charitable grants exceed \$1 billion for the fourth year in a row and grants since inception exceeded \$10 billion.</p> |

¹ Schwab Charitable's rounded results include data from September 1999 through June 2018.

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Opening a Schwab Charitable Account

In brief:

- Schwab Charitable offers two account options: a Core Account and a Professionally Managed Account.
 - The Core Account requires a \$5,000 minimum irrevocable 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.
 - The Professionally Managed Account requires a \$250,000 minimum irrevocable contribution and an [investment advisor](#) approved by Schwab Charitable.
- To be eligible to open an account with Schwab Charitable, donors must be 18 years of age and have a social security number, as well as a U.S. permanent resident address.
- An account holder can recommend a name for the account to honor an individual or a family, to cultivate a legacy of charitable giving, or for another charitable purpose.
- Primary account holders can appoint up to five people to serve as secondary account holders and can authorize up to four individuals to participate as additional account users. Account holders are encouraged to name up to four [successors](#) to the account.

Opening and accessing a Schwab Charitable account is easy, whether the account holder is contributing and managing their investments on their own or with assistance from an investment advisor. With a minimum of \$5,000, individuals can open a Core Account online or by downloading, completing, and faxing the [New Account Application](#) found on [schwabcharitable.org](#).



Accounts with a minimum of \$250,000 may be professionally managed by an investment advisor approved by Schwab Charitable. As part of this arrangement, the investment advisor must enter into an [Investment Advisory Agreement](#) with Schwab Charitable. Once approved, an investment advisor can open their client's account online or by downloading, completing, and faxing the [New Account Application](#) found on [schwabcharitable.org](#). Investment advisors registered with Schwab may also access the application on the [Schwab Advisor Center](#) ([schwabadvisorcenter.com](#)).

All contributions are irrevocable. Put simply, that means donations cannot be retrieved or refunded once contributed. Donated assets are no longer counted among the account holder's personal investments and are, in fact, the property of Schwab Charitable.

Accounts are opened with an initial contribution of at least \$5,000. Once the account is funded, account holders can make grant recommendations of at least \$50 and/or additional contributions of at least \$500 at any time.

Existing Charles Schwab Clients

Account holders authorize Charles Schwab & Co. Inc. (Schwab) to provide certain information to Schwab Charitable regarding their Schwab accounts, to verify the account holder's identity, or to better address the account holder's philanthropic needs.



Clients with an Investment Advisor

Clients may contact their Schwab Charitable-approved investment advisor to complete the [New Account Application](#) located in the Forms Center of [Schwab Advisor Center](#) ([schwabadvisorcenter.com](#)).

Naming an Account

Account holders can recommend a name for their account to honor an individual or a family (e.g., "ABC Family Charitable Fund"), to cultivate a legacy of charitable giving, or for another charitable purpose. If necessary, Schwab Charitable may contact the account holder to discuss alternative names.

Account Roles

Schwab Charitable offers a variety of ways for clients to manage their accounts. The account holders can restrict account access and privileges to themselves or they can designate others to participate.



Account holders who have an established relationship with an investment advisor may choose to work closely with their advisor to manage their Schwab Charitable account. Investment advisors in the Professionally Managed Account program must be approved by Schwab Charitable and must enter into an [Investment Advisory Agreement](#) with Schwab Charitable.

Account holder

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 their own transactions 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
- Maintain account holder privileges in the event of death or incapacity, refusal to serve, or other disqualifications affecting other account holders
- Recommend an account name
- Add a new account holder or additional account user
- Remove an additional account user
- Change successors or charitable beneficiaries
- Review account transaction history

Note: If an account holder fails to comply with Schwab Charitable's policies, the account holder's privileges can be revoked and the account's assets can be either granted to eligible charities consistent with the account's granting history and/or, under certain circumstances, transferred to the Philanthropy Fund.² Examples of actions that can trigger this event include, but are not limited to, making grant recommendations that are inconsistent with Schwab Charitable's charitable purposes or by otherwise engaging in actions that reflect adversely on the reputation and philanthropic mission of Schwab Charitable.

An account holder cannot be removed from an account by another account holder without consent, except in cases of the account holder's death or disability, or if advisory privileges are terminated. Should it come to Schwab Charitable's attention that an account holder is under investigation by authorities, Schwab Charitable may freeze the account until resolution of the investigation. Schwab Charitable may also freeze accounts subject to court orders, or for other reasons.

Additional account users

Account holders can authorize up to four individuals as additional account users, such as certified public accountants, family members, assistants, or 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
- Review account transaction history

On the [New Account Application](#), the account holder can indicate whether the additional account users should receive duplicates of acknowledgement for recommended grants, annual contribution summaries, and/or account statements. Account users can later change these selections if desired. The account holder is responsible for maintaining and keeping current all of their account users' information.

² 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.

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 upon the death of the account holder. 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: Planning for Your Charitable Legacy](#) for more information on successors and other legacy planning options.



Roles of investment advisors

Account holders can recommend an investment advisor to act on their behalf on the account. However, the recommended investment advisor must be approved by Schwab Charitable. The role of the investment advisor depends on the relationship with the account:

- *View-Only* — All accounts associated with an investment advisor are linked to the investment advisor's master account number, which provides the investment advisor view-only access to the account in the [Schwab Advisor Center](#) (schwabadvisorcenter.com).
- *Agent* — 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.
- *Advisor* — 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 (requiring a minimum account balance of \$250,000) and the investment advisor must execute an [Investment Advisory Agreement](#) with Schwab Charitable. An advisor is not authorized to recommend grants.

- *Dual Advisor and Agent* — a dual role that has the same abilities as an advisor and an agent. In addition to the [Investment Advisory Agreement](#) with Schwab Charitable, an [Agency Agreement](#) between the investment advisor and the account holder is required.

Account Access

Schwab Charitable provides account holders and additional account users real-time account access on the [Schwab Charitable Client Center](#).

Account holders and additional account users accessing accounts on the [Schwab Charitable Client Center](#) are bound by terms and conditions of Schwab's *Electronic Services Agreement* as currently in effect and as amended from time to time. Information on those terms and conditions is available online at schwab.com.

Account Communications

All account communications are available on the [Schwab Charitable Client Center](#). Account holders and additional account users 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 acknowledgements, which detail each contribution to an account, including, where applicable, a list of assets and fair market value
- 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 acknowledgement if they provide their name and address.



Investment advisors may view account correspondence on the [Schwab Advisor Center](#) (schwabadvisorcenter.com).

Additional Communications

By opening an account with Schwab Charitable, account holders and additional account users 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 mail 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 [Schwab Charitable Client Center](#) or by completing an [Update Donor-Advised Fund Account Information](#) form.

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Fees and Expenses

In brief:

- Schwab Charitable incurs administrative expenses associated with its operation as a grantmaking charitable organization and charges administrative fees to cover these costs; the fees are calculated based on the size of the account.
- Schwab Charitable does not assess any separate charges for investment services, nor does it generally pay a load or sales charge on purchases of mutual fund shares in the investment pools. However, each pool does bear investment management and operating expenses, including those of the underlying mutual funds.
- Schwab Charitable does not assess any activity charges to accounts for the processing of recommended grants to charitable organizations unless extraordinary costs are incurred.
- Charles Schwab & Co. charges a brokerage commission to all accounts for liquidating contributed securities.

Schwab Charitable generally does not levy additional charges for investment services. When fees are necessary to recoup costs or process trades, they are explained in a transparent manner.

Administrative Fees

Schwab Charitable incurs administrative expenses associated with its operation as a grantmaking charitable organization. To cover these costs, administrative fees are charged against the account balances, detailed as in the following table.

| Average Daily Value | Annualized Administrative Fees |
|-----------------------------------|---|
| First \$500,000 | 0.60% of assets or \$100 (whichever is greater) |
| Next \$500,000 | 0.30% of assets |
| Next \$1,500,000 | 0.20% of assets |
| Next \$2,500,000 | 0.15% of assets |
| Next \$5,000,000 | 0.13% of assets |
| Next \$5,000,000 | 0.12% of assets |
| Assets of \$15,000,000 and beyond | 0.10% of assets |

Core Accounts

Schwab Charitable assesses an annualized administrative fee of 0.60% or \$100, whichever is greater. The administrative fee is charged to the investment pools. It is important to note that the administrative fee does not appear as a line item on account statements. 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).³ 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). Administrative fees for accounts with assets exceeding \$500,000 are reduced through a quarterly rebate payment to the account (as long as the account is open at the time the fee rebate is distributed).



Professionally Managed Accounts

Schwab Charitable deducts an administrative fee from the account on a quarterly basis, based on the average account balance for the preceding quarter.

Investment advisors are notified 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.

³ NAV is calculated by the net asset value of the underlying investment fund, less Schwab Charitable 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. Schwab Charitable operating expenses include custodial fees and administrative fees.

Investment Expenses

Schwab Charitable does not assess any separate charges for investment services, nor does it 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.

Account holders using Schwab Charitable's investment pools can review current investment pool expenses and those of their underlying mutual funds by visiting the Schwab Charitable website at [schwabcharitable.org](https://www.schwabcharitable.org), by calling Schwab Charitable at 800-746-6216, or by emailing ask@schwabcharitable.org.



For Professionally Managed Accounts, Schwab Charitable may pay investment advisory fees, not to exceed 1% of the account balance each year. Investment advisors deduct their fees from the account on a quarterly basis.

The following individuals may not receive payment for any services, including investment advisory services: account holders, secondary account holders, successors, additional account users (other than investment advisors), or certain family members or affiliates of account holders.⁴

Note that for Core Accounts, investment advisor agents may, on behalf of the account holder, recommend grants and reallocations of account assets in the investment pools. The investment advisor agent may not, however, charge the account for these services.

Activity Charges

Although standard grant processing is covered by the administrative fee, Schwab Charitable may charge accounts for extraordinary costs incurred during the review of certain complex grant recommendations, such as direct international grants (see [Section 6: Recommending Grants](#)). In this case,

⁴ "Family members" for this purpose 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 such person and/or such person's family members.

⁵ Even though an organization is recognized as tax-exempt, it may still be liable for tax on its unrelated business income. Unrelated Business Taxable Income is generally defined as income from a trade or business, regularly carried on, that is not substantially related to furthering the exempt purpose of the organization. Please see IRS Publication 598 for additional information.

Schwab Charitable will notify the account holder and provide the opportunity to revise the grant recommendation.



Trading and Liquidation Fees

Schwab charges a brokerage commission to accounts for liquidating contributed securities and investing the proceeds among the available investment pools.

Legal Expenses

Schwab Charitable may charge an account for legal expenses incurred in connection with the account, including but not limited to:

- Legal expenses resulting from complex contributions, complex or unusual investments, bequests, or grant recommendations
- Issues and disputes with respect to the roles and responsibilities of an account holder or an additional account user
- Disputes with respect to the account or its assets
- Disputes arising from an account being named a charitable beneficiary of a will, trust, divorce, or estate



Unrelated Business Income Tax

Schwab Charitable debits an account for any Unrelated Business Income Tax liability generated by the account's assets or investment activities.⁵ If applicable, Schwab Charitable reserves a portion of assets in the account in an amount it believes sufficient to pay the tax liability. Schwab Charitable strongly recommends account holders consult with a qualified tax advisor to review the specific tax implications of donating assets that may generate Unrelated Business Income (see [Section 4: Income Tax Considerations](#) for more information).

For Professionally Managed Accounts, the Schwab Charitable [Investment Policy Statement](#) prohibits investment in assets that may generate Unrelated Business Income without prior approval by Schwab Charitable.

3

How to Contribute

In brief:

- Any contribution accepted by Schwab Charitable is both irrevocable and unconditional.
- Schwab Charitable accepts contributions from individuals including transfers and wires from brokerage accounts. Schwab Charitable also accepts contributions from trusts, private foundations, other donor-advised funds, corporations, and other entities.
- Schwab Charitable accepts contributions of cash or cash equivalents, publicly traded securities, and a range of less-liquid, more-complex assets.
- For **Core Accounts** only, Schwab Charitable typically liquidates contributions as quickly as possible after all required, completed paperwork and assets have been received.
- Schwab Charitable may reject a contribution if Schwab Charitable determines that it is too difficult to process or that it causes excessive, unreimbursed expenses, or for any other reason.

Schwab Charitable enables a variety of individuals and entities to contribute to a Schwab Charitable account and accepts a wide range of publicly traded and non-publicly traded assets.

Who Can Contribute?

Schwab Charitable accepts contributions from individuals, trusts, private foundations, other donor-advised funds, corporations, and other entities. Each individual account holder's contribution must be separately identified on the [Contribute to Your Donor Advised Fund Account](#) form.

Third-party contributions

Schwab Charitable accepts third-party contributions — contributions made to an account from an individual or entity other than the account holder. Account holders must 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. In addition, third-party contributors may not receive any goods or services in exchange for — or in consideration of — their contribution.

Account holders may not solicit third-party contributions to their accounts without prior approval from Schwab Charitable. Account holders may not guarantee or represent to 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 irrevocable minimum initial contribution of \$5,000, or as subsequent minimum contributions of at least \$500. Contributions of certain assets may be subject to higher minimum contribution thresholds. Eligibility, tax considerations, and processing requirements differ by the type of contributed asset. Donations other than cash, cash equivalents, or publicly traded securities require prior approval. Contact Schwab Charitable at 800-746-6216 for more information.

Cash or cash equivalents

Cash or cash equivalents — assets that can be quickly turned into cash, such as money market holdings, short-term government bonds, and Treasury bills — must be in U.S. dollars and delivered by check, electronic funds transfer, or wire. Contributions may also be made directly from a Charles Schwab & Co., Inc. brokerage account.

| Contribution Guidelines | |
|---|--|
| Processing times and effective dates for accepted contributions vary by asset type. Individual results may vary. | |
| Asset Type | Contribution Instructions |
| Cash or Cash Equivalents <ul style="list-style-type: none"> • <i>Money market holdings</i> • <i>Short-term government bonds</i> • <i>Treasury bills</i> | <ul style="list-style-type: none"> • Must be in U.S. dollars and delivered by check, electronic funds transfer, or wire • May also be made directly from a Charles Schwab & Co. Inc. brokerage account • Submit the request online on the Schwab Charitable Client Center or complete the Contribute to Your Donor-Advised Fund Account form • Checks should be made payable to Schwab Charitable; include the account number in the memo line |
| Publicly Traded Securities – <i>Assets held at Charles Schwab & Co., Inc.</i> | <ul style="list-style-type: none"> • Contribute online on the Schwab Charitable Client Center <p style="text-align: center;">or</p> <ul style="list-style-type: none"> • Complete the Contribute to Your Donor-Advised Fund Account form |
| Publicly Traded Securities – <i>Assets held at financial institutions other than Charles Schwab & Co., Inc.</i> | <ul style="list-style-type: none"> • Complete the Transfer of Assets form • Contact Schwab Charitable at 800-746-6216 for additional requirements |
| Certificated Securities | <ul style="list-style-type: none"> • Complete the Contribute to Your Donor-Advised Fund Account form • Properly endorsed security certificate • Irrevocable stock power • Submit required documents via registered, certified or overnight mail and request a return receipt |
| Mutual Fund Shares – <i>Assets held at Charles Schwab & Co., Inc.</i> | <ul style="list-style-type: none"> • Contribute online on the Schwab Charitable Client Center <p style="text-align: center;">or</p> <ul style="list-style-type: none"> • Complete the Contribute to Your Donor-Advised Fund Account form |
| Mutual Fund Shares – <i>Assets held at financial institution other than Charles Schwab & Co., Inc.</i> | <ul style="list-style-type: none"> • Complete the Transfer of Assets form • Schwab Charitable will initiate the transfer • Contact Schwab Charitable to verify acceptability |
| 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. | |
| Other asset types <i>Accepted on a case-by-case basis. Processing times and costs vary.</i> <ul style="list-style-type: none"> • Restricted stock • Publicly traded partnerships (PTPs) and master limited partnership (MLPs) • Real estate • Stock in privately held corporations (C-Corp and S-Corp) • Interests in limited partnerships or limited liability corporations • Private equity, venture fund, and hedge fund investments • Collectibles and artwork • Cryptocurrency <p>Please contact Schwab Charitable at 800-746-6216 for more information.</p> | |

Publicly traded securities

Securities such as stocks and bonds may be delivered electronically to Schwab Charitable from a Charles Schwab & Co., Inc. brokerage account, or they can be transferred from an institution other than Charles Schwab. The time to process contributions of marketable securities and the effective date of the contribution depend on how the securities are held and transferred (see [Section 4: Income Tax Considerations](#) for more information).

Contributing to Schwab Charitable from a Charles Schwab Brokerage Account

Account holders can complete the [Contribute to Your Donor-Advised Fund Account](#) form or contribute at [Schwab Charitable Client Center](#). 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. Please note that 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.

Contributing to Schwab Charitable from a financial institution other than Charles Schwab & Co., Inc.

Account holders can initiate the transfer of securities from a financial institution other than Charles Schwab. This is accomplished by completing the financial institution and asset information in Section 3 of the [Transfer of Assets](#) form and then faxing the signed form and a copy of the account holder's most recent statement that reflects the assets to be transferred to Schwab Charitable.

Should an asset custodian 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 financial institution currently holding the investment, a typical transfer initiated by Schwab Charitable takes three to five weeks.

Note: 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. This date can be difficult to pinpoint, so Schwab Charitable considers contributions as irrevocable as soon as they are credited to the account.

Certificated securities

Stock certificates must be endorsed by all registered owners of the contributed assets and accompanied by an irrevocable stock power form. Registered owners should submit the properly endorsed security certificate with the completed [Contribute to Your Donor-Advised Fund Account](#) form and irrevocable stock power via registered, certified, or overnight mail and request a return receipt. 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.

Mutual fund shares

Account holders can contribute most mutual fund shares from a Charles Schwab & Co. Inc. brokerage account or from another institution. Before donating mutual fund shares held at another institution, please contact Schwab Charitable at 800-746-6216 to verify acceptability. 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.

Restricted stock

"Restricted" shares are those that have not been registered with the U.S. Securities and Exchange Commission, and as such either have trade restrictions and/or have never been issued publicly. The term "restricted" also refers to shares owned by an account holder who is considered an affiliate or control person. 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. In either case, contributions in the form of restricted stock may be accepted by Schwab Charitable on a case-by-case basis, 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, is affected by the timing and value of such approval and acceptance.

Publicly traded partnerships and master limited partnerships

A publicly traded partnership (PTP) is any partnership in which an interest in the partnership is regularly traded on an established securities market regardless of the number of partners. A master limited partnership (MLP) is a PTP with either general or limited partners that derives most of its cash flow from real estate, natural resources, or commodities. 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. Schwab Charitable accepts contributions of PTPs and MLPs on a case-by-case basis and normally liquidates the position 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. Please contact Schwab Charitable prior to contributing PTPs or MLPs. Account holders should consult a tax advisor before contributing such assets.

Other assets

Schwab Charitable accepts contributions of many other complex assets. These assets (minimum value of \$50,000) are accepted on a case-by-case basis after review by Schwab Charitable and include:

- Real estate
- Stock in privately held corporations (C-Corp and S-Corp)
- Interests in limited partnerships or limited liability corporations
- Private equity, venture fund, and hedge fund investments
- Collectibles and artwork
- Cryptocurrency

Schwab Charitable may deduct all costs associated with processing complex contributions from the amount realized by the sale of the contributed asset.



Contributions of 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](#).

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 (other than investment advisors), and/or certain family members or affiliates of such people.⁶ Pre-approval is also required for any contribution of a single security interest representing greater than 2% of Schwab Charitable assets under management.

⁶ "Family members" for this purpose 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 such person and/or such person's family members.

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. Acknowledgements 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 said 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](#).

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.

Contribution Processing

For **Core Accounts**, Schwab Charitable typically accepts and liquidates contributions as quickly as possible once the required paperwork (completed, signed, and dated) as well as the assets have been received. Thinly traded or illiquid securities 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 at schwabcharitable.org and on the [Schwab Charitable Client Center](#) website.



For **Professionally Managed Accounts**, the investment advisor is responsible for arranging the sale of contributed securities through the Schwab Advisor Center (schwabadvisorcenter.com).

Contributions Are Irrevocable and Unconditional

Schwab Charitable follows all rules and regulations regarding charitable contributions as set forth in the Internal Revenue Code of 1986, as amended. Among these rules is the requirement that contributions become the sole property of Schwab Charitable. Thus, all contributions accepted by Schwab Charitable are both irrevocable and unconditional. Once contributions are accepted, they are not refundable and become assets owned and held by Schwab Charitable. Moreover, they are subject to the exclusive legal authority and control of Schwab Charitable as to their use and distribution.

Contribution Restrictions

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, at 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 & Guidelines*.



Note: There may be additional considerations when contributing to Professionally Managed Accounts. Please contact Schwab Charitable at 800-746-6216.

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Income Tax Considerations

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 an account 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.

The information provided here relates to taxation at the federal level only. Rules and regulations pertaining to deductions for charitable giving vary at the state level. Moreover, laws of a specific state or laws relevant to a particular situation may affect the applicability, accuracy, and/or completeness of the information provided here. Finally, federal tax rules routinely change, so the guidelines discussed here are current only as of the publication date of these Program Policies & Guidelines.

In brief:

- Generally, contributing appreciated assets held for more than a year generates larger tax benefits than contributing those that are held for less time.
- In general, individuals who itemize deductions may claim a charitable deduction in the year the contribution is made, subject to certain limitations. The amount of the deduction depends, in part, on the type of asset contributed.
- Schwab Charitable will typically provide donors with the **fair market value** of contributions of cash or marketable securities as of the date the securities are received in the account. Note that the account holder, not Schwab Charitable, is responsible for reporting the fair market value of a contribution as well as the transaction date to the IRS.
- Once assets are donated to Schwab Charitable, any income or capital gains generated by those assets will be credited to Schwab Charitable and therefore cannot qualify as an account holder's deductible contributions. Note that the investment of those assets and generation of tax-free income enables account holders to maximize the value of their charitable contributions.
- When Schwab Charitable makes a grant to charities based upon an account holder's recommendation, Schwab Charitable is granting its own assets.
- If the valuation of contributed property for which the donor claims a deduction exceeds certain thresholds, the IRS requires that a donor obtain an appraisal by a qualified appraiser.
- Under the Internal Revenue Code, the amount deducted in a tax year for charitable contributions cannot exceed the applicable income limitations. Contributions to Schwab Charitable can facilitate estate planning purposes as they may help reduce the tax liabilities faced by the account holder's survivors.

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/master limited partnerships
- Non-publicly traded assets
- Real estate
- Cryptocurrency

For additional information about contributing appreciated 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 obtain an appraisal by a qualified appraiser for donated property (other than most publicly traded stock) for which the donor, if itemizing, claims a deduction if the property's valuation exceeds certain thresholds:

- Greater than \$5,000 for all property other than stock, and other than certain contributions of vehicles, intellectual property, and inventory

The appraisal and appraiser must meet the relevant IRS requirements.⁷ Additionally, the qualified appraisal must be completed no earlier than 60 days before the date of contribution and no later than the due date of the donor's tax return on which the itemized deduction is first claimed for the property (including filing extensions).

If a donor claims an itemized deduction for contributions of non-cash property in excess of \$5,000, the donor also needs a qualified appraisal of the non-cash property and must complete *IRS Form 8283*, Section B. If the donor claims an itemized deduction for a contribution of non-cash property in excess of \$500,000 (or \$20,000 for artwork), the donor also must attach the qualified appraisal to their tax return.

The chart on the following page provides a summary of appraisal requirements for donated assets. For additional information regarding taxpayer filing and substantiation requirements, or for tax advice, please consult a tax advisor.

⁷ See IRS Regulations section 1.170A-13(c)(3) and Notice 2006-96, 2006-46 I.R.B. 902 (available at www.irs.gov/irb/2006-46_IRB/ar13.html).

Summary of Appraisal Requirements for Donated Assets

| Value of Contribution | Type of Contribution ⁸ | Complete | File with IRS |
|-----------------------|--|---|----------------------------------|
| >\$ 500 | All non-cash contributions | Form 8283, Section A | Form 8283 |
| >\$ 5,000 | All property other than unrestricted publicly traded stock, ⁹ vehicles, intellectual property, or inventory ¹⁰ | Form 8283, Section B Qualified Appraisal | Form 8283 |
| >\$ 20,000 | Artwork | Form 8283, Section B Qualified Appraisal | Form 8283 Qualified Appraisal |
| >\$500,000 | All non-cash contributions, other than publicly traded stock | Form 8283, Section B Qualified Appraisal | Form 8283 Qualified Appraisal |

Limitations on Deductions 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 up to five subsequent years. Because Schwab Charitable is a public charity, the percentage limitations that apply are generally the most favorable charitable deductions for those who itemize available under IRS regulations.

Note: 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*. Schwab Charitable recommends account holders consult with a tax advisor for tax advice, as each account holder’s personal situation is unique.¹¹

Income and Granting Activity

Income and gains generated after assets are donated to Schwab Charitable are the property of Schwab Charitable and therefore do not qualify as deductible contributions by the account holder. When Schwab Charitable makes a grant to charities based upon an account holder’s recommendation, Schwab Charitable is granting its own assets. Managing the investment of those assets and generating tax-free income enables account holders to maximize the value of their charitable contributions.

Estate Planning Considerations

Contributions to a Schwab Charitable account can facilitate estate planning purposes and they may help reduce the tax liabilities faced by the account holder’s survivors. Schwab Charitable recommends account holders consult with legal counsel for legal and tax advice, as each account holder’s personal situation is unique. The following information is for general education only and should not be construed as legal or tax advice.

⁸ This chart does not include the complex rules surrounding a contribution of intellectual property, vehicles, clothing and other household items. More information may be found in *IRS Publication 561, Determining the Value of Donated Property*.

⁹ Even if restricted stock is publicly traded, the contribution may require a qualified appraisal that takes into account the nature and duration of the restrictions. For more information, see Treasury Regulations Section 1.170A-13(c)(7)(xi)(C).

¹⁰ For details, please refer to *IRS Publication 561, Determining the Value of Donated Property* or consult a tax advisor.

¹¹ The above information is for general educational purposes only and does not constitute legal advice. For information particular to one’s specific tax situation, please consult with a tax and/or legal advisor. More information can be found in *IRS Publication 561, Determining the Value of Donated Property*.

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 an account may not be appointed, transferred by will, or bequeathed to any person or non-charitable organization.

Testamentary contributions and naming Schwab Charitable as a charitable beneficiary

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 account receive a written acknowledgement 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 over time after the account holder's death (see [Section 7: Planning Your Charitable Legacy](#)).

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Managing Investments

In brief:

- At the time the account is opened, **Core Account** holders may recommend that their account assets be allocated among a variety of investment pools selected and monitored on a continuing basis by Schwab Charitable.
- Account holders with \$250,000 or more of donated assets may recommend an **investment advisor** to manage the assets through the **Professionally Managed Accounts** feature.
- For accounts larger than \$1,000,000, the investment advisor may recommend that an allocation of account assets (minimum \$250,000 per account) be managed in a separate subaccount by a subadvisor conducting advisory business on the **Schwab Advisor Custody and Trading Platform**.
- Although the account holder or account holder's representative retains advisory privileges with respect to the investment of assets in the account, the assets in the account are the property of Schwab Charitable and the investment activities in the account must be in compliance with Schwab Charitable's **Investment Policy Statement**.

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. Note: Account holders and authorized account users can 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, see the Schwab Charitable fact sheet entitled *Investment Pools*, located on the Schwab Charitable website at schwabcharitable.org or contact Schwab Charitable by calling 800-746-6216.

Schwab Charitable establishes each investment pool's investment objective and selects the underlying mutual funds. In selecting the funds, Schwab Charitable factors in the stability and strength of the mutual fund's investment company, investment objectives, long-term **risk/return profile**, peer ranking, size, fees, and the length of time the fund has been managed by the portfolio manager or portfolio 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 alter the investment pools and the underlying mutual funds from time to time, at its sole discretion.

Accounts are generally not charged any sales loads or brokerage commissions for purchases or sales of pool shares. 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 the Schwab Charitable website at schwabcharitable.org. Account holders should read each prospectus carefully before making contributions or recommending investment of funds.

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 performance does not guarantee future performance.

Portfolio asset allocation

At the time the account is opened, an account holder may recommend how contributions to the account are allocated among the investment pools. An account holder or additional account user may subsequently recommend

reallocation of the account assets online on the secure [Schwab Charitable Client Center](#) or by completing the [Update Donor Advised Fund 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 at 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.¹² 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, such as ordinary brokerage commissions, 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.¹³ The purchase price of each investment pool is the net asset value (NAV) of that investment pool at the end of each business day.¹⁴ 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 and zero balance accounts

Schwab Charitable reviews low and zero balance accounts on a quarterly basis. 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, transfers the account's remaining balance to the Philanthropy Fund, and closes the account.¹⁵



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](#) located on the Schwab Charitable website at 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 Schwab Charitable's [Professionally Managed Accounts Investment Guidelines](#). Schwab Charitable must approve the investment strategy and benchmark established for the account by the investment advisor.

¹² Net proceeds equal gross proceeds minus any applicable brokerage commissions or fees, which could include fees paid to Charles Schwab & Co., Inc.

¹³ A business day is defined as any day when the New York Stock Exchange is open for business. A business day for purchasing investment pool units may end earlier than the close of the NYSE.

¹⁴ NAV is calculated by the net asset value of the underlying investment fund, less Schwab Charitable 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. Schwab Charitable operating expenses include custodial fees and administrative fees.

¹⁵ 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.

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](#).



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](#).¹⁶ 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 (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.¹⁷ In addition, 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. In these cases, the account holder must reinvest account assets among the investment pools selections detailed on schwabcharitable.org.



Using Schwab subadvisors

In some instances, separately managed subaccounts may be used 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, the account remains a single account for grantmaking purposes. These accounts are subject to Schwab Charitable's investment guidelines where applicable. Subadvisors are subject to the 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.

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 (see [Section 7: Planning for Your Charitable Legacy](#) for more details).

¹⁶ 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.

¹⁷ "Family members" for this purpose 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 such person and/or such person's family members.

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Recommending Grants

In brief:

- Authorized account users (including account holders, additional account users, and their agents) can recommend grants of \$50 or more to charities at any time.
- Authorized account users can recommend grants to charities on the secure [Schwab Charitable Client Center](#), by using the Schwab Mobile App, secure email, or by completing and mailing or faxing a [Recommend a Grant to Charity](#) form. Advisor agents can recommend grants on the Schwab Advisor Center ([schwabadvisorcenter.com](#)).
- When a grant recommendation is approved, Schwab Charitable, in the case of a Core Account, sells the required amount from the account investment pools. For Professionally Managed Accounts, the investment advisor is responsible for ensuring that there is enough cash in the account to fulfill the recommendation.
- Schwab Charitable may deny grant recommendations because of the authorized account user's receipt of personal benefits including but not limited to a legally binding pledge, certain memberships, the receipt of a salary, tuition payments, or tickets to a sports/athletic event.
- An authorized account user may recommend that a grant be used by the charitable organization for a special purpose, which Schwab Charitable reviews and, if approved, conveys to the charitable organization.
- 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.
- Schwab Charitable may approve grant recommendations to international charities. Special procedures and due diligence evaluations are required.

Account holders and additional account users can recommend grants of \$50 or more to any IRS-recognized 501(c)(3) public charity at any time. To help account holders and additional account users easily research charitable organizations that align with their philanthropic goals, Schwab Charitable offers access to a comprehensive database of more than one million U.S.-based charities via the [Schwab Charitable Client Center](#) and the [Schwab Mobile App](#). Account holders and additional account users can either recommend a new grant recipient or use the "Grant Again" function on the [Schwab Charitable Client Center](#) to recommend a grant to a previously recommended charity. What's more, Schwab Charitable offers a recurring grant option, which allows authorized individuals to schedule future grants at strategic times throughout the year.

Grant and Account Activity Minimums

Each recommended grant must be a minimum of \$50 or, if there is less than \$50 left in the account, the recommended grant can be for the balance of the account.

Schwab Charitable requires that its total annual grants for all accounts in aggregate must be at least 5% of the average net assets of all accounts in aggregate (on a fiscal five-year rolling basis). If this requirement is not met, Schwab Charitable will contact individual primary account holders whose accounts made grants below 5% of net asset value and ask them to recommend the requisite amount in additional grants. If Schwab Charitable does not receive sufficient grant recommendations within 90 days, Schwab Charitable may transfer amounts from such accounts to the Philanthropy Fund.¹⁸ Since inception, Schwab Charitable's annual aggregate grant distributions have consistently exceeded 5%.

Dormant accounts

Schwab Charitable has a policy governing dormant accounts, which are defined as accounts where no grant recommendations have been initiated by account holders during the previous four-and-a-half years. When an account becomes dormant, Schwab Charitable requests that the primary account holder make a grant recommendation within 90 days. If the account holder does not take such action, Schwab Charitable makes a grant of \$50 from the account to the Philanthropy Fund. If the

¹⁸ 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.

account remains dormant for the next two years, Schwab Charitable again asks the primary account holder to make a grant recommendation. If no grant recommendation is made within 30 days, the account may be closed or the succession plan may be enacted (see [Section 7: Planning for Your Charitable Legacy](#) for more details). If no succession plan is on file, the account is closed and assets are transferred to the Philanthropy Fund. Schwab Charitable may approve an extension of time for a dormant account if the account holder makes a written request that documents a long-term charitable plan requiring accumulation of funds beyond the time period requested. Contact Schwab Charitable at 800-746-6216 to request an extension.

Eligible Charitable Recipients

To help account holders and additional account users easily research charitable organizations, Schwab Charitable provides access to a comprehensive database of more than 1 million U.S.-based charities. Qualified charities include houses of worship, government entities, and charitable organizations recognized as tax-exempt under IRC Section 501(c)(3). However, they cannot be classified as private foundations under IRC Section 509(a). Additionally, some charities classified as “supporting organizations” under Section 509(a)(3) will not qualify.

Schwab Charitable performs its own due diligence on all grant recommendations and only issues grants to organizations that are eligible to receive grants from donor-advised funds and that are in good standing with the IRS. 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.

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 & Guidelines* or Schwab Charitable’s charitable purposes. Schwab Charitable takes remedial action if it discovers that grants have been made for improper purposes (see *Restricted Grants*). Remedial

actions may include, but are not limited to, a requirement that the recipient charity return the grant and/or that Schwab Charitable terminate the account holder’s advisory privileges and transfer account assets to the Philanthropy Fund. Moreover, if a recommended charity or its principals are under investigation, Schwab Charitable may freeze granting until the matter is resolved. Schwab Charitable may also freeze accounts subject to court orders, or in other situations.

Restricted Grants

Before approving a grant, Schwab Charitable follows a strict review and approval process to:

- Ensure all grant dollars are issued for qualified charitable purposes¹⁹
- 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

Impermissible benefits

Under rules enacted by the *Pension Protection Act*, the IRS imposes stiff tax penalties on any account holder or additional account user who recommends a grant resulting in impermissible benefits. Account holders and additional account users must not make — and Schwab Charitable will not approve — grant recommendations with the following impermissible 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 an individual are prohibited from being issued by a donor-advised fund. Schwab Charitable can, however, help account holders support scholarships, missionary efforts, and emergency hardship efforts. Please consult the Schwab Charitable Donor Relations team at 800-746-6216 to discuss appropriate options.

¹⁹ “The exempt purposes set forth in Internal Revenue Code section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and the prevention of cruelty to children or animals. The term charitable is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.” <https://www.irs.gov/Charities-%26-Non-Profits/Charitable--Purposes>

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, such as the benefit of being able to attend a fundraising dinner, concert, auction, sporting/athletic event, or any other benefit function.

Salary or tuition payments

Accounts cannot pay account holders or related parties a salary for working at a charity or pay tuition for a designated individual.

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 bifurcated grants and other impermissible benefits, please see Granting Guidelines, available online at [schwabcharitable.org](https://www.schwabcharitable.org).

Note: 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.

Ineligible grant recipients

In addition to impermissible benefits, there are some organizations that are entirely ineligible to receive any grant from Schwab Charitable. Account holders and additional account users must not make — and Schwab Charitable will not approve — grant recommendations to the following types of organizations:

- Non-functionally integrated Type III supporting organizations²⁰
- Private non-operating foundations
- Lobbying organizations, political campaigns, or other political entities
- Any organization whose purpose is not entirely charitable
- Certain organizations that receive a substantial amount of their support from Schwab Charitable or from any recommending account holder or their family members

Substantial support

Federal tax law classifies certain organizations as public charities based on their sources of financial support. 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 account holders. Schwab Charitable may decline a grant recommendation to an organization that purports to rely on public support to qualify as a public charity but does not appear to receive adequate public support and thus depends on the recommended grant. Additionally, Schwab Charitable may decline a grant recommendation to an organization that is controlled by the recommending account holder and/or their family members and/or their affiliates.

Anti-terrorism

Schwab Charitable is committed to ensuring that all grants are used exclusively for charitable purposes. As part of the grant review process, Schwab Charitable checks all recommended grant recipients against the Treasury Department's list of Specially Designated Nationals, other U.S. and foreign government watch lists, and the IRS list of organizations whose tax-exempt status has been suspended under Internal Revenue Code Section 501(p). Schwab Charitable does not approve grant recommendations to organizations that appear on such lists.

Grant Processing

Account holders and additional account users 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 [Recommend a Grant to Charity](#) form.

Schwab Charitable allows unlimited grants from an account to the extent that the account balance allows.



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 can recommend grants to eligible charities on behalf of account holders online through the Schwab Advisor Center ([schwabadvisorcenter.com](https://www.schwabadvisorcenter.com)).

²⁰ For more information on these types of organizations, please see IRC Section 509(a)(3), Supporting Organizations – Requirements and Types, <https://www.irs.gov/charities-non-profits/charitable-organizations/supporting-organizations-requirements-and-types>

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, at its sole discretion (see [Section 5: Managing Investments](#) — Investment Pools).

Timing of grant distributions

The time required to process and approve a grant recommendation varies but, on average, checks are issued within five to seven business days. During peak activity periods, especially in November and December, checks may take longer to issue.

Grant recommendations to charities that have not been previously reviewed and verified by Schwab Charitable require additional due diligence and often take longer to review, particularly some supporting organizations and houses of worship as described in Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code.

Scheduled grants

Account holders, additional account users, and their agents may recommend a one-time future grant or a series of grants scheduled on a recurring basis.

Each scheduled grant, no matter when it is issued, is subject to the same review and approval process as a single grant. 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.

Cancellations or denials

Schwab Charitable may deny grant recommendations that do not meet approved criteria, or for any other reason. When this occurs, Schwab Charitable notifies the account holders and/or advisor agents.

In some instances, Schwab Charitable needs to contact the proposed recipient charity to verify certain information (see *Grant Recommendation Communications* later in this section). Reasonable efforts are made to contact the organization and obtain the information. 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 denied. Schwab Charitable makes every effort to contact the charity and issue the grant before denying or canceling the grant.

To avoid taxable distributions under the Internal Revenue Code, Schwab Charitable denies grants intended to support impermissible purposes as previously outlined. Schwab Charitable may contact the recommending individual or proposed charity if donation amounts appear suspect.

Grant notification and acknowledgements

Schwab Charitable makes grants with 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
- Or 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. All grants must be issued by Schwab Charitable directly to the recipient charity; account holders may not deliver Schwab Charitable grant checks to the charitable organization. Schwab Charitable cannot forward any personal letters, cards, attachments, or enclosures from donors to recipient charities.

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.

Purpose of grant

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

Custom grants

In some cases, an account holder may wish to recommend a customized grant to a charitable organization that includes a grant agreement imposing certain obligations on the grant recipient. Normally, an account cannot be used for grants that require grant agreements. However, if the grant amount exceeds \$50,000, Schwab Charitable will consider such 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.

Other donor-advised funds

Schwab Charitable considers grant recommendations to other organizations that maintain donor-advised funds. If such grants are approved, assets are liquidated and a grant check mailed to the other donor-advised fund.

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 recommendation communications

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 or on the date a grant is recommended if more than 12 months has elapsed. From time to time, Schwab Charitable contacts a charity after a grant is issued to determine if the grant was used for its stated purposes.

Schwab Charitable understands that account holders may communicate with recipient charities and this communication is encouraged. However, as a reminder, account holders may not attempt to modify the purpose of a grant from the account, attempt to exert control over the grant funds, or divert the grant funds to an improper purpose.

The recommending account holder receives an electronic confirmation of all grants distributed unless a written confirmation is requested. All account holders and additional account users have access to the account's grant history and grant award letters on the [Schwab Charitable Client Center](#).



Investment advisors have access to the account's grant history and grant award letters online through the [Schwab Advisor Center](#) (schwabadvisorcenter.com).

International Grantmaking

Schwab Charitable may approve grants to international causes through established U.S. charities that perform work overseas. 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 objectives.

Potential granting methods to foreign charities

Schwab Charitable's Direct Global Giving Program

Schwab Charitable determines whether the organization qualifies as the equivalent of a U.S. 501(c)(3) charity through an Equivalency Determination (ED) process. If a foreign charity does not qualify as equivalent to a U.S. 501(c)(3) charity, Schwab Charitable may recommend the use of an intermediary organization that may direct the funds internationally upon a satisfactory due diligence review and Expenditure Responsibility (ER) process.²¹ For additional information, please refer to the Schwab Charitable *Direct Global Giving Program* available online at schwabcharitable.org.

International Intermediaries

If a foreign charity does not qualify as equivalent to a U.S. 501(c)(3) charity, or if an account holder determines that ED does not fulfill their objectives, Schwab Charitable works with a network of international intermediaries to perform the due diligence and the ER process for the proposed grant. Schwab Charitable's International Granting Specialist will work with the account holder to determine the appropriate intermediary and will facilitate the proposed grant through the selected intermediary. Intermediaries may also assist in identifying local charities that are legitimate and effective.

Fees

Grants directed to foreign charities via the *Direct Global Giving Program* or through Schwab Charitable's network of international intermediaries will incur additional fees. Applicable fees are taken from the proposed grant amount, with the remainder distributed to the foreign charity.

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, or if the due diligence for expenditure responsibility is not satisfactory.

Please contact Schwab Charitable for current applicable fees.

Due diligence

In addition to ensuring that the international grants are used for a charitable purpose, international granting due diligence also requires a review to comply with U.S. and foreign laws pertaining to anti-terrorism, anti-money laundering, and anti-bribery.

²¹ Where it cannot be established that a charity is equivalent to a U.S. 501(c)(3) charity, the IRS requires that the granting individual or organization ensures that the grant is used for charitable purposes and that there is appropriate oversight and documentation of such grants from donor-advised funds. This process is referred to as "Expenditure Responsibility" or "ER."

7

Succession Planning

In brief:

- Schwab Charitable 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.
- Succession plans are enacted upon the disqualification of all account holders, which can include death or incapacity.
- For accounts with multiple account holders, when one account holder passes away, any remaining account holders retain all account privileges.
- The Charitable Legacy Program is an option for accounts with a balance of at least \$100,000 at the time of activation; account holders can recommend scheduled grants to specific charities.
- 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 a charity or charities in the account's recent grant history or may consider the recommendation of a duly appointed individual with durable power of attorney.

When someone opens an account with Schwab Charitable, they are prompted and encouraged to establish a succession plan at that time. To help account holders build a charitable legacy based on their philanthropic goals, Schwab Charitable offers the following options, which can be utilized separately or together.

Successors

Account holders may name up to four successors to exercise full privileges on an account upon the death or disqualification of all of the account holder(s).

Charitable beneficiaries

Account holders may recommend up to six eligible charitable organizations to receive proceeds of the remaining assets of an account upon their death.

Charitable Legacy Program

For accounts with an anticipated minimum balance of \$100,000 at the time of activation, account holders may enroll in this program and recommend eligible charitable organizations to receive recurring grants after their death.

All succession plans, including the Charitable Legacy Program, are enacted upon the death or disqualification of all account holders, which can include incapacity or refusal to serve, or other reasons. Until that happens, if an account is maintained jointly, any remaining account holder(s) retain(s) all account holder privileges.

Please note that Schwab Charitable must receive written notification and documentation in the event of the death or disqualification of an account holder, such as a death certificate or a doctor's letter. Please contact Schwab Charitable at 800-746-6216 for assistance with this process.

Schwab Charitable account holders can only recommend successors or charitable beneficiaries through Schwab Charitable; they cannot do so through any testamentary instrument, such as their will or instructions to an executor.

Schwab Charitable recommends that account holders review succession plan information at least once a year to ensure this information remains true to their wishes, to verify that contact information is current, and to ensure that it is consistent with the account holder's overall estate planning objectives. Account holders can update their succession plan using the [Update Donor Advised Fund Account Information](#) form.

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 enacted, including the ability to recommend grants. Upon assuming account holder privileges, successor(s) are encouraged to establish their own succession plan, including naming their own successor(s) and/or charitable beneficiaries.

If multiple successors are recommended, a new account will be established for each individual named as a successor. If the resulting accounts are less than the minimum required balance of \$5,000, the successor/s may either contribute additional funds to bring the account up to the minimum balance or recommend grants for the balance of the accounts. 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.²²

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.



If a successor is an **investment advisor** and the advisor assumes the privileges and duties of an account holder, the investment advisor can no longer receive payment for services provided to 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.

Charitable Beneficiaries

An account holder 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. (Note that if there is no recommended allocation, Schwab Charitable will allocate the assets equally among the eligible charitable beneficiaries.)

All recommendations of charitable beneficiaries are subject to the approval of Schwab Charitable, at its sole discretion, at the time the recommendation would

otherwise take effect. If, at the time that a succession plan is enacted, 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 named beneficiaries are eligible, the account balance is distributed to the Philanthropy Fund.²³

Charitable beneficiary recommendations can be changed by any account holder at any time before the death or disqualification of the last remaining account holder.

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 after their death to a maximum of six eligible charitable organizations. The charitable organizations must meet the requirements listed in [Section 6: Recommending Grants](#). Account holders can enroll in the Charitable Legacy Program by completing the [Update Donor-Advised Fund Account Information](#) form. 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 enacted — 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 named charities 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 a one-time grant rather than a series of recurring grants over time. This one-time grant amount is a pro rata portion of the remaining balance

²² Please note 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.

²³ 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.

of the account distributed among the recommended eligible charitable recipients.



Professionally Managed Accounts

Once the Charitable Legacy Program is activated, the investment advisor can continue to manage the assets. 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.

Additional account users

Once the Charitable Legacy Program is activated, account access for all additional account users is terminated.

Investments

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.²⁴ Investment asset allocations for the Charitable Legacy Program follow the guidelines set forth in [Section 5: Investments Options](#).

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).

²⁴ 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 re-balances the account using an approximation of the account holder's desired allocation based on the account at the time of death.

²⁵ Schwab Charitable cannot guarantee that an account enrolled in the Charitable Legacy Program will last in perpetuity.

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.²⁵

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 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 now-disqualified account holder had recommended that the remaining balance be granted pro rata to each of the account holder's recommended charitable recipients.

Grant timing

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

Grant allocation

For Core Accounts, grants issued through the Charitable Legacy Program are funded proportionately from the investment pools in which the account is invested.



For **Professionally Managed Accounts**, the investment advisor is responsible for ensuring sufficient cash is available in the account at the time grants are to be issued.

Charitable recipients

Account holders can recommend up to six charitable organizations meeting the requirements listed in [Section 6: Recommending Grants – Charitable Recipients](#) to receive grants through the Charitable Legacy Program. The same guidelines for eligibility and approval apply, including acknowledgement and special-purpose designations.

Upon receipt of the Charitable Legacy Program enrollment form, 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 of the account and requests an alternative charity be recommended. At the time a grant distribution is scheduled, Schwab Charitable re-confirms 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 determines that the grant recommendation has lapsed and grants that portion pro rata to the remaining eligible recommended charitable recipients. If none of the charities listed in the Charitable Legacy Program qualifies as an eligible charity at the time the grants are to be made, Schwab Charitable transfers all of the remaining assets in the account to the Philanthropy Fund.

Amendments

Program details can be updated and amended with the signatures of all account holders on the account, prior to activation of the Charitable Legacy Program by completing the [Update Donor-Advised Fund Account Information](#) form. It is important to note that the Charitable Legacy Program cannot be amended by anyone once it has been activated.

When No Successor/Beneficiary is Recommended

If no succession plan options have been selected, or if no recommended charitable beneficiary is eligible at the time the recommendation would take effect, Schwab Charitable may elect to distribute the balance of the account to a charity or charities in the account's recent grant history. At its discretion, Schwab Charitable may also transfer the account balance to the Philanthropy Fund.

If an account holder becomes permanently disabled without a succession plan, Schwab Charitable may act upon the advice of a duly appointed individual with power of attorney to direct charitable distributions on behalf of the disabled account holder.

Other Estate Planning Options

Account holders may include Schwab Charitable in other estate planning efforts as well. Please see [Section 4: Income Tax Considerations – Estate Planning](#) for more information. Schwab Charitable recommends that account holders seek professional guidance for their broad estate planning needs, as each account holder's personal situation is unique.

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Additional Terms and Policies

General Terms

Account holders are subject to the terms and conditions of these *Program Policies & Guidelines*. Schwab Charitable reserves the right to modify these *Program Policies & Guidelines* 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 & Guidelines* 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 state notices below 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 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.800helpfla.com. Registration does not imply endorsement, approval, or recommendation by the State. Florida Registration Number SC 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: Office of the Attorney General Charities Bureau, 120 Broadway, New York, NY 10271.

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 the 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.

Washington: Charities Division, Office of the Secretary of State, State of Washington, Olympia, WA 98504-0422, 800-332-4483.

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, West Virginia 25305.

Registration with any of these state agencies does not imply endorsement, approval, or recommendation by any state.

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. 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.

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.