Our exceptionally generous donors gave $1.6 billion to charity in fiscal year 2017.
In fiscal year 2017, Schwab Charitable™ facilitated the largest number of grants to the most charitable organizations since our inception. Thanks to the overwhelming generosity of donors, total grants grew to an all-time high, exceeding $1 billion for the third year in a row and continuing a multi-year trend of highly active support for an increasing number of organizations. Donations reached more than 64,000 charities with a significant focus on health and human services, especially relief for Americans in the greatest need, and for individuals around the world impacted by disasters.

As I write this, many Americans and my own family in Houston are starting to rebuild after major hurricanes. One of the greatest privileges of leading Schwab Charitable is the chance to witness people at their best as they support their local communities in hard times. To make the process easier, we work with the Center for Disaster Philanthropy to publish recommended charities for natural disasters and make additional guidance on disaster relief available on our web site and from our team of experts.

We take this consultative approach with donors and advisors to help them support a broad spectrum of causes, from health and religion to education, arts, and the environment. This diversity of missions is vital to the health of American philanthropy, and we will continue to look for ways to make it convenient for donors to identify and support the IRS-qualified charities of their choice.

During the last fiscal year, a solid U.S. economy and robust stock market led to healthy gains in investment portfolios and higher associated tax burdens. In response, many donors contributed appreciated assets to their Schwab Charitable accounts to offset these higher tax bills. Tax-efficient, appreciated non-cash assets accounted for 68% of contributions, representing potential greater giving and capital gains tax savings of more than $300 million.

Looking ahead, positive economic conditions and the potential for individual tax reform have created the opportunity to make history by continuing to increase annual U.S. charitable giving beyond its current all-time high. Schwab Charitable is proud to help you—donors, advisors, and charities—reach your goals and generate more impact through tools and services that make charitable giving simple, tax-smart and flexible.

Best regards,

Kim Laughton  
President
Our mission: Increase charitable giving in the U.S. by providing an efficient, tax-smart solution

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

We offer our clients the tools, guidance, and relationships to incorporate charitable giving into everyday wealth management so they can make a bigger difference in the world.

Americans are among the most generous people in the world* and they can have even more impact when they apply the same thoughtful approach to their philanthropy as they do to savings and investments.

* Charities Aid Foundation, CAF World Giving Index 2016, October 2016
Fiscal year 2017 highlights

Total grants

$1.6B
Total grants

29%
Increase in # of grants from FY2016

34%
Increase in grant value from FY2016

Convenience of granting

96%
Of grants made through convenient web and mobile tools

68%
Of donors say they give more because they have a Schwab Charitable account*

*2017 survey of donors
Charitable organizations supported

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014</td>
<td>45,502</td>
</tr>
<tr>
<td>FY2015</td>
<td>51,410</td>
</tr>
<tr>
<td>FY2016</td>
<td>55,877</td>
</tr>
<tr>
<td>FY2017</td>
<td>64,825</td>
</tr>
</tbody>
</table>

Total contributions

$3.1B Total contributions

Increase in % of non-cash assets over the past five years

<table>
<thead>
<tr>
<th>Year</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>42%</td>
</tr>
<tr>
<td>FY2017</td>
<td>68%</td>
</tr>
</tbody>
</table>
Contribute
cash or appreciated
non-cash assets

Invest
by selecting from a range of
investment options

Grant
amounts of $50 or more
How it works

Donors simply open an account with Schwab Charitable™, contribute cash, appreciated securities or other assets, and receive current-year tax benefits. Schwab Charitable has a team of experts to help donors and their advisors identify and contribute non-cash assets, which may reduce or eliminate capital gains taxes.

Donors choose how to invest their contributions, which have the potential to grow tax-free and increase the amount available for charitable grants in the future. Schwab Charitable offers 14 diversified investment pool options from which to choose, and larger accounts may recommend registered investment advisors to manage their portfolios, which can include additional investment options.

Over time and at their convenience, donors recommend grants to IRS-qualified charities. While many donors know exactly how and where they plan to direct their giving, Schwab Charitable also provides access to search tools and resources to help donors who may prefer assistance with identifying causes and charities that are most meaningful to them. Grant recommendations can be made easily online, through a mobile device, or by calling Schwab Charitable.

“Having a Schwab Charitable account helps focus my giving strategy and increase the difference I can make each year.”
Contribute
Donating non-cash assets can reduce taxes and increase your impact on the causes that are meaningful to you.

The majority of donors know that non-cash assets are more tax-efficient than cash, but a significant number are still unaware of this and most still use cash for some giving.†

Contributing appreciated non-cash assets that have been held for more than one year to a public charity, such as a donor-advised fund, generally allows donors to eliminate capital gains tax on the sale of those assets. Non-cash assets contributed to Schwab Charitable™ accounts resulted in more than $310 million in potential capital gains tax savings this fiscal year.§ which allows donors to give even more to the causes that are important to them.

† Schwab Charitable donor survey, June 2017
§ Based on the 15% capital gains rate
Non-cash assets contributed:

- Publicly traded securities (stocks, ETFs, mutual funds)
- Privately held business interests
- Real estate
- Private equity, venture capital, hedge funds
- IPO stock
- Restricted stock, privately held stock (C-Corp & S-Corp)
Schwab Charitable makes the process of contributing appreciated non-cash assets and investments simple. We help donors and advisors identify the most tax-efficient assets for giving, and we do not charge basic consulting and processing fees for the most common types of complex assets donated to charity.

Schwab Charitable handles the liquidation of these assets and associated administrative steps, allowing donors to support charities that may not have the resources or infrastructure to accept non-cash assets directly.

For more complex non-cash assets, such as restricted stock, IPO stock, privately held business interests, real estate, fine art, and collectibles, Schwab Charitable’s seasoned team of professionals will coordinate the sale of assets on behalf of the donor. The fair-market-value proceeds from the sale are deposited in the donor-advised fund account and the donor receives contribution receipts for tax filings purposes. Accounts with particularly complex needs may also receive a dedicated relationship manager to assist with contributions, investing, and granting.

“My Schwab Charitable account makes it easy to donate appreciated stock to small charities that would not be able to accept it directly.”
Invest
Investment of charitable funds

Schwab Charitable clients can invest in one or more of our 14 investment pools which include a full slate of low-cost index pools as well as 21 actively managed, single asset class and blended pools. Accounts with balances of $250,000 or more can be professionally managed by an advisor using a broad range of investment options. Enhanced investment options combined with a strong market have helped generate an additional $1.9 billion in Schwab Charitable account assets, enabling donors to give even more.

Cumulative investment gain/loss

$1.9B
as of FY2017

more to give to charity
Grant
More than two thirds of donors say they give more because they have a Schwab Charitable™ account

1.5M
number of grants since inception

$8.2B
value of grants since inception

Grants by sector FY2017

- 28% Health & human services
- 25% Religion
- 15% Education
- 11% Social services & social benefits
- 8% Arts, culture & humanities
- 8% Environmental issues & animal welfare
- 5% International & foreign affairs
Grant value: yearly grant totals since inception

The total amount of grants facilitated by Schwab Charitable has tripled in six years.

$13M FY2000
$504M FY2011
$1.6B FY2017

15% - 20% of assets granted over the last five years**

49% of contributions granted since inception

76% of contributions granted out within 10 years††
88% of contributions granted out within 15 years††

** Foundation Center methodology
†† Based on findings of 1999–2004 accounts
Recurring grants

The number of recurring grants has increased 10-fold over the past five years.

FY2017: 43,509
FY2016: 29,007
FY2015: 16,408
FY2014: 7,848
FY2013: 4,184
Most donors prefer the convenience of online contributions and grants

Our online tools make it easy to transfer appreciated stock from investment accounts to Schwab Charitable™, track contribution and grant history, schedule recurring grants, customize grant acknowledgment letters, and manage tax records.

Using their mobile devices and the Schwab mobile app, donors may request grants to charities from virtually anywhere at any time. This fiscal year, 50% of grants were made using our convenient “grant again” and “grant in the future” features, and there were more than 4,000 grants recommended via the Schwab app.

The proportion of grants that Schwab Charitable donors have recommended through our online and mobile tools has risen steadily from 90% four years ago to 96% today. Grants using the Schwab mobile app have increased 88% in the past year.
Donors of all ages are highly active supporting multiple, diverse charities and causes

There were notable shifts in giving priorities across every generation in fiscal year 2017, a period that included the U.S. presidential election. Schwab Charitable donors made an average of nine grants, continuing a multi-year trend of highly active support for charities.
Greatest Generation
Born before 1946

The Greatest Generation gives more often to more charities than any other generation. The Salvation Army has been the most widely supported charity by the Greatest Generation for the last five years but support for Planned Parenthood rose significantly in fiscal year 2017.

FY2017

<table>
<thead>
<tr>
<th></th>
<th>Average number of grants</th>
<th>Average grant value</th>
<th>Average number of charities supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td></td>
<td>$8K</td>
<td>8</td>
</tr>
</tbody>
</table>

Baby Boomers
Born 1946-1964

The typical baby boomer gives only slightly less often than the Greatest Generation but in relatively smaller amounts. In fiscal year 2017, for the first time in five years, ACLU jumped into the top five charities most widely supported by boomers. Planned Parenthood, which has been in the top five since 2015, rose to second place.

FY2017

<table>
<thead>
<tr>
<th></th>
<th>Average number of grants</th>
<th>Average grant value</th>
<th>Average number of charities supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td></td>
<td>$6K</td>
<td>7</td>
</tr>
</tbody>
</table>
Generation X
Born 1965-1984

Boomers and Generation X both recommended the most grants to Feeding America in the fiscal years 2013 through 2016, but this fiscal year, Generation X behavior shifted. Feeding America fell to the third place for Generation X and Planned Parenthood, which has held a top five spot sporadically over the past five years, jumped to first. The ACLU entered the top five for the first time in the past five years.

FY2017

<table>
<thead>
<tr>
<th>Average number of grants</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average grant value</td>
<td>$5K</td>
</tr>
<tr>
<td>Average number of charities supported</td>
<td>5</td>
</tr>
</tbody>
</table>

Millennials
Born 1985-2004

Along with Generation X, Millennials have shown a consistent commitment to Campus Crusade for Christ over the past five years. Another youth-centric religious group, InterVarsity Christian Fellowship, has also been among the top five most widely supported charities by Millennials for three years running. In fiscal year 2017, Campus Crusade for Christ retained first place but the next two places were taken by Planned Parenthood and the ACLU, which both entered the top five for the first time in five years.

FY2017

<table>
<thead>
<tr>
<th>Average number of grants</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average grant value</td>
<td>$2K</td>
</tr>
<tr>
<td>Average number of charities supported</td>
<td>3</td>
</tr>
</tbody>
</table>
Top Five Charities Supported by Schwab Charitable Donors

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Feeding America</td>
<td>Feeding America</td>
</tr>
<tr>
<td>2</td>
<td>Planned Parenthood</td>
<td>Doctors Without Borders</td>
</tr>
<tr>
<td>3</td>
<td>Doctors Without Borders</td>
<td>The Salvation Army</td>
</tr>
<tr>
<td>4</td>
<td>The Salvation Army</td>
<td>Planned Parenthood</td>
</tr>
<tr>
<td>5</td>
<td>ACLU</td>
<td>Campus Crusade for Christ</td>
</tr>
</tbody>
</table>

§§ Feeding America is a nation-wide network of local food banks which distributes four billion meals each year across the U.S.
Charities
Charities have an opportunity to cultivate long-term relationships with donor-advised fund account holders

The rapid growth in grants from donor-advised funds represents a tremendous opportunity for charities to cultivate donors who tend to give generously and often want long-term relationships with their favorite causes. Charities to which Schwab Charitable donors have recommend grants had a one in seven chance of receiving a repeat grant in fiscal year 2017 and those odds have increased over time.***

Donors with donor-advised fund accounts have a ready pool of assets to grant to charity, even in difficult times. Charities can encourage donor-advised fund gifts in a number of ways to achieve a common goal of increased, sustained support.

1. Charities can promote acceptance of donor-advised fund grant on their websites and in their marketing materials.

2. Charities can ensure they properly acknowledge donor-advised fund donors. Ninety-seven percent of grants from Schwab Charitable include donor names.

3. Charities may want to encourage further growth of their donor base by adding the DAF Direct™ widget to their website, which allows individuals to grant from their donor-advised fund directly from a charity’s website†††.

*** Schwab Charitable historical financial data
††† See www.dafdirect.org for more information
Investment advisors can expand business with clients across generations by incorporating charitable planning into their practices.

The number of Schwab Charitable™ donors who associate their accounts with an investment advisor continues to grow. Despite this, almost 60% of Schwab Charitable accounts are not associated with an investment advisor. Since most households with more than $75,000 in annual income give to charity, this suggests that advisors are still in the early stages of offering charitable planning as a way to deepen relationships with clients and expand their businesses.

Schwab Charitable works with advisory firms around the country to create an exceptional experience for clients who are charitably inclined. We offer a team of experts and best-in-class resources that help advisors work with clients to define a charitable mission, identify charities, determine the right charitable vehicles, and increase the tax efficiency and impact of charitable contributions.

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Portion of Schwab Charitable accounts associated with investment advisors by generation (FY2017)

- **37%** Greatest Generation
- **44%** Baby Boomers
- **42%** Generation X
- **28%** Millennials

**1.8K**
Number of investment advisory firms served by Schwab Charitable in FY2017
Growth in accounts associated with investment advisors

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>33%</td>
</tr>
<tr>
<td>FY2014</td>
<td>36%</td>
</tr>
<tr>
<td>FY2015</td>
<td>38%</td>
</tr>
<tr>
<td>FY2016</td>
<td>40%</td>
</tr>
<tr>
<td>FY2017</td>
<td>42%</td>
</tr>
</tbody>
</table>

Of all investment advisors in the Charles Schwab 2017 RIA Benchmarking Study****, 85% said they currently offer charitable planning services or plan to offer such services in 2017.

**** Charles Schwab 2017 RIA Benchmarking Study: data includes wealth managers with $250M or above AUM.
Thank you for helping increase charitable giving in the U.S. and making an even bigger difference in the world.

For more information or to open an account:

- Visit schwabcharitable.org
- Call us at 1-800-746-6216
- Follow Schwab Charitable in.
Giving is good. Giving wisely is great.
A donor’s ability to claim itemized deductions may be subject to further limitations depending upon the donor’s specific tax situation, and donors should consult their tax advisors. Schwab Charitable™ does not provide specific individualized legal or tax advice. Please consult a qualified legal or tax advisor where such advice is necessary or appropriate.

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

Professionally managed accounts are available only through independent investment advisors working with Schwab Advisor Services™, a business segment of The Charles Schwab Corporation serving independent investment advisors and including the custody, trading, and support services of Charles Schwab & Co., Inc. Although donors may recommend an advisor, Schwab Charitable Fund must approve the recommendation. Advisors must meet certain eligibility requirements and adhere to Fund fee and investment guidelines. You may request a copy of the investment guidelines by calling 1-800-746-6216.

Contributions of some non-publicly traded assets are sometimes accepted via a charitable intermediary, with proceeds of the donation transferred to the donor-advised account upon liquidation.

Schwab Charitable is the name used for the combined programs and services of Schwab Charitable Fund, an independent nonprofit organization, which has entered into service agreements with certain affiliates of The Charles Schwab Corporation. Additional fees may apply for escrow for unrelated business income tax and for direct expenses, such as legal fees, inspections, environmental assessments, and insurance. Donors may need to obtain qualified appraisals of donated assets in accordance with IRS requirements.

Schwab Charitable’s fiscal year 2017 ran from July 1, 2016, through June 31, 2017.