



## Maximize the impact of your charitable giving

**A Schwab Charitable donor-advised fund account can help you make tax-efficient charitable donations, invest for potential growth, and potentially give even more to your favorite charities now or when it's needed most.**

### HOW DOES A SCHWAB CHARITABLE ACCOUNT WORK?



#### Contribute

##### **Fund the account by contributing cash, securities or other assets**

Open an account and contribute cash or appreciated securities like publicly traded stock, mutual funds or ETFs, or other non-cash assets held for more than a year. You can claim a fair market value charitable deduction for the tax year in which the contribution was made, if you itemize, and potentially eliminate the capital gains tax you would otherwise incur if you sold the assets and donated the proceeds.\*



#### Invest

##### **Invest assets for potential tax-free growth**

Invest assets in your account for potential tax-free growth with the objective of having even more to give to charity. Choose from among 15 diverse investment pools that are carefully screened by Schwab Center for Financial Research.<sup>†</sup> If your account is over \$100,000, you may elect to appoint an advisor to manage the portfolio, incorporating an even broader range of investment options available through Schwab.<sup>§</sup>



#### Grant

##### **Recommend grants of \$50 or more to charities now or over time**

Give to charity by recommending grants of \$50 or more at any time. Assets in your account are already set aside for charitable giving; you have the flexibility to give now or over time to provide ongoing support. Recommend grants online or through the Schwab mobile app. Visit [SchwabCharitable.org](https://www.schwabcharitable.org) for online resources to help with researching charities and supporting unforeseen needs such as COVID-19 and natural disasters.

\* A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation.

† Market fluctuations may cause the value of investments held in a donor-advised fund account to be worth more or less than the value of the original contribution to the funds.

§ A donor opening a professionally managed account must recommend an independent investment advisor, who, if approved by Schwab Charitable, will manage the assets contributed to the account. Advisors must meet certain eligibility requirements, including working with Schwab Advisor Services™, a business segment of The Charles Schwab Corporation and agree to the Investment Advisory Agreement, which is available on [schwabcharitable.org](https://www.schwabcharitable.org).

## Consider this case study: How to make a larger gift to charity while increasing your tax savings<sup>‡</sup>

To illustrate the tax benefits of contributing appreciated securities to charity, consider this example from one donor. Dana purchased stock for \$5,000 several years ago. It has appreciated nicely and is currently worth \$50,000. She would like to share her good fortune by contributing the shares to charity. Dana reaches out to her financial advisor to discuss how she can achieve maximum charitable impact with her contribution. They discuss the following options:

	Original cost (cost basis) of stock: \$5,000 Federal long-term capital gains tax rate: 15%	>	Fair market value of stock: <b>\$50,000</b>	
	<b>Option 1:</b> Sell stock and then donate after-tax proceeds		<b>Option 2:</b> Contribute stock directly to Schwab Charitable	
Long-term capital gains taxes paid	\$6,750		\$0	
Charitable contribution and tax deduction	\$43,250	VS	\$50,000	Additional amount available to grant to charities: <b>\$6,750</b>
Tax savings	\$3,630		\$12,000	Additional amount saved on taxes: <b>\$8,370</b>

### Option 1

Dana sells the stock herself and donates the net proceeds to charity. In this scenario, Dana will pay a 15% federal capital gains tax rate based on her income level. She will realize appreciation of \$45,000 and owe an estimated \$6,750 in federal capital gains taxes ( $\$45,000 \times 15\% = \$6,750$ ). After paying the federal capital gains taxes, Dana's estimated gift to charity is \$43,250.

### Option 2

Dana contributes her stock directly to Schwab Charitable, and then she recommends a grant to a charity of her choice from her account. Dana eliminates the capital gains taxes (\$6,750) while claiming a current year income tax deduction for the fair market value of her stock (\$50,000), assuming she itemizes her deductions. In this scenario, Dana's estimated gift to charity is \$50,000 and she also saves an additional \$8,370 on her tax bill.

## Is a Schwab Charitable account right for you?

Speak to your financial advisor to discuss your charitable goals.

Visit [schwabcharitable.org](https://schwabcharitable.org)  
Call Schwab Charitable at 800-746-6216



Follow Schwab Charitable

<sup>‡</sup> This hypothetical example is only for illustrative purposes. The example does not take into account any state or local taxes or the Medicare net investment income surtax. The tax savings shown is the tax deduction, multiplied by the donor's income tax rate (24% in this example), minus the long-term capital gains taxes paid.

Schwab Charitable accepts illiquid assets for contribution on a case-by-case basis, subject to due diligence review. Call Schwab Charitable at 800-746-6216 for more information.

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.

A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation. 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 is the name used for the combined programs and services of Schwab Charitable Fund,<sup>™</sup> an independent nonprofit organization. Schwab Charitable Fund has entered into service agreements with certain affiliates of The Charles Schwab Corporation.