

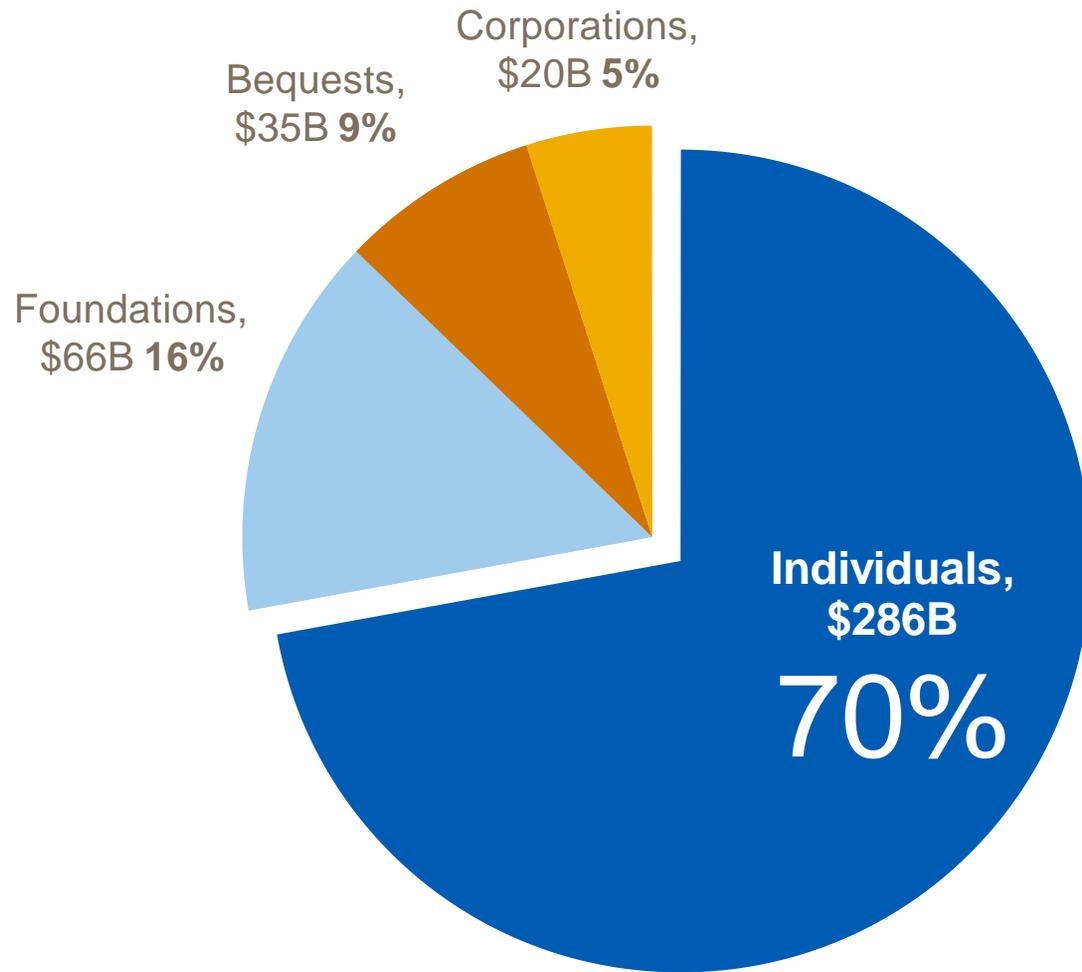
Your Purposeful Charitable Plan



Agenda

- Giving in the US
- Maximizing impact
 - Understanding vehicles
 - Consider timing
 - Utilize the best asset
- Donor-advised funds
- Tax reform and other tax considerations
- Q&A

Giving exceeded \$400B for the first time in 2017



Individuals represent **70%** of giving in the United States

Understand giving vehicle options

Charitable Giving Vehicles

Giving Horizon

- Cash or Checks
- Stock Transfer

Give Now



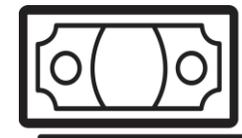
- Donor-Advised Funds
- Private Foundations

Give Over Time



- Charitable Remainder Trusts
- Charitable Gift Annuities

Give and Earn Income



Consider timing

Annual Giving	Appreciation/ Concentration	Major Life Transition	Estate Planning
<ul style="list-style-type: none">• Reduce income taxes• Give back to obligations and causes	<ul style="list-style-type: none">• Avoid capital gains from a long-term appreciated or concentrated asset	<ul style="list-style-type: none">• Reduce tax from a windfall• Transition privately-held business	<ul style="list-style-type: none">• Remove estate assets• Leave a charitable legacy

Building wealth  Preserving wealth  Distributing wealth

Utilize the best asset

Income Tax

- Cash
 - 60% of Adjusted Gross Income (AGI)
- Publicly Traded Securities
 - Generally, 30% of AGI
 - If held for more than one year, deductible at fair market value (FMV)
 - If held less than one year, generally deductible at lesser of cost basis and FMV, but subject to 50% AGI limit

Long-Term Capital Gains

- Long-term capital gains: Top rate 20%

Estate Tax

- Federal: Top rate 40% above \$11.2M exemption
- State: Varies by state

Tax deductibility limits are different by asset type. Contributions that exceed AGI limitations may be carried forward and deducted for five years. A donor's ability to claim itemized deductions may be subject to further limitations depending upon the donor's specific tax situation. Please consult your tax advisor. For instructions on how to facilitate an Electronic Funds Transfer from your bank account, please call us at 800-746-6216.

Utilize the best asset

	Client 1: Sell stock and donate net proceeds (cash) to charity	Client 2: Donate stock
Cost Basis	1,000 shares @\$5 per share = 5,000	1,000 shares @\$5 per share = 5,000
Asset Value (FMV)	\$55 per share = \$55,000	\$55 per share = \$55,000
Capital Gains (100% Long Term)	\$50,000	\$50,000
Capital gains tax paid (23.8%)*	\$11,900	\$ 0
Value of Gift to Charity	\$43,100	\$55,000
Effective tax savings	\$15,947	\$20,350

That's
\$11,900 more
for charity...

...and a
bigger
deduction

*Includes 3.8% net investment income tax

**Assumes donor is in the 37% federal tax bracket

Hypothetical, for illustrative purposes only.

*See additional disclosures on disclosure slide

What is a donor-advised fund?

Schwab Charitable



is an
Independent,
public charity
created to help
increase charitable giving
in the United States

How it works: three steps

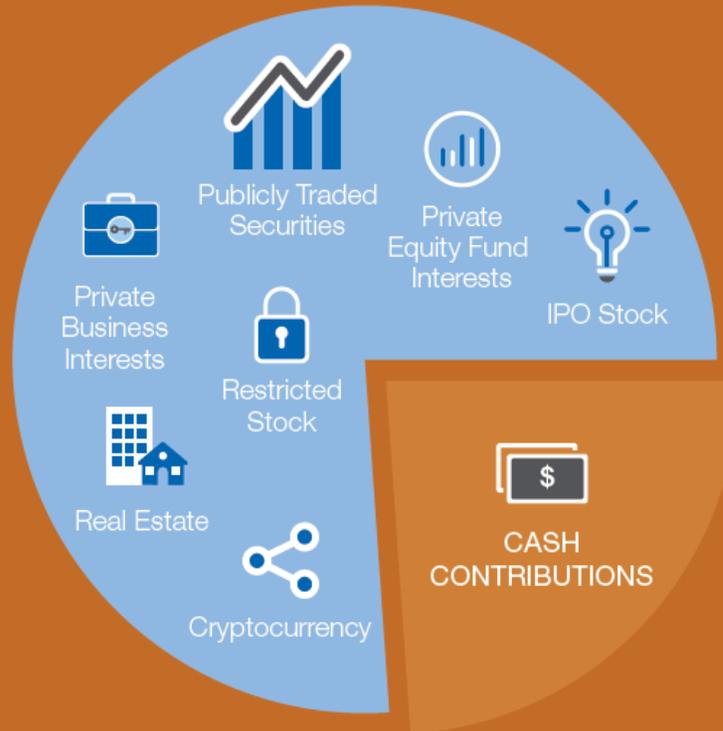


*Note: A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation. Consult your tax advisor for more information.

CONTRIBUTIONS

Contributing appreciated non-cash assets held over a year helps donors give up to 20% more by potentially avoiding capital gains taxes on the sale of the assets^s

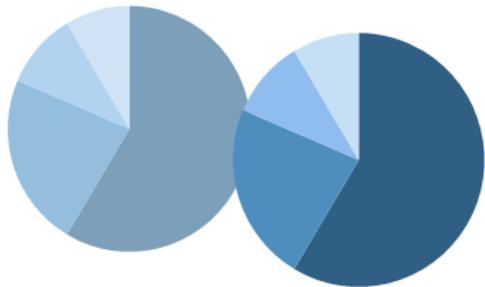
74%
OF INCOMING
CONTRIBUTIONS WERE
NON-CASH ASSETS



Investing the account for tax-free growth

\$5,000+

investment pools



Single class

- Equity
- Fixed Income
- International
- Socially Responsible

Pre-allocated

- Conservative
- Balanced
- Growth
- Socially Responsible

\$250,000+

advisor managed

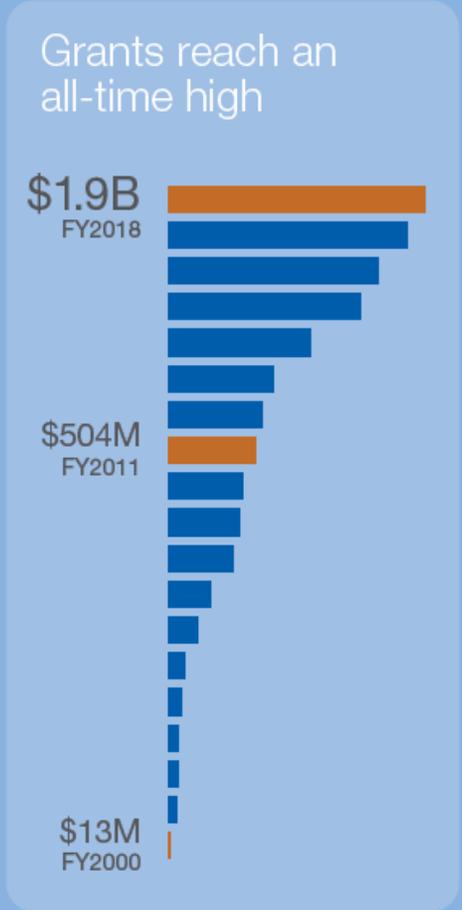


- Publicly traded securities & funds
- Separate account managers
- Private investments

Note: 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 includes the custody, trading and support services of Charles Schwab & Co., Inc. While donors may recommend an advisor, the 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 us at (800) 746-6216.

GRANTS

Greater than 60% of our donors say they give more because they have a Schwab Charitable account*



FY2018



- INTERNATIONAL & FOREIGN AFFAIRS
- ENVIRONMENTAL ISSUES & ANIMAL WELFARE
- ARTS, CULTURE & HUMANITIES
- SOCIAL SERVICES & SOCIAL BENEFITS
- EDUCATION
- HEALTH & HUMAN SERVICES
- RELIGION



78,000 charities supported

TOP 5 CHARITIES

- Feeding America
- The Red Cross
- Planned Parenthood
- The Salvation Army
- Doctors without Borders



* 2017 Schwab Charitable donor survey
 † Schwab Charitable FY financial data

Permissible recipients and designations

501(c)(3) public charities

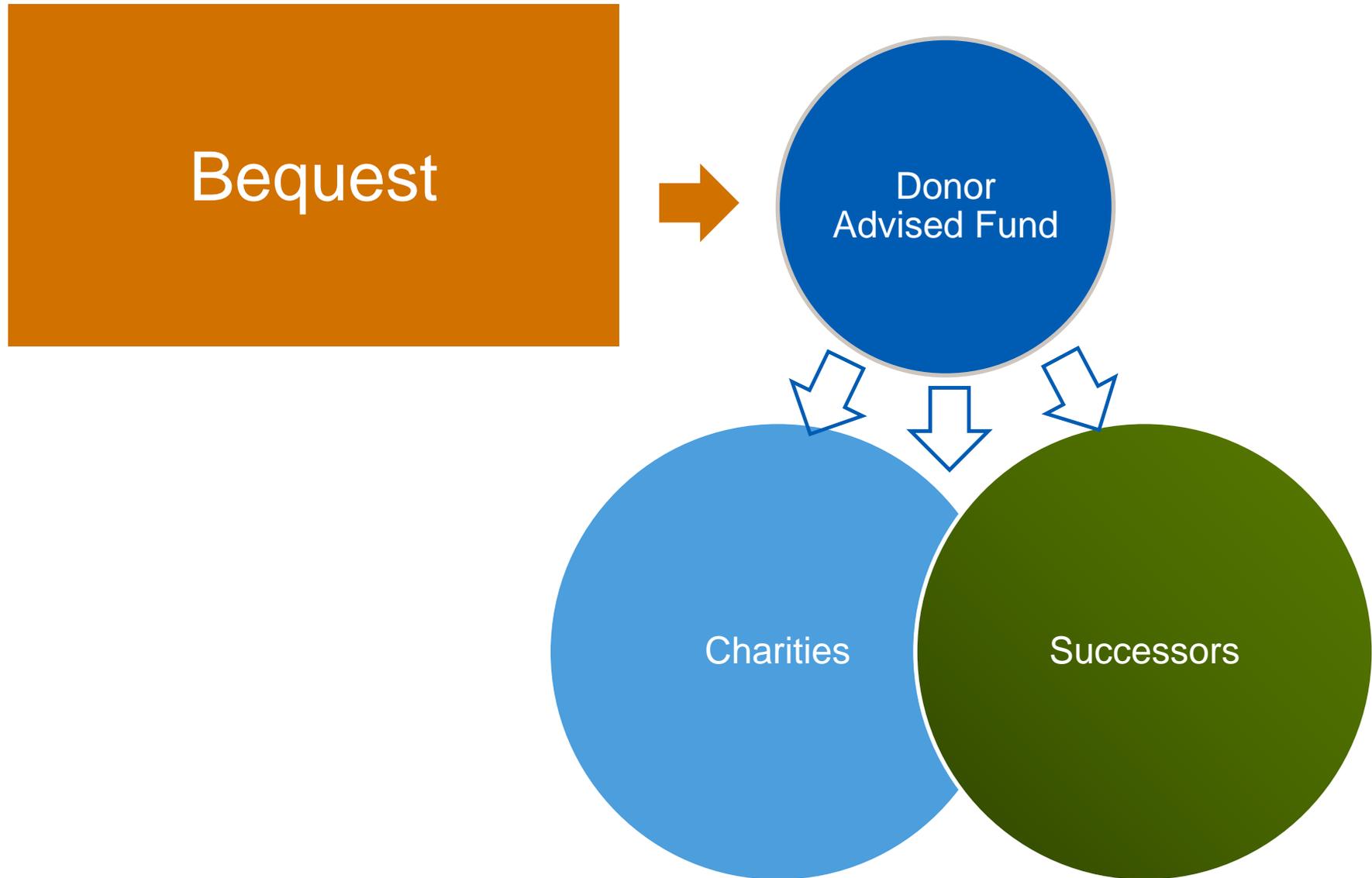
International
Organizations

Individuals via
Scholarships

Lobbying Orgs

Gifts with Benefits

Account succession and charitable legacy



A bright spot in tax reform bill

Tax Cuts and Jobs Act

- Expands the standard deduction
- Limits some popular deductions
- Retains or increases popular charitable provisions for those who itemize

Charitable provisions

- Retains significant benefits of contributing non-cash assets held one year or more to charity
 - Avoid capital gains tax
 - Deduct up to 30% of AGI with 5 year carryforward
- Previous limit on itemized deductions for UHNW filers (Pease Limitation) has been removed
- Increases deductibility limits for cash donations from 50% to 60% of AGI

Concentrating charitable gifts to itemize every few years

Option #1
Take the \$24,000 standard deduction

Option #2
Tax smart planning:
Concentrate Giving

Tax year
Charitable deduction
Other Deductions
Total

2018	2019
\$ 10,000	\$ 10,000
13,000	13,000
\$ 23,000	\$ 23,000

2018	2019
\$ 20,000	\$ -
13,000	13,000
\$ 33,000	\$ 13,000

Standard or Itemized Deduction
Deduction Amount

Standard Deduction	Standard Deduction
\$ 24,000	\$ 24,000

Itemized Deduction	Standard Deduction
\$ 33,000	\$ 24,000

Total two year deduction

\$ 48,000

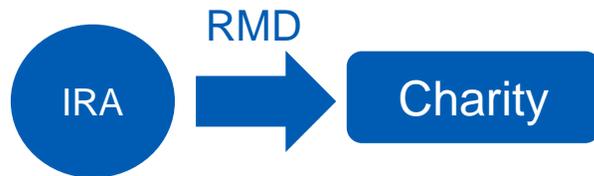
\$ 57,000

That's **\$9,000** of additional tax deductions over 2 years!!

*Tax Cuts and Jobs Act has almost doubled the standard deduction

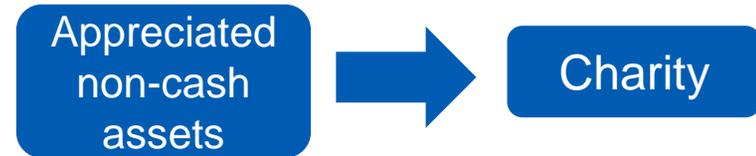
QCD continues to be an opportunity for retirees

Qualified Charitable Distribution



- Avoid ordinary income tax rate of up to 37%

Appreciated Assets Donation



- Avoid ordinary income tax rate of up to 37%
- Potentially eliminate capital gains tax (more given to charity)



Talk to your tax advisor about your specific situation.

The power of family philanthropy

Knowledge transfer



- **Teach** decision making skills
- **Educate** about investments
- **Explain** local and global issues
- **Develop** influencing skills

Legacy



- **Pass** on values to the next generation
- **Teach** family history
- **Create** opportunity for individual and family focus
- **Determine** time horizon



Questions?

www.schwabcharitable.org/

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

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 tax or legal advice. Where specific advice is necessary or appropriate, Schwab Charitable recommends consultation with a qualified professional.