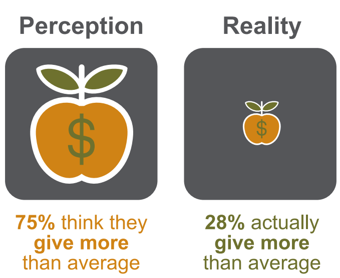
5 Ways You Can Help Increase Charitable Giving This Year

by Kim Laughton— President, Schwab Charitable

Americans continue to be among the most generous people in the world. In 2015 alone, estimated charitable donations reached an all-time high of roughly one billion dollars a day[1], and indications for 2016 suggest that current levels may be even higher. Despite this unprecedented generosity, people may have an "above average bias" that leads them to overestimate their own charitable giving relative to peers. Three quarters of us think we give more than average while almost as many actually give less than average[2]. Evidence suggests that most Americans give less than 1% of their annual household income to charity[3].



When individuals realize that their giving is more modest than they originally thought, they are often motivated to give more. If philanthropically-minded people gave just a bit more, the impact would be significant.

For example, if those who currently give less than 2% of their incomes increase their charitable gifts by just 0.5%, an incremental $23 billion would be available to support our schools, hospitals, museums, homeless shelters, job training programs and other worthy causes. If those earning more than $1 million per year (who currently give on average 3% to 4% of their incomes)[4] gave just 1% more, annual giving would rise by over $10 billion. And if those earning over $10 million (who currently give 6% to 8% of their incomes)[4] gave 2% more, it would add $10 billion to annual giving.

As we enter 2017, it is a perfect time to reflect on giving habits and create a strategy for charitable giving. These five suggestions can help maximize the impact of your philanthropy this year:

1) Incorporate charitable planning into every-day financial and wealth management.

Donors who consider charitable goals together with other financial priorities have a better chance of fulfilling their philanthropic objectives. Schwab Charitable makes it simple for donors and their financial advisors to incorporate charitable planning into everyday financial planning. Schwab Charitable donor-advised fund accounts appear alongside Schwab investment and banking accounts, providing a constant reminder of charitable giving priorities. With just a few simple clicks, donors can move assets or funds from investment and banking accounts to their charitable accounts and then recommend grants to the charities they support. Every time they log into their Schwab accounts, donors are reminded of their charitable account and presented with a dashboard that details their giving history. This helps to activate giving and combat the "above average" bias. Two thirds of Schwab Charitable donors (67%) say that they give more as a result of the convenience and efficiency of their donor-advised fund accounts.[5] Learn more about opening a Schwab Charitable account at www.schwabcharitable.org.

2) Contribute appreciated non-cash assets.

Before making a cash gift, donors should review portfolios and holdings for highly-appreciated, non-cash assets that have been held for more than one year. When they contribute appreciated non-cash assets to a donor-advised fund or other public charity, donors can generally avoid paying capital gains tax on the sale of assets. Then, they become eligible for as much as 20% in tax savings, which means that much more is available to support their favorite charities.[6] National donor-advised funds streamline the process of donating publicly-traded stock and more complex assets, such as restricted stock, privately held shares (C-Corp, S-Corp, and

1 Giving USA 2016
2 Camber Collective, Money for Good, Final Report July 2015
3 Patricia Snell Herzog & Heather E. Price, American Generosity, 2016
4 Indiana University Lily Family School of Philanthropy analysis of 2012 tax returns
5 2016 survey of Schwab Charitable donors
6 Assumes that realized long term capital gains are subject to a 20% tax rate

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limited partnership interests), initial public offerings, real estate, private equity and hedge fund interests. At Schwab Charitable, the Charitable Strategies Group simplifies this process for donors and charities by coordinating the sale of the assets and depositing the cash proceeds into the donors' accounts so that they can be easily granted to charity. In fiscal year 2016, more than half (59%) of contributions into Schwab Charitable accounts were appreciated assets. Find out more about your contribution options at schwabcharitable.org.

3) Invest charitable assets for potential growth.

Donor-advised funds generally offer the opportunity to invest account balances for potential growth, allowing donors to give more for longer. Schwab Charitable donors can choose from 14 different investments options based on the donor's investment goals. Since inception the cumulative investment growth in Schwab Charitable accounts has generated over $1 billion in additional funds to support our clients' philanthropy[7]. Discover your investment options at schwabcharitable.org.

Investment growth supports our clients' philanthropy

4) Encourage your favorite charities to promote giving through a DAF.

Since the vast majority of donor-advised fund holders are known to the charities they support, non-profit organizations have an opportunity to acknowledge and cultivate donors who use DAFs. Adding the DAF Direct widget to a charity's web site can help grow its donor base by allowing individuals to grant from a donor-advised fund (DAF) account directly from the organization's web site. More information is available at www.dafdirect.org.

5) Create a giving strategy.

When donors review their charitable giving, many are surprised by the number of "impulse donations". A thoughtful giving strategy helps focus and deepen the impact of their generosity. It is a motivating and rewarding exercise. See a step-by-step guide to creating a charitable strategy at schwabcharitable.org.

Working with donor-advised funds and their favorite charities, donors can help America achieve another record year of giving in 2017. Together we can make a bigger difference. Let's get started!

Giving is Good. Giving Wisely is Great.	For more information, visit www.schwabcharitable.org or contact us at 800-746-6216.

7 From September 1999 through June 30, 2015. Past performance is no guarantee of future results.

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.

Schwab Charitable accepts illiquid assets for contribution on a case by case basis.

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.

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