

# Policies and guidelines

This booklet details the policies and guidelines of Vanguard Charitable and governs the operation of our philanthropic accounts.

Vanguard Charitable reserves the right to amend this document as needed.



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# Introduction

## CONTACT

Contact our team with comments or questions.

**Web:** [www.vanguardcharitable.org](http://www.vanguardcharitable.org)

**Email:** [questions@vanguardcharitable.org](mailto:questions@vanguardcharitable.org)

**Phone:** 888-383-4483

**Fax:** 866-485-9414

### Primary mailing address:

Vanguard Charitable  
P.O. Box 9509  
Warwick, RI 02889-9509

### Overnight mailing address:

Vanguard Charitable  
2670 Warwick Avenue  
Warwick, RI 02889-9509

Please consult a tax advisor when planning your charitable giving.

## ABOUT VANGUARD CHARITABLE

Vanguard Charitable Endowment Program (“Vanguard Charitable”) is a nonprofit organization that fulfills its mission to increase philanthropy and maximize its impact over time by administering a donor-advised fund—a tax-effective way to consolidate, accrue, and grant assets to charity.

Vanguard Charitable was incorporated in the Commonwealth of Pennsylvania and is recognized by the IRS as a tax-exempt public charity under sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi) of the Internal Revenue Code. Vanguard Charitable’s primary activity is to sponsor donor-advised accounts (“philanthropic accounts”). As provided in the Internal Revenue Code’s §4966(d)(2), a donor-advised account is:

- (1) a fund or account owned and controlled by a sponsoring organization, (2) which is separately identified by reference to contributions of the donor or donors, and (3) where the donor (or a person appointed or designated by the donor) has or reasonably expects to have advisory privileges over the distribution or investments of the assets.

Vanguard Charitable was founded by The Vanguard Group, Inc. (“Vanguard”), as an independent, nonprofit, public charity. Although Vanguard provides certain investment management and administrative services to Vanguard Charitable pursuant to a service agreement, Vanguard Charitable is not a program or activity of Vanguard. A majority of Vanguard Charitable’s trustees are independent of Vanguard.

Vanguard Charitable and Vanguard are separate entities and are referred to in this booklet accordingly.

Vanguard Charitable is committed to financial accountability, operational transparency, and high ethical standards. The following information is available by request or at [vanguardcharitable.org](http://vanguardcharitable.org):

- Annual report
- Audited financials
- Board member listing
- IRS Form 990
- Conflict of interest policy
- Terms and conditions
- Web user agreement
- Code of ethics
- Privacy policy
- Whistleblower policy

## GOVERNANCE

Vanguard Charitable's staff, donors, and account advisors are subject not only to the policies and guidelines described here, but also to Vanguard Charitable's articles of incorporation, bylaws, and certain sections of the Internal Revenue Code. Vanguard Charitable is governed by a board of trustees that maintains full discretion over the business and its programs, contributions, assets, investment allocations, and distributed grants.

The trustees may adopt and change guidelines and policies, including those contained in this booklet, at any time, subject to the provisions of Vanguard Charitable's articles of incorporation and bylaws. The trustees may amend Vanguard Charitable's articles of incorporation and bylaws consistent with Vanguard Charitable's status as a 501(c)(3) charity. Copies of the articles of incorporation and bylaws are available upon request.

### Board of trustees

The role of Vanguard Charitable's board of trustees is to govern the organization on behalf of its donors, account advisors, and beneficiaries and to further the organization's mission to increase philanthropy.

The board is responsible for:

- Monitoring Vanguard Charitable's effectiveness.
- Establishing and implementing Vanguard Charitable's overall strategy.
- Overseeing policies to promote ethical, legal, and business integrity and accountability.
- Reviewing and approving all recommended grants.
- Overseeing Vanguard Charitable's financial position and investment policies and performance.
- Overseeing Vanguard Charitable's Philanthropic Impact Fund and Sustainable Disaster-Relief Fund.

The board appoints several committees to assist with meeting its responsibilities. They include:

- Governance Committee to monitor governance policies and recommend updates to the board as needed.
- Audit Committee to monitor the establishment of effective internal financial controls, review results of the annual independent audit, and assess compliance with legal and regulatory requirements.
- Investment Committee to review investment guidelines and performance, and approve changes as needed to Vanguard Charitable's investment options.

# Account structure

## OPENING AN ACCOUNT

Philanthropic accounts are individual donor-advised accounts owned and controlled by Vanguard Charitable to which a donor may donate assets and then a designated account advisor may select investment allocations, establish a giving legacy, and recommend grants to charity. Individuals, trusts, corporations, foundations, partnerships, and estates are eligible to establish philanthropic accounts, but some account functions may only be performed by individuals.

Open a philanthropic account by following the instructions at [vanguardcharitable.org](http://vanguardcharitable.org) or by completing an *Open a philanthropic account* form. To enroll, you will need to:

- Name the account.
- Identify account advisors.
- Provide contact information.
- Select legacy options.
- Choose delivery preferences.
- Read and agree to the terms within this booklet.

Once an account is opened, it may be funded with contributions initiated online or by completing the remaining sections on the *Open a philanthropic account* form. Often, additional paperwork is required to complete a contribution to an account. The initial contribution minimum is \$25,000. For more information, refer to **Contributions** on page 7, or visit [vanguardcharitable.org/contribute](http://vanguardcharitable.org/contribute).

Once Vanguard Charitable receives the contributed assets and all required paperwork in good order, the donor no longer has control over the assets. Vanguard Charitable will liquidate the assets, and the proceeds will be allocated into investment options in the account. Then, the account is eligible to support 501(c)(3) public charities in good standing with the IRS, in accordance with the policies and guidelines in this booklet. For more information, refer to **Grant recommendations** on page 21.

## NAMING AN ACCOUNT

Each new philanthropic account is identified by a unique account number, assigned by Vanguard Charitable, and an account name, recommended by the person or entity establishing the account.

The account name will appear in letters and communications about your account, including grant payment letters, unless anonymity is requested.

Account names:

- Must begin with “The” and end with “Fund.”
- May not include the words “trust,” “foundation,” or “endowment,” as they are terms for other charitable giving options.
- May be changed at any time with signed permission from all account advisors.

Vanguard Charitable reserves the right to accept or deny account names for any reason and will contact you to discuss alternative names, if necessary. Account names do not need to be unique from other account names.

## ACCOUNT ACCESS AND ROLES

The people or entities associated with an account have varying roles and responsibilities within the account. Your role with an account may affect your account privileges, access to account information, and eligibility to receive tax benefits. Account roles are defined as:

**Donor:** Prior owner of assets contributed to Vanguard Charitable to fund an account. Vanguard Charitable donors may include individuals, corporations, private foundations, partnerships, trusts, and other charitable organizations. Eligible donors will receive a tax substantiation letter acknowledging assets contributed to Vanguard Charitable. The donor may use this letter to substantiate any charitable tax deduction permitted by IRS guidelines.

Donors who make a contribution to open an account receive the privilege to name the account and a maximum of two account advisors, recommend an initial investment allocation, and nominate successor-advisors.

Additional donors, such as individuals or organizations, may contribute to the account once it is established. Contributions may qualify for a tax deduction and will be substantiated by Vanguard Charitable as appropriate. (For more information, refer to **Contributions** on page 7.) Unless nominated by current account advisors, these additional donors are not considered “account advisors” and do not have account privileges or access.

**Account advisor:** Individual with ongoing account privileges and access, primary responsibility for certain account activities, and contact with Vanguard Charitable. Each account may have a maximum of two account advisors. (At least one advisor must have reached the age of majority in his or her state of residence.) Upon the death or incapacity of an advisor, the remaining advisor will retain advisory roles and privileges and may nominate a second advisor. Succession plans will be enacted when all account advisors are unable or unwilling to manage the account.

Account advisors receive equal access and privileges to their account. While some account activities must be initiated and approved by all account advisors, many may be completed by one account advisor.

Account activity	Account advisors must act conjointly	Account advisor may act independently
Recommend grants.		✓
Select investment options and recommend exchanges.		✓
Log in and access online account.		✓
Receive and review account communication.		✓
Transfer assets from one philanthropic account to another.		✓
Alter succession plan.	✓	
Change account name.	✓	
Nominate a new account advisor.	✓	
Name interested parties to access account.	✓	

**Successor-advisor:** Individual nominated in an account’s succession plan to act as account advisor when all current account advisors either choose not to serve or are otherwise unable to act due to incapacity, disability, or death.

A successor-advisor has no account privileges until Vanguard Charitable receives written proof of the death, incapacity (for example, a copy of a durable power of attorney with respect to the disabled advisor), or resignation of all account advisors. At that time, the successor-advisor will be notified by Vanguard Charitable that he or she is now an account advisor with full privileges. If the successor-advisor accepts the nomination, he or she has the option to craft a new succession plan and nominate new successor-advisors.

An organization may not be nominated as a successor-advisor; however, Vanguard Charitable will generally accept nominations of office or position titles, such as trustee of the Smith Foundation or vice president of Jones, Inc. When the succession plan is enacted, Vanguard Charitable will require verification of the individual who holds the office or position on an ongoing basis.

**Primary contact:** Account advisor or interested party with full account privileges who serves as Vanguard Charitable’s main contact for all account-related inquiries and receives copies of all account confirmations. Account advisors will continue to receive account confirmations, if applicable, even if they do not serve as the account’s primary contact. If a primary contact is not chosen when opening an account, the first account advisor listed will be designated as the account’s primary contact.

**Interested party:** Individual nominated by all account advisors to receive account access, information, and advisory privileges at one of three levels. This role is ideal for a financial advisor, accountant, or family member to whom the account advisors wish to provide some account access, or whom they wish to involve in charitable planning or have help manage the account. Interested parties must be individuals; organizations and group names will not be accepted.

Interested parties with full account access may recommend grants and select investment options at their discretion and, therefore, are subject to the same policies and guidelines as account advisors.

To name an interested party to an account, complete the *Interested party access* form.

### Interested party access levels

Interested parties may receive paper statement access, read-only access, or full account access to a philanthropic account. The chart below describes the privileges and restrictions associated with these three levels of interested party access.<sup>1</sup>

	Paper statement <sup>2</sup>	Read-only	Full
Receive paper quarterly statements only.	✓		
Receive paper or online quarterly statements depending on delivery preference.		✓	✓
Request account information such as balance, transaction status, and history.		✓	✓
View account information and statements online.		✓	✓
Reset individual password online.		✓	✓
Select a delivery preference (electronic or paper) for communications.		✓	✓
Edit contact information online.		✓	✓
Recommend grants and exchanges online, with paper forms (grants), or over the phone (exchanges only).			✓
Request address changes for account advisors.			✓
View/receive confirmations of contributions, grants, exchanges, and other account activity, if designated as the primary contact on the account.			✓
Request changes to account name, advisors, or succession plan.	n/a	n/a	n/a

### Online account access

Account advisors and interested parties (except those with paper statement access) can register for online account access at [vanguardcharitable.org](http://vanguardcharitable.org) to view account activity, initiate contributions, and recommend grants and exchanges, if applicable. Delivery and communication preferences may be established after registering for online access. For more on our web policies, see **Web access** on page 6.

<sup>1</sup> While professional advisors may be named as interested parties on accounts, Vanguard Charitable does not provide financial compensation or any commission to them for their role as interested parties or for recommending our services and/or donor-advised accounts to their client(s).

<sup>2</sup> Individuals with paper statement access will be denoted online as Interested parties with "No Access."



## ACCOUNT ABANDONMENT

When a philanthropic account has failed to meet the minimum account activity requirements, has little or no other activity, and repeated attempts to contact account advisor(s) have failed, Vanguard Charitable will enact the last known succession plan of record. (For more information, refer to Minimum account activity on page 22.) If a succession plan does not exist or cannot be implemented, Vanguard Charitable will transfer the account's remaining assets to The Philanthropic Impact Fund. For more on succession planning, refer to **Legacy options** on page 29.

## ADDITIONAL ACCOUNTS

Account advisors may establish additional accounts and then fund them from existing accounts. The following documentation is required to create a new account (or split an account) and transfer assets:

- A letter of instruction outlining the terms for the transfer of assets and signed by an account advisor.
- A completed *Open a philanthropic account* form for the new account.

A confirmation will be issued to all account advisors when the process is complete.

## STATEMENTS

At the end of each quarter, account advisors and all authorized parties receive an account statement, which summarizes the account balance, contribution and grant transactions, and all other activity from the most recent quarter. In January, the statement includes a summary of all account activity for the preceding calendar year. Statements are not intended for tax-reporting purposes.

Advisors and other authorized parties may opt to receive account statements electronically or via U.S. mail.

## WEB ACCESS

Vanguardcharitable.org offers secure online access to accounts. Use of the website is subject to the *Terms and conditions* and *User agreement*, which are available online. Registered account advisors and authorized interested parties can manage accounts online, including actions such as initiating contributions, selecting investment options, and recommending grants. To ensure privacy, the website employs current encryption technology, usernames, passwords, and other tools.

Vanguard Charitable aims to reduce waste, and we encourage all donors, account advisors, and interested parties to register for online access to an account. Paper statements and transaction confirmations may be "turned off" in favor of electronic notifications only.

# Contributions

## OVERVIEW

Once accepted by Vanguard Charitable, contributions are unconditional and irrevocable. Contributions and any future related earnings are no longer the property of the donor; they are owned by Vanguard Charitable and will be used solely for charitable purposes. For this reason, when contributing, the donor cannot impose any restrictions or conditions that prevent Vanguard Charitable from freely and effectively using the gift to further its mission.

Vanguard Charitable reviews all contributions prior to acceptance and reserves the right to reject a contribution if it will be difficult to process, cause excessive unreimbursed expenses, or for any other reason. If unacceptable assets are delivered to Vanguard Charitable, we will return them.

## Minimums

The minimum initial contribution required to open an account is \$25,000. Additional contributions of \$5,000 or more are accepted any time after an account is established. A group of donors may open an account with multiple contributions of at least \$5,000 that together total \$25,000 or more. A group may also make additional contributions that together total \$5,000 or more. Each donor will receive the documentation necessary for tax reporting.

## Initiating contributions

Contributions may be initiated online or with a paper form when the owner(s) of the assets either requests that assets be transferred to Vanguard Charitable or contacts the firm that holds the assets to be donated.

Depending on the type of asset being donated and how the contribution is initiated, additional paper documentation may be required. For instructions on how to contribute assets to Vanguard Charitable, visit [vanguardcharitable.org/contribute](http://vanguardcharitable.org/contribute).

Vanguard Charitable generally accepts contributions of:

- Cash equivalents.
- Publicly traded securities (including restricted shares on a case-by-case basis).
- Shares of most nonproprietary mutual funds.
- Complex assets, on a case-by-case basis.

If Vanguard Charitable cannot accept a contribution for any reason, the asset(s) will be returned as soon as possible.

## CASH EQUIVALENTS

Vanguard Charitable accepts cash-equivalent gifts of U.S. dollars in the form of personal check, wire, electronic bank transfer, or money order made payable to Vanguard Charitable Endowment Program. Checks and wires must be drawn on a U.S. financial institution.

Check contributions are generally deposited on the day they are received by Vanguard Charitable and credited to selected investment options on the following business day. If received before 2 p.m., Eastern time, contributions by wire are generally credited to investment options on the day of receipt, assuming Vanguard Charitable has sufficient notice of the wire's transmittal. (Both time frames assume prior receipt of paperwork or electronic submission in good order.)

## MUTUAL FUND SHARES

Donors may contribute any Vanguard mutual fund shares, as well as mutual fund shares from most other firms. Before donating non-Vanguard fund shares, contact Vanguard Charitable to verify acceptability. Often, additional documentation is required to process mutual fund contributions. Once Vanguard Charitable receives the donated shares and all required authorizations in good order, the shares will be sold as quickly as possible.

Contributions of shares of Vanguard mutual funds held at Vanguard or Vanguard Brokerage Services (VBS) can often be processed within one business day, if paperwork and instructions are received in good order. If received before 2 p.m., Eastern time, contributions of mutual fund shares are generally credited to selected investment options on the day of receipt, assuming Vanguard Charitable has sufficient notice of the gift's transmittal. When donating mutual fund shares held outside Vanguard or VBS, allow four to eight weeks for the shares to be transferred from their current custodian to Vanguard Charitable. This time frame is standard in the mutual fund industry and results from required wait times for paperwork approval and transfers between Vanguard Charitable's broker and the outside holding company.

### Cost basis for Vanguard mutual fund shares

By default, Vanguard uses the average cost method to identify mutual fund shares. If the cost basis method for the account is recorded as "Specific ID," the donor will need to enter the contribution in shares (not dollars). To contribute a specific lot of shares, the donor must submit to Vanguard Charitable a letter of instruction signed and dated by all registered owners of the account, or contact his or her Vanguard representative, with the following information:

- Account number.
- Mutual fund name and ticker symbol.
- Date the mutual fund shares were acquired.
- Quantity of shares and original purchase price.

The specific lot information must be received by Vanguard Charitable or communicated to Vanguard before the assets are transferred. Vanguard Charitable uses best efforts to trade assets within one day of receipt. If the cost basis method election is any other type, no special action is required.

### Redemption fees

For contributions of Vanguard funds that carry redemption fees, Vanguard Charitable will purchase investment options in an account using the full value of the sale. Vanguard Charitable will then process an adjustment against the account to assess Vanguard's fee, which will be detailed in a confirmation sent to the donor, as well as an "Adjustment-Decrease" in the next quarterly account statement.

## PUBLICLY TRADED SECURITIES

Securities such as stocks and bonds may be delivered to Vanguard Charitable's brokerage account electronically or mailed to Vanguard Charitable in certificate form. Except for securities held at Vanguard Brokerage Services (VBS), donors must initiate a contribution by instructing the firm(s) holding the securities to transfer the assets in-kind. Vanguard Charitable provides documents to donors to assist with this transfer; however, the holding firm may require use of its own documents. Once Vanguard Charitable receives both the appropriate donation documentation and the donated securities in good order, the securities will be sold as quickly as possible, generally on the business day following their receipt. Vanguard Charitable will not hold the assets at a donor's request.

Thinly traded, restricted, or illiquid securities may require special treatment and must be preapproved by Vanguard Charitable. They also generally take longer to liquidate and may incur additional brokerage fees. Legal fees incurred in connection with the transfer will be charged against the proceeds of the sale.

### Cost basis

By default, VBS uses the first in, first out (FIFO) method to identify stock shares, unless another cost basis method was already selected. If the cost basis method for the account is recorded as "Specific ID," and the donor would like to contribute a specific lot of shares, the donor must submit a letter of instruction to Vanguard Charitable, signed and dated by all registered owners of the account, or contact his or her Vanguard representative, with the following information:

- Account number.
- Security name and ticker symbol.
- Date the shares were acquired.
- Quantity of shares and purchase price.

The letter must be submitted to Vanguard Charitable before the assets are transferred. If the cost basis method election is any other type, no special action is required.

### Brokerage fees

Like most organizations, Vanguard Charitable incurs costs when liquidating donated securities. Trading and redemption fees, commissions, and SEC fees are generally deducted from the sale proceeds by the broker. Vanguard Charitable then receives the net sale proceeds and uses them to purchase the selected investment options. These costs do not impact the value of the donor's tax deduction, but they may reduce the value of the contribution applied to the Vanguard Charitable account.

Vanguard Charitable receives a discounted equity trade rate from its broker at Vanguard Brokerage Services:

- For stocks and non-Vanguard exchange-traded funds (ETFs), usually \$2 per trade
- For Vanguard ETFs, no charge
- For non-Vanguard mutual funds, either \$8 or no charge

These rates will apply to most contributions of assets held at VBS; gifts processed through other brokers will vary. Brokerage fees are not determined by Vanguard Charitable and may vary. For an estimate on the brokerage fees associated with a contribution, contact Vanguard Charitable.

### Value differences

The initial value of a donated security credited to an account will probably differ from the value of the tax deduction to which the donor is entitled. This occurs because the security's sale price is not likely to be exactly the same as the fair market value on the date of the gift.

In addition, commissions paid to sell the donated securities, and any other applicable costs (such as SEC and redemption fees), will reduce the proceeds available to fund an account, although they generally do not affect the value of a tax deduction.

## COMPLEX ASSETS

On a case-by-case basis, Vanguard Charitable accepts donations of complex assets, such as hedge fund interests, private equity interests, insurance policies, and closely held stock. The process of contributing complex assets can be difficult and extensive, and donations may require prequalification, higher minimum contribution amounts, and additional processing time. (The IRS may require a qualified appraisal of the donated assets to substantiate a charitable contribution deduction.)

The transfer of complex assets may require the consent of the issuer. Vanguard Charitable will assist donors in partnering with a third-party organization to contribute unique, non-financial assets, such as real estate or artwork. Before initiating a complex asset donation, contact Vanguard Charitable.

Primary asset type	Minimum contribution
Restricted stock (including Rule 144/145)	\$50,000
Non-publicly traded stock (C Corp. or S Corp.)	\$750,000
LLC or LLP interest	\$750,000
Private equity	\$750,000
Hedge fund interest	\$750,000
Foreign-traded stocks	\$50,000
Exchange-traded options	\$25,000
Insurance policies	\$25,000
Other	Contact for a quote

## MATCHING CONTRIBUTIONS

Vanguard Charitable accepts matching gift contributions from employers. Confirm with your employer that they will match contributions into accounts at a donor-advised fund and will complete any required paperwork.

Because of the complexity of each company's unique matching gift program, Vanguard Charitable does not complete paperwork for the matching gift on behalf of the donor, company, or receiving nonprofit organizations. Donors must submit the matching gift request through their respective employers.

## CONTRIBUTION TIME FRAMES

### Processing time frames

Processing time varies depending on asset type, since the delivery of assets to Vanguard Charitable is often determined by the firm(s) holding the asset(s) to be donated. Vanguard Charitable generally liquidates contributed assets as soon as possible, as long as the necessary paperwork and assets are received in good order. (The donor cannot impose any restriction or condition on the liquidation of assets.)

During peak transaction periods, such as at the end of the calendar year, contribution processing may take longer to complete. Recommended guidelines for securing a timely contribution for end-of-year tax-deduction purposes are communicated electronically every fall.

### Standard liquidation schedule

The chart below details the standard timeline for liquidating stock and mutual fund shares, once the asset and required paperwork is received in good order by Vanguard Charitable. The schedule may vary depending on the circumstances of the donation, current market schedules, and asset being donated, such as restricted stock, thinly traded securities, and special assets.

Asset type	Business day 1	Business day 2	Business day 3	Business day 4	Business day 5
Stock <sup>1</sup>	Asset received at Vanguard Charitable	Asset sold as soon as possible	Trade in settlement	Trade settles, and proceeds sweep to Vanguard Charitable's money market account <sup>2</sup>	Proceeds exchange to selected investment options
Mutual fund held outside Vanguard (transfer process takes 4-8 weeks <sup>3</sup> )	Asset received at Vanguard Charitable	Asset sold	Trade in settlement	Trade settles, and proceeds sweep to Vanguard Charitable's money market account <sup>2</sup>	Proceeds exchange to selected investment options
Vanguard mutual funds held at Vanguard	Asset received at Vanguard Charitable and sold; proceeds exchange to selected investment options				

<sup>1</sup> If a stock is thinly traded, selling all contributed shares on the same day may not be feasible. Vanguard Charitable will use its discretion to sell thinly traded securities as quickly as possible without significantly impacting the market price of the security. Thinly traded securities must be preapproved by Vanguard Charitable before they are contributed. There is no definitive timeline for restricted stock, as processing depends on the cooperation of the transfer agent and company issuing the shares. Contact Vanguard Charitable with questions.

<sup>2</sup> Interest earned overnight in the money market account is used to offset Vanguard Charitable expenses.

<sup>3</sup> Mutual funds can take between one and three days to settle. The settlement period is specific to the fund and determined by the fund company.

## DIVIDENDS AND CAPITAL GAINS

If a dividend or capital gain record date for a donated security occurs in the brief period between when it is received and then sold, Vanguard Charitable will utilize any resulting distribution it receives to offset operating expenses. The donor will not receive an additional tax substantiation letter, and the account will not be credited with the amount. Due to this, donors may wish to contribute stock away from dividend record dates.

Conversely, distributions from donated mutual funds will be credited to the account. According to IRS guidelines, however, the distribution will not qualify as an additional donation. These policies ensure that determining ownership will not initiate additional costs for Vanguard Charitable or the donor(s).

Before donating mutual fund shares, consider that the amount of a net asset value of a mutual fund share includes dividends payable. This amount tends to be greatest immediately before the fund payment date and the fund goes ex-dividend.

## OTHER CONTRIBUTION FEES

Vanguard Charitable reserves the right to assess additional fees on individual philanthropic accounts to cover special costs. When possible, fees will be communicated to account advisors and donors in advance of the contribution.

## SUSTAINABLE DISASTER-RELIEF FUND

The Sustainable Disaster-Relief Fund (SDRF) is a field-of-interest fund (not a donor-advised account) that provides financial assistance to areas impacted by major disasters. All grants issued from the SDRF are researched by Vanguard Charitable staff and approved at the discretion of the Vanguard Charitable board. A minimum of 5% of the fund is annually granted in support of recovery efforts.

All assets accepted into a donor's account may also be donated directly to the SDRF.<sup>4</sup> At least one account advisor may recommend the transfer of assets from an existing philanthropic account to the SDRF. The SDRF may be named in a succession plan.

For information on grants made from the SDRF, visit [vanguardcharitable.org/sdrf](http://vanguardcharitable.org/sdrf).

## CONFIRMATIONS

Once an asset is accepted, Vanguard Charitable will send the donor a substantiation letter for tax-reporting purposes. The substantiation letter does not include a contribution value, except when the contribution is defined in dollar terms (such as a check, wire, and some mutual fund gifts). Proper gift valuation for tax-reporting purposes is the responsibility of the donor.

To assist donors with the valuation process, Vanguard Charitable offers the *How to value your contribution* guide. Valuation information is also provided by the IRS at [irs.gov](http://irs.gov). Certain contributions may require a qualified appraisal.

When the contribution process is complete, a confirmation letter is sent to all designated account advisors confirming the transaction. The letter shows a summary of account investments and the investment allocation of the net gift proceeds. This letter is not a tax substantiation letter and should not be used for such purposes.

If a donor and/or account advisor is registered to access an account online, confirmations and letters may be viewed electronically.

<sup>4</sup>The Pension Protection Act of 2006 included a provision allowing donors to make tax-free contributions directly from an IRA to qualified charities. Individuals may be eligible to receive this benefit when contributing to the Sustainable Disaster-Relief Fund—but not their individual philanthropic accounts. This provision periodically renews and/or expires at Congress's discretion. For information on current policy, contact Vanguard Charitable. Consult a tax advisor before donating assets from an IRA.

# Tax considerations

This section provides a general overview of selected U.S. federal tax considerations. It is not personal legal or tax advice, nor is it intended to be. Individual circumstances as well as state and local tax laws may vary. Vanguard Charitable recommends you consult a tax advisor for guidance on the effect of applicable federal, state, and local tax law on your personal financial situation.

## DEDUCTIBILITY

U.S. taxpayers generally qualify for tax deductions for their charitable contributions to Vanguard Charitable. The ability to claim a charitable deduction depends, in part, on whether the donor itemizes tax deductions or claims the standard deduction. As discussed in **AGI Percentage Limits**, donors to Vanguard Charitable are eligible to offset the maximum taxable income allowed by law for charitable contributions because Vanguard Charitable is a public charity and not a private foundation. Only the owner of the donated asset is eligible for a tax deduction. Account advisors may not claim a deduction unless they are also the owner of the contributed asset. Grants from Vanguard Charitable and account-balance fluctuations due to market changes are not tax-deductible.

### AGI Percentage Limits

Tax deductions for charitable contributions to Vanguard Charitable may be limited each year depending on the form of the gift. In general, the maximum charitable contribution deduction a donor can take in a year is based on a percentage of the donor's adjusted gross income (AGI), which is defined by the IRS as gross income minus adjustments to income. Current limits for individual donors are summarized in the chart on page 14.

### Deduction Carryforwards

Contributions exceeding AGI limits may be carried forward on tax returns for up to five years, as long as the donor takes the maximum available deduction each year. We strongly encourage donors to consult with a tax advisor when considering the use of charitable contribution deduction carryforwards.

## GIFT VALUATION

The tax regulations provide guidelines for gift valuation. In general, a contribution's value is based on the type of asset donated and date of contribution, which ordinarily is the date when the asset is transferred to Vanguard Charitable. This date may vary depending on the donated asset type.

The date of valuation for gifts of securities is the date the contributed securities are (depending on the contribution type) unconditionally removed from the donor's control or delivered to Vanguard Charitable. If received by Vanguard Charitable in good order, securities are generally sold the following day. (Processing time frames for special asset donations will differ.)

Under IRS regulations, the donor is responsible for determining the valuation date and corresponding fair market value for donated securities. To assist donors in valuation, Vanguard Charitable provides a *How to value your contribution* guide.

### Value changes after donation

The value of securities transferred by gift will likely change within the period of donation (or gift transfer) and liquidation because market prices for securities frequently shift throughout the day. The net proceeds of a security sale rarely equal the fair market value of the security on the date of contribution.

The value of a donor's tax deduction is also not affected by changes in the account's market value. For example, a \$50,000 contribution may allow a donor to claim a \$50,000 charitable contribution deduction. If the account value grows to \$60,000 after the transfer, the donor is not entitled to any additional deductions.



Contribution type	Valuation	Deduction	% of AGI donor can deduct
Cash or cash equivalents	Amount of the check, electronic bank transfer, or wire received by Vanguard Charitable	Amount of donation	Up to 60% of AGI
Mutual fund shares	Closing price (net asset value) on the date on which the donor loses control of the donated shares, multiplied by the number of shares donated	If owned for <i>more than</i> 1 year: Fair market value on the valuation date	Up to 30% of AGI (if valued at fair market value)*
		If owned for 1 year <i>or less</i> : Cost basis or current fair market value, whichever is lower	Up to 50% of AGI (if valued at the lesser of the cost basis or fair market value)
Stock or bond shares	Average of the high and low selling prices on the date of contribution, multiplied by the number of units donated	If owned for <i>more than</i> 1 year: Fair market value on the valuation date	Up to 30% of AGI (if valued at fair market value)*
		If owned for 1 year <i>or less</i> : Cost basis or current fair market value, whichever is lower	Up to 50% of AGI (if valued at the lesser of the cost basis or fair market value)

\*Donors may elect to deduct the cost basis for donated appreciated securities, entitling them to claim deductions up to 50% of AGI rather than 30%. However, donors who make this election must also base deductions on cost basis for any other charitable contributions of appreciated property during the same tax year or carryforward period. Special tax rules will apply.

## REPORTING

Contributions to Vanguard Charitable are irrevocable, and all assets become the sole property of Vanguard Charitable once they have been donated. Donors claiming a tax deduction for charitable contributions to Vanguard Charitable on their tax returns are not eligible for additional deductions when Vanguard Charitable makes grants to other organizations. Any increases or decreases in account balance after assets have been contributed to Vanguard Charitable (whether as fluctuations due to market movement or assessed fees) are not eligible for additional deductions by the donor and should not be reported on individual tax returns. Transfers from another donor-advised fund or private foundation into an account at Vanguard Charitable are not eligible for additional tax deductions.

### Form 8283

To qualify for charitable contribution deductions greater than \$500 for donations of securities or other noncash assets, donors must complete the IRS Form 8283 (Noncash Charitable Contributions) and attach it to their IRS Form 1040. On request and when appropriate, Vanguard Charitable will sign Section B, Part IV of a completed Form 8283. Below are notes for individuals completing the Form 8283. Donors should consult their tax advisors before completing and submitting the form.

#### *For donations of publicly traded securities:*

- Enter the fair market value of your gift in Column (g) of Section A, Part 1.
- Do not complete Section B.
- Vanguard Charitable is not required to sign Part IV (Donee Acknowledgement).

#### *For donations of special assets:*

- Complete Section B.
- Obtain a qualified appraisal in Section B, Part III.
- Send the completed Form 8283 to Vanguard Charitable for an acknowledgment signature. (This action solely acknowledges receipt of the gift and does not endorse the valuation in any way.)

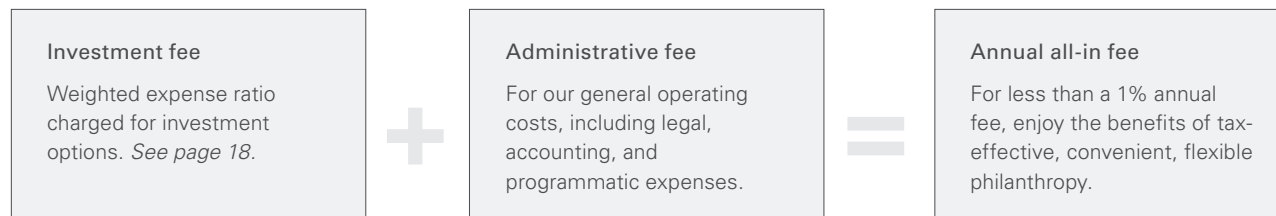
**Important:** IRS regulations state that valuation is a donor's responsibility. Therefore, Vanguard Charitable is not required to, and will not, assign or certify a gift's value for the Form 8283 or sign the Form 8283 for gifts of publicly traded securities. Visit [irs.gov](http://irs.gov) for a copy of Form 8283 and other IRS tax publications, including Publication 561 (Determining the Value of Donated Property) and Publication 526 (Charitable Contributions).

# Fees and expenses

## ANNUAL ALL-IN FEE

Vanguard Charitable believes in low-cost, high-impact philanthropy. To that end, the cost structure for philanthropic accounts of \$25,000 or more consists of only two parts: investment and administrative fees.

An account's all-in fee will vary depending on account balance, selected investment options, and granting patterns. For information on investment fees, refer to **Investments** on page 17.



## ADMINISTRATIVE FEE

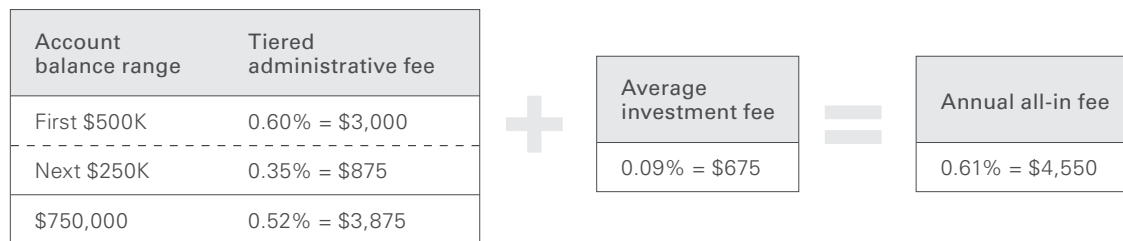
The administrative fee supports Vanguard Charitable's general operating costs, including legal, accounting, fundraising, and programmatic expenses. Vanguard Charitable reviews its administrative fee schedule every year.

A tiered administrative fee schedule is applied to all accounts. The end result is an annual administrative fee based on an account's daily balance and weighted averages of applicable tiers.

### Annual fee schedule

	Standard account	Select account <sup>1</sup>
First \$500K	0.60%	0.60%
Next \$500K	0.35%	0.35%
Next \$29M	0.35%	0.13%
Next \$70M		0.05%
Additional assets over \$100M		Contact us

Below is a sample fee schedule for an account with \$750,000.<sup>2</sup>



<sup>1</sup> See next page for information on Select account status.

<sup>2</sup> Percentages are rounded in this example.

### **Assessment of administrative fee**

The annual tiered administrative fee does not appear as a line item on account statements or online. The expense is spread over the year with daily assessments that are reflected in the investment options' unit values (excluding the TIFF Multi-Asset Pool). This method is widely used for mutual fund investments.

Every quarter, affected accounts are adjusted by the difference between the fee already assessed and the fee actually owed. Adjustments are then assessed to each investment option in the account (excluding the TIFF Multi-Asset Pool) on a pro-rata basis.

The *Statements*, *Other transactions*, and *Administrative fee* sections of an online account will show adjustments as an "administrative fee credit" (or "administrative fee" for a debit). The final statement for a calendar year will show the actual fee assessed on an account.

### **ACCOUNT PRICING STATUS**

Vanguard Charitable designates philanthropic accounts as eligible for either Standard or Select pricing. Based on account balance and activity, pricing status dictates an account's administrative and investment fee schedule.

Philanthropic accounts with balances of more than \$1 million for at least three consecutive months may be eligible for Select status, which offers access to the same investment options as Standard accounts but has lower associated fees. Additional contributions into a Select account are automatically invested at Select pricing.

Eligibility for Select pricing is subject to Vanguard Charitable approval, which is based on account balance, activity, and patterns. Approval is unlikely if account activity results in excessive expenses or significant balance fluctuation above and below \$1 million.

### **MAINTENANCE FEE**

Accounts with balances less than \$15,000 will be charged an annual \$250 maintenance fee in March. An alert is posted on Vanguard Charitable's website before the fee assessment. Vanguard Charitable does not require a minimum account balance.

The maintenance fee allows the account maintenance costs to be more equitably spread among all Vanguard Charitable accounts. The fee will be deducted from the current account balance and will help cover the costs associated with low-balance accounts.

Account advisors who wish to avoid the maintenance fee should ensure that account balances are safely above \$15,000 by the beginning of March. If an account holds less than \$250 at the time the fee is assessed, the entire balance will be charged and the account will be closed.

### **OTHER FEES**

While the need to do so is rare, Vanguard Charitable reserves the right to deduct extraordinary costs incurred as a result of an account's activity. This may include legal and professional costs, taxes, or transaction costs.

# Investments

## OVERVIEW

Vanguard Charitable offers access to a broad range of investment options spanning major asset classes, as well as domestic and international markets, which allows donors to tailor account allocations to match risk tolerance and giving objectives. Donated assets are invested at a low cost with discipline, clear objectives, and a long-term perspective; Vanguard Charitable's investment strategy does not change in response to short-term market trends or volatility.

All investments are subject to risk. Diversification does not ensure growth or protect against a loss in a declining market.

### Initial investment time frames

Generally, contribution proceeds are allocated into investment options according to the donor's recommendation one business day after the cash-equivalent gift or net proceeds of donated securities are received by Vanguard Charitable. For a complete schedule of standard liquidation and allocation time frames based on donated asset type, refer to **Contribution time frames** on page 11.

## INVESTMENT OPTIONS

After a contribution is liquidated, the net proceeds are invested, based on the recommendation of an account's advisor or interested party, in any combination of Vanguard Charitable's investment options, the majority of which are composed of one or more Vanguard mutual funds.

While they may be invested in mutual funds, the investment options are not mutual funds themselves, nor are they publicly traded. They are not available for investment by any individual or organization apart from Vanguard Charitable. As such, prospectuses, independently published prices, or ratings for the options themselves do not exist. For current pricing and quarterly performance reports, visit [vanguardcharitable.org/investments](http://vanguardcharitable.org/investments).

Vanguard Charitable trustees have sole responsibility and authority to invest Vanguard Charitable's assets;

they select, approve, and periodically review all investment options and may occasionally adjust the composition of the investments.

### Composition and objectives

Vanguard Charitable makes available two classes of investment options: Standard and Select. Only Select accounts are eligible to hold Select options, which are invested in the same Vanguard mutual funds in the same proportions as Standard options, yet are charged lower investment fees.

Vanguard Charitable's investment options are listed on pages 19-20. For current expense ratios and past performance, visit [vanguardcharitable.org/investments](http://vanguardcharitable.org/investments).

### TIFF Multi-Asset Pool

Qualifying accounts with ongoing balances of more than \$100,000 are eligible for exclusive access to The Investment Fund for Foundations (TIFF) Multi-Asset Fund, an actively managed fund traditionally reserved for foundations and endowments. Vanguard Charitable's option, the TIFF Multi-Asset Pool (MAP), offers donors the opportunity to recommend a long-term investment with a broad range of asset classes.

Contribution proceeds cannot be directly invested in the TIFF MAP. However, recommendations for exchanges into the TIFF MAP are accepted at any time and exchanged on the second Tuesday of every month. A 0.50% purchase and redemption fee will be assessed for each exchange. When distributions from the TIFF MAP are credited to an account, Vanguard Charitable will not issue a tax substantiation letter.

For more details on recommending investment in the TIFF MAP, including important granting and exchange restrictions, refer to the *Policies and guidelines for the TIFF Multi-Asset Pool*.

### Net asset value calculation

At the end of each business day, a unit value is calculated for each investment option based on its aggregate market value (after Vanguard Charitable's administrative expenses are deducted) divided by the number of units outstanding. Each unit value includes any unrealized gain or loss in, and any dividend,

capital gain, or interest distributions paid by, the underlying mutual fund investments. The value of a donor's account will be equal to the total units of each investment option assigned to the account multiplied by each option's current unit value.

## INVESTMENT FEES

Vanguard Charitable does not itself charge investment fees; expense ratios are assessed by the underlying funds and vary based on allocation and account status. The cost for each investment option is the weighted combination of the expense ratios of the underlying funds.

Investment fees do not display as line items on quarterly account statements. Rather, the annual expense is spread over the year with daily assessments that are reflected in the investment option's net asset values. This method, which is widely used for mutual fund investment fees, ensures that an account is charged fairly, regardless of activity or longevity.

Underlying investments, and therefore account balances, will fluctuate in response to market conditions. However, a load or commission fee will not be charged.

Investment fees are one of two parts of an account's annual all-in fee. (For more information, refer to **Fees and expenses** on page 15). For current investment fees, visit [vanguardcharitable.org/investments](http://vanguardcharitable.org/investments).

### Dividends and capital gains distributions

Most mutual funds accumulate dividends and capital gains, which are reflected in a rising share price. Periodically, the funds distribute these to shareholders (so that taxes due can be paid) and the share prices drop. Because Vanguard Charitable is tax-exempt and owns all account assets, mutual funds are not required to distribute these dividends to Vanguard Charitable. Therefore, accumulated dividends and capital gains are retained within the investment options and are continually reflected in each respective option's net asset value.

## EXCHANGES

Vanguard Charitable accepts recommendations for exchanges from one investment option to another from account advisors and authorized interested parties via the website, over the phone, or by written request. Because all account assets are pooled together when invested, Vanguard Charitable must aggregate individual exchange recommendations with all other pending trades.

The deadline to process exchanges on a given business day is 2 p.m., Eastern time. Recommendations must be received in good order in advance of that deadline in order to be processed on the same business day. Recommendations received after the deadline will be processed on the following business day. Exchanges involving very large dollar amounts may be processed over multiple business days.

Trading timelines are subject to market schedules such as holidays or early market closures. All exchange recommendations are subject to approval, and Vanguard Charitable reserves the right to decline recommendations if they become excessively frequent, if they cause unnecessary expense, or for any reason.

### Exchanges and taxes

Only contributions into accounts at Vanguard Charitable affect tax liability, since Vanguard Charitable becomes the sole owner of the assets. Therefore, any exchanges into or out of an account, as well as any growth (or decline) of account assets due to market movement, do not impact tax liability. Market-based account growth or decline is considered tax-free and may not be claimed as an additional deduction or a loss.

### Low balances

Account assets invested in less than \$50 of a certain investment option may prompt a processing error or delay when a grant recommendation is initiated. To minimize complications, Vanguard Charitable reviews each transaction involving low investment option balances and reserves the right to exchange units from the low balance option to the option with the largest balance. The low balance option will then be closed out.

## SINGLE FUND INVESTMENT OPTIONS as of 10/1/2017

For current expense ratios, performance reports, and benchmark information, visit [vanguardcharitable.org/investments](http://vanguardcharitable.org/investments).

Investment option name	Objective	Underlying mutual funds	Asset class	Risk potential <sup>1</sup>
Money Market	Seeks to provide current income while maintaining liquidity and a stable share price of \$1. Invests primarily in U.S. government agency obligations.	Vanguard Federal Money Market Fund	Money Market	Conservative
Short-Term Bond	Seeks current income with limited price volatility and provides exposure to short-term, investment-grade fixed income securities.	Vanguard Short-Term Investment-Grade Fund	Fixed Income	Conservative
Total Bond	Provides broadly diversified exposure to investment-grade U.S. bond market.	Vanguard Total Bond Market Index Fund	Fixed Income	Conservative—Moderate
Total U.S. Stock	Provides exposure to large-, mid-, and small-cap equity diversified across growth and value styles.	Vanguard Total Stock Market Index Fund	Domestic Equity	Moderate—Aggressive
TIFF Multi-Asset Pool	Seeks to achieve a total return (price appreciation plus dividends) that, over a majority of market cycles, exceeds inflation, as measured by the Consumer Price Index plus 5% per annum.	The Investment Fund for Foundations Multi-Asset Fund	Multi-Asset	Moderate—Aggressive
Total International Stock	Provides broad exposure across developed and emerging non-U.S. equity markets.	Vanguard Total International Stock Index Fund	International Equity	Aggressive
European Stock	Provides exposure to European equity, primarily large- and mid-cap, and is diversified across developed markets.	Vanguard European Stock Index Fund	International Equity	Aggressive
Pacific Stock	Provides exposure to Pacific-region common stocks.	Vanguard Pacific Stock Index Fund	International Equity	Aggressive
Emerging Markets Stock	Provides exposure to stock issued by companies located in emerging market countries.	Vanguard Emerging Markets Stock Index Fund	International Equity	Aggressive

## MULTI-FUND INVESTMENT OPTIONS as of 10/1/2017

For current expense ratios, performance reports, and benchmark information, visit [vanguardcharitable.org/investments](http://vanguardcharitable.org/investments).

Investment option name	Objective	Underlying mutual funds	Approximate asset allocation	Risk potential <sup>1</sup>
Gift Preservation	Seeks to preserve principal while earning current income through a target allocation of 50% federal money market and 50% short-term bonds.	Vanguard Federal Money Market Fund	50%	Conservative
		Vanguard Short-Term Investment-Grade Fund	50%	
Conservative Growth	Seeks to preserve principal and provide some growth of capital through a target allocation of roughly 40% stocks and 60% bonds.	Vanguard Total Bond Market Index Fund	60%	Conservative
		Vanguard Total Stock Market Index Fund	30%	
		Vanguard Total International Stock Index Fund	10%	
Moderate Growth	Seeks to provide growth of capital and a reasonable level of current income through a target allocation of roughly 55-60% stocks and 40-45% bonds.	Vanguard Balanced Index Fund	45%	Moderate
		Vanguard Wellington™ Fund	45%	
		Vanguard Total International Stock Index Fund	10%	
Growth	Seeks to provide growth of capital through a target allocation of 80% stocks and 20% bonds.	Vanguard Total Bond Market Index Fund	20%	Moderate— Aggressive
		Vanguard Total Stock Market Index Fund	55%	
		Vanguard Total International Stock Index Fund	25%	
Total Equity	Seeks to provide growth of capital through a 100% allocation to stocks.	Vanguard 500 Index Fund	55%	Aggressive
		Vanguard Extended Market Index Fund	15%	
		Vanguard Total International Stock Index Fund	30%	

<sup>1</sup>The potential for risk in Vanguard funds can be categorized in levels from 1 to 5. Knowing the risk level you are comfortable with and the length of time you expect the assets in the philanthropic account to be invested can help you select an appropriate investment recommendation.

**Conservative** - Risk level 1 Vanguard funds are classified as conservative if their share prices are expected to remain stable or fluctuate only slightly. Such funds may be appropriate for the short-term reserves portion of a long-term investment portfolio, or for investors with short-term investment horizons (three years or less).

**Conservative to moderate** - Risk level 2 Vanguard funds classified as conservative to moderate are subject to low-to-moderate fluctuations in share prices. In general, such funds may be appropriate for investors with medium-term investment horizons (four to ten years).

**Moderate** - Risk level 3 Vanguard funds classified as moderate are subject to a moderate degree of fluctuation in share prices. In general, such funds may be appropriate for investors who have a relatively long investment horizon (more than five years).

**Moderate to aggressive** - Risk level 4 Vanguard funds of this type are broadly diversified but are subject to wide fluctuations in share price because they hold virtually all of their assets in common stocks. These funds may be appropriate for investors who have a long-term investment horizon (ten years or longer).

**Aggressive** - Risk level 5 Vanguard funds classified as aggressive are subject to extremely wide fluctuations in share price. These funds may be appropriate for investors who have a long-term investment horizon (ten years or longer). The unusually high volatility associated with these funds may stem from a number of strategies.



# Grant recommendations

## OVERVIEW

Once an account is funded, account advisors and authorized interested parties may recommend grants at any time to qualified 501(c)(3) public charities. Grant recommendations can be submitted electronically or with a paper form. Handwritten letters or lists of organizations will not be accepted.

Before approving a grant, Vanguard Charitable follows a strict review and approval process in order to:

- Protect the charitable tax deductions and philanthropic intentions of our donors.
- Avoid tax penalties put in place by the Pension Protection Act of 2006.
- Protect our standing with the IRS.
- Ensure all grant dollars are issued only for qualified charitable purposes.

For details on the review and approval process, see **Due diligence** on page 23.

Since contributions to Vanguard Charitable are irrevocable, and all donated assets become the sole property of Vanguard Charitable, grants from an account are not tax-deductible, even when a grant recipient issues a tax substantiation letter.

Vanguard Charitable's board of trustees maintains ultimate authority over all grant distributions. In the event that one or more grant recommendations from an account advisor or interested party with full account access violates the guidelines detailed in this section, Vanguard Charitable reserves the right to transfer account assets to The Philanthropic Impact Fund. For more information on The Philanthropic Impact Fund, refer to **Succession plan options** on page 29.

A grant confirmation letter is available to advisors after a grant is issued. The documentation includes details on the grant, as well as the final investment allocation.

## MINIMUMS, TIMING, AND AMOUNTS

### Minimum grant

Vanguard Charitable accepts grant recommendations of \$500 or more. If a recommendation to a charity is submitted without a dollar amount, the grant will be processed at \$500. Accounts with ongoing balances of less than \$500 (and no intent to make additional contributions) are permitted to recommend one final grant below the established minimum, in order to close the account.

Grants of a significant dollar amount are reviewed and approved by Vanguard Charitable's president or board of trustees on a regular basis.

### Prohibited grants

Grants from philanthropic accounts must be made exclusively for charitable purposes. Grants cannot result in more than incidental benefit for a donor, account advisor, interested party, or family members<sup>1</sup> of the aforementioned. Prohibited benefits include, but are not limited to the:

- Payment of tuition.
- Fulfillment of legally binding pledges or other obligation.
- Receipt of anything of value in return for the grants, such as free dinner or goods or services.

See **Due diligence** on page 23 for more information on prohibited benefits.

Under rules enacted by the Pension Protection Act of 2006, the IRS imposes stiff penalties on any donor, account advisor, or interested party who recommends a grant that results in impermissible benefit or receives impermissible benefit. In such an event, Vanguard Charitable will take other action as appropriate, including but not limited to:

- Requiring the recipient nonprofit organization to repay the grant funds to Vanguard Charitable.
- Terminating philanthropic account privileges.
- Transferring the account balance to The Philanthropic Impact Fund.

<sup>1</sup> A family member includes individuals bearing the following relationships to an individual with advisory privileges: Spouse, siblings (i.e. brothers and sisters, step brothers and step sisters), spouses of siblings (i.e. brothers-in-law, sisters-in-law), ancestors (i.e. parents, grandparents, great grandparents), lineal descendants (i.e. children, grandchildren, great grandchildren, including adoptees), and spouses of descendants (i.e. son-in-law, daughter-in-law).



### Minimum account activity

If after four years an account has not granted, Vanguard Charitable will attempt to contact account advisors to initiate at least one \$500 grant. If repeated contact attempts are unsuccessful after one year, Vanguard Charitable reserves the right to take the following actions:

*Inactive accounts with balances greater than \$15,000:*

- Issue a grant for 5% of the account balance to (i) the directive of the Succession Plan on file if the plan grants funds directly to qualified public charities, or if the Succession Plan does not immediately direct funds to a public charity, then to (ii) The Philanthropic Impact Fund.
- In the following years, if account advisors do not respond to outreach attempts and recommend a grant, issue an additional grant for 5% of the account balance to one of two options noted above.
- If the account remains inactive for 3 consecutive years, enact the succession plan. If the succession plan does not direct grants to a qualified public charity or charities, the funds will be distributed to The Philanthropic Impact Fund.

*Inactive accounts with balances of \$15,000 or less:*

- Enact the account succession plan. If the succession plan does not direct grants to a qualified public charity or charities, the funds will be distributed into The Philanthropic Impact Fund.

For more information, refer to **Account abandonment** on page 6.

### Aggregate account activity

Historically, Vanguard Charitable’s grant distributions have significantly exceeded 5% of average net assets on a current five-year rolling basis. However, should the rolling aggregate grant activity average fall below 5% of Vanguard Charitable’s collective asset balance, Vanguard Charitable will identify all accounts over the same five-year period with grant activity totaling less than 5% of the respective account’s assets.

Vanguard Charitable will then request that the advisors of these accounts recommend grants until total dollars granted over the same five-year period is equal to 5% or more of their respective account balances. If advisors do not provide qualified grant recommendations within 60 days of the request, Vanguard Charitable reserves the right to transfer up to 5% of the account assets to The Philanthropic Impact Fund.

### Balance and investment considerations

In addition to choosing a total dollar amount, donors must select the investment options from which to pull the funds. Vanguard Charitable will not approve grants in amounts greater than an available account balance. If an advisor does not indicate the investment allocation, Vanguard Charitable will apply the following protocol.

<b>If the account assets are:</b>	<b>Vanguard Charitable will allocate the grant by:</b>
Held in one investment option	Using the one available option
Held in multiple investment options	Applying a weighted distribution of all available investment options (excluding TIFF Multi-Asset Pool)
Insufficient and no contribution is pending	Denying the grant

Because net asset values vary daily, when the total grant amount is detailed in dollars (versus shares or percentages) that are close to the total available investment option balance, the grant recommendation may not process as requested. If the balance of one investment option in the account could potentially be insufficient to meet the requested grant allocation, Vanguard Charitable will allocate the grant by a weighted distribution of all options in the account (excluding the TIFF Multi-Asset Pool).

### Processing time frames

The time required to process and approve a grant recommendation varies depending on the type of organization being supported, recommended grant purpose, time of the year, and availability of advisors and recipient charities to complete required documentation. Because additional due diligence is required for grants to religious, intermediary, and supporting organizations, grant recommendations to these organizations may take longer to process.

#### Standard processing time frames

<b>Less than a week</b> Traditional and government grants
<b>1-2 weeks</b> Religious and intermediary grants
<b>3 weeks</b> Supporting organization grants
<b>Months</b> International grants

### Recurring and future grants

Donors, account advisors, and interested parties may recommend recurring grants, or a pre-set number of grants to be issued annually, semiannually, quarterly, or monthly on a date of the advisor's choosing. If the number of recurring grants is not identified at the start, Vanguard Charitable will default the number to 20 payments. In addition, advisors may recommend a grant to be issued on or near any future date.

Vanguard Charitable may alter the issue date for a recurring grant if the grant recommendation is made by paper form and received by Vanguard Charitable within five business days of the requested grant issue date.

Each recurring 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, IRS regulations, or other similar reasons.

### Cancellations or denials

Vanguard Charitable reserves the right to deny any grant recommendations that do not meet approved criteria, or for any other reason.

Vanguard Charitable may need to contact the proposed recipient charity to verify information. Reasonable efforts will be made to contact the organization and obtain the information. If the charity cannot be reached, or the organization does not supply the requested information within 30 calendar days, the grant recommendation may be denied.

Advisors cannot cancel grants that have already been approved and issued.

### Granting fees

Advisors and their philanthropic accounts do not incur costs when recommending grants. When recommendations require excess processing, legal involvement, and/or special handling, Vanguard Charitable reserves the right to charge philanthropic accounts a processing fee. Fees vary depending on request and will be communicated to the donor in advance of the grant being issued.

## DUE DILIGENCE

Vanguard Charitable abides by IRS guidelines requiring that all charitable dollars be used to advance the public good. By following a strict grant review and approval process, Vanguard Charitable can protect the tax deductions and philanthropic intentions of advisors, as well as Vanguard Charitable's standing with the IRS. All grant recommendations must be reviewed and approved according to Vanguard Charitable's due diligence process. Two main factors are evaluated before approving a grant recommendation:

- Tax-exempt status of recipient charity, verified according to the procedures set forth in the IRS's Revenue Procedure 2011-33.
- How the recipient charity plans to use the grant funds (including the provision of a prohibited benefit as described on page 21.)

Vanguard Charitable takes its due diligence process extremely seriously and reserves the right to take appropriate legal action if advisors are discovered to have made an improper grant recommendation or grantees have used grant funds improperly.

## 1. Type of organization

Vanguard Charitable requires a different review and approval process depending on the type of organization. Generally, Vanguard Charitable will only issue grants to organizations that are in good standing with the IRS, qualify as tax-exempt under Section 501(c)(3), and are classified as public charities under Section 509(a) of the Internal Revenue Code at the time the grant is approved. This includes religious and government organizations.

### Vanguard Charitable can support the following types of organizations.<sup>1</sup>

Public charity	A publicly supported organization, operated for solely charitable purposes such as education.
Religious	An organization that operates exclusively for religious purposes and may not be required to file a Form 990 information return such as a church, synagogue, or mosque.
Government	A governmental organization, such as public schools, libraries, or other division or sub-division of government.
Supporting organization	An organization that derives its status from its support of a public charity.
Private operating foundation	An organization that uses the funding of a small number of donors to support the public good by actively conducting charitable activities.
Intermediary	A U.S. public charity that supports foreign organizations and causes.
International	A foreign organization that conducts charitable activities. Vanguard Charitable may approve grants to these organizations on a case-by-case basis.

Grants from Vanguard Charitable should not be made for the purpose of enabling an organization that is controlled by a Disqualified Person<sup>2</sup> to avoid classification as a private non-operating foundation. A private non-operating foundation is a charitable organization that is not a public charity and does not operate its own tax-exempt programs. Private non-operating foundations are subject to special tax rules.

### Supporting organizations

As a result of the Pension Protection Act of 2006, the Internal Revenue Code includes restrictions and penalties for grants issued from a donor-advised fund to Type III non-functionally integrated supporting organizations.

In addition, Treasury Reg. 1.509(a)-4(i)(4)(ii)(C) generally states that to be considered functionally integrated, only an insubstantial amount of a Type III supporting organization's activities can consist of fundraising, grantmaking, or investment management activities, unless the supporting organization supports a government entity or is the parent of its supported organization within the meaning of the regulations.

Vanguard Charitable may not make grants to supporting organizations that support organizations controlled directly or indirectly by Disqualified Persons.

To approve a grant to an organization classified by the IRS as a 501(c)(3) public charity and 509(a)(3) supporting organization, Vanguard Charitable requires additional documentation and information from the recipient organization to ensure grants are made in accordance with all applicable regulations.

Bearing in mind longer processing times, Vanguard Charitable continues to approve grants to Type I, Type II, and functionally integrated Type III supporting organizations.

<sup>1</sup> Vanguard Charitable cannot grant to Type III non-functionally integrated supporting organizations. Grants will not be issued to individuals or private non-operating foundations. (Most corporate and family foundations fall under this designation.)

<sup>2</sup> A Disqualified Person includes you and any other account advisors, authorized parties on your account, your family members, and certain entities that you own or control.

## Intermediary organizations

The IRS permits the establishment of U.S. public charities, often referred to as intermediary organizations, which facilitate grants to foreign charities. According to tax laws, intermediary organizations must exercise exclusive control and discretion over grants to a foreign recipient organization and cannot accept earmarked contributions. Generally, these organizations institute policies or bylaws to ensure they are operating in a lawful and appropriate manner.

Vanguard Charitable will issue grants to intermediary organizations intended to support a specified international project, as long as the intermediary organization can verify that it has the requisite discretion and control over how the funds will be used internationally. This step in the due diligence process may delay the grant from being processed and issued.

Grants intended to support charitable causes in countries subject to sanctions by the U.S. government, including the Office of Foreign Assets Control (OFAC), may experience delayed processing time frames because of extended due diligence, which is designed to ensure the U.S. charity has the appropriate authority to operate in these sanctioned countries and to avoid any diversion of the grant funds from the intended charitable purpose. Any grants that do not adhere to OFAC regulations will be denied.

## Direct international grants

On a case-by-case basis, Vanguard Charitable may approve grants that issue funds directly to foreign organizations. Because of strict IRS regulations, shifting government sanctions, and varying countries' laws, advisors who initiate direct international grants should plan for extended processing time frames, expansive due diligence requirements, higher grant minimums, and additional fees.

## Custom grants

In order to support all advisors' granting goals, on a case-by-case basis, Vanguard Charitable will issue custom grants, such as those that require grant agreements. Contact Vanguard Charitable to discuss the possibility of a custom grant. Additional fees may apply.

## 2. Grant purpose

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In addition to choosing the recipient charity, advisors may also recommend a specific purpose for grant funds. Common purposes include: general operating expenses, annual funds, capital campaigns, class gifts, scholarship programs, underwriting an event or a specific project. Grants cannot be made for lobbying purposes,<sup>1</sup> to support political campaigns, to support specific individuals, or for any purpose that is not charitable. Grants cannot result in more than incidental benefit for a Disqualified Person. The advisor cannot have an agreement, written or verbal, in place with a grantee organization that may allow the Disqualified person any legal right to direct the use of the funds.

## 3. Impermissible benefit

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Grants from Vanguard Charitable are for the public good and cannot result in more than incidental benefit accruing to any specific individual, nor can they be restricted for a specific individual. For this reason, grants will not be approved if they will result in any benefit to the donor or account advisor that would have the effect of reducing the charitable deduction if the donor had made the contribution directly from personal funds. Examples include, but are not limited to, payment of tuition, free tickets to a gala, or some membership benefits.

Vanguard Charitable takes this policy seriously. If an advisor recommends a grant that results in impermissible benefit, the advisor may be subject to excise tax penalties and other action. See **Prohibited grants** on page 21.

To reiterate this policy and ensure grantee organizations are aware of the restrictions, grant distribution letters may include the following wording: "By accepting a grant from Vanguard Charitable, you certify that the grant will not confer a Prohibited Benefit to any Disqualified Persons." Vanguard Charitable may also, at its discretion, include any other language necessary or helpful to convey its policies to the grantee organization.

<sup>1</sup> Prohibited lobbying includes direct or grassroots lobbying communications that reflect a view of support or opposition on a specific legislative proposal.

### **Membership**

Grants supporting a membership may be approved as long as the membership or giving level is 100% tax-deductible and any related benefits are not more than incidental.

### **Scholarship programs and tuition**

Grants to support scholarships programs and tuition may be approved as long as donors, account advisors, interested parties, and their family members cannot participate in the selection process and family members are ineligible to receive the scholarship or tuition. Though account advisors cannot select the scholarship recipient, account advisors may generally set the criteria for selecting the recipient, provided that the criteria is sufficiently broad and not otherwise illegal or objectionable.

### **Missionary support**

Grants to support a missionary may be approved as long as the missionary is not a donor, account advisor, interested party, or family member of the aforementioned and the recipient charity maintains full control and discretion over the grant funds.

### **Pledges and other legal obligations**

Generally, grants from philanthropic accounts cannot be used to pay any legal obligation that a Disqualified Person owes to a charity. An existing grant agreement or legally binding pledge to make a gift between a donor and charity are examples of such an obligation. A pledge is a promise that binds an individual to make a charitable contribution, and satisfying a pledge through a grant from a Vanguard Charitable account constitutes impermissible benefit to that individual. In addition, advisors cannot commit to give assets that they legally do not own.

As an alternative, advisors may express “intent to recommend” and make nonbinding grant recommendations from their accounts. An advisor’s “intent” cannot imply that a grant is guaranteed to be issued from Vanguard Charitable.

### **Fundraising events**

Account advisors may support fundraising events as long as the funds do not cover event registration fees. The funds also may not cover legally binding minimum fundraising pledges for a donor, account advisor, interested party, or family members of the aforementioned.

Charities often organize fundraising events that offer benefits to paid attendees, such as dinner tickets or 5K race registrations. Generally, donations to these events are partially deductible; the deductible portion of the gift excludes the value of the benefit received for the donation. Examples of these benefits may include: tickets to an event; not fully tax-deductible membership at a museum or public broadcasting station; or goods at a charitable auction.

To maintain good standing with the IRS, and to avoid the risk of fines to account advisors and interested parties, Vanguard Charitable will not approve grants that are intended to cover any portion of a gift that would result in anything more than an incidental benefit accruing to an individual, including benefits associated with fundraising events.

Advisors cannot “split” a donation to a charity and fund the nondeductible part with a personal gift and fully deductible part with a grant from Vanguard Charitable (known as “bifurcation”). Even though the gift from Vanguard Charitable is fully deductible, the grant still enables the advisor to receive benefits that would not be available without the grant.

Example: Some organizations promote giving levels. A \$1,000 level (for instance, “President’s Circle”) allows the advisor to enjoy about \$200 worth of benefits and \$800 goes to support the charity’s mission. To reach this level, an individual must directly donate the entire amount outside of a philanthropic account. The individual cannot recommend an \$800 grant from Vanguard Charitable and fulfill the rest with a \$200 personal check.

Advisors may support fundraising events by recommending a grant to support only the general underwriting or fundraising efforts of the event.

### Private non-operating foundations

Grants from Vanguard Charitable should not be made for the purpose of enabling an organization that is controlled by a Disqualified Person to avoid classification as a private non-operating foundation. A private non-operating foundation is a charitable organization that is not a public charity and does not operate its own tax-exempt programs. Private non-operating foundations are subject to special tax rules.

### Fiscal sponsors

Vanguard Charitable generally makes grants to organizations that the IRS has determined to be tax-exempt public charities. Some organizations that have not yet received IRS recognition of tax-exempt status raise funds through fiscal sponsorship arrangements with a recognized public charity. Vanguard Charitable makes grants to fiscal sponsors, provided that the fiscal sponsor maintains discretion and control over the funds.

## ACKNOWLEDGEMENTS

### Recognition or anonymity

Vanguard Charitable respects all advisors' recognition preferences and offers several options for grant recommendations.

Recognition type	Included with grant letter
Account advisors	Account advisor names, account name, contact information (advisor may opt to recognize additional parties)
Account name only	Name of account without any contact information
Anonymous	No identifying or contact information
Named individual	Named individual(s) and the account advisor name(s), account name, and contact information of the recommending philanthropic account

### Public acknowledgements

Any public acknowledgment by a charity of a grant, such as a publication or plaque, should include acknowledgment of Vanguard Charitable. For example, the acknowledgment could read: "Vanguard Charitable on behalf of Mr. and Mrs. Advisor." The grant distribution letter states that Vanguard Charitable issued the grant at the recommendation of the individuals listed in the distribution letter.

### Naming rights

Advisors are permitted to receive naming rights as a result of a Vanguard Charitable grant. Under IRS guidance, the benefit received by the advisor from the naming rights is considered incidental. For example, a hospital wing could be named: "Mr. Advisor Intensive Care Wing."

## GRANT ISSUANCE

Grants are issued in check form and mailed by Vanguard Charitable directly to the recipient organization's verified address, usually on the business day after the funds are removed from an advisor's account. All checks are made payable to the legal name of the recipient organization. (A charity's legal name may differ from a common or preferred name provided by the advisor.)

Advisors cannot deliver grant checks to the charity, nor can grant checks be sent to the attention or address of a donor, account advisor, or interested party. In addition, Vanguard Charitable cannot forward to recipient charities any personal letters, cards, attachments, or enclosures from advisors. Approval for the return of grant funds for any reason is at the discretion of Vanguard Charitable.

## Communication

As part of the due diligence process, Vanguard Charitable may contact prospective grant recipients to obtain information about their charitable activities.

Charities who are receiving their first grant from Vanguard Charitable may be contacted directly before a grant is issued. In addition, Vanguard Charitable will verify existing charities' addresses and contact information every year, or as soon as a grant is recommended to a charity after the one-year period expires. From time to time, Vanguard Charitable will contact a charity after a grant is issued to ensure the grant was used for its stated purpose.

Vanguard Charitable understands that advisors may communicate with recipient charities. This communication is encouraged; however, to ensure that grants follow policies and guidelines, donors, account advisors, and interested parties should not attempt to modify the purpose of a grant from a philanthropic account, exert control over the grant funds, or divert the grant funds to an improper purpose. For the penalties associated with improper grant conduct, see **Prohibited grants** on page 21.

## Grant distribution letter

To ensure the details of a grant are accurately conveyed to recipient organizations, a distribution letter is attached to each grant check from Vanguard Charitable. A copy of the letter is also made available to account advisors based on their requested delivery preference.

Based on information provided by advisors in the grant recommendation process, this letter may communicate the following to the recipient charity:

- Name of the account that recommended the grant (unless anonymity is selected).
- Purpose of the grant.
- Specific language that makes Vanguard Charitable's policies very clear to the recipient charity.
- Any parties to be acknowledged for the grant recommendation. Vanguard Charitable will enter the name of account advisor(s) by default if other names are not indicated and anonymity/account name only is not selected.

- Names of anyone at the charity whom the advisor would like to be notified about the grant.
- Names and addresses of account advisors, unless anonymity/account name only is selected.
- Additional information, such as the gift is "In memory of my mother" or "In honor of the Class of 1970."

When an advisor requests complete anonymity, the grant letter will not include account or advisor information. However, the letter will specify the grant purpose and may contain optional additional comments.

## Uncashed grant checks

Vanguard Charitable will contact recipient charities directly if records indicate that a grant check has not been cashed or deposited after 60 days of the issue date. When appropriate, and if the charity has responded to recent attempts at communication, Vanguard Charitable will initiate a stop-payment order on the check and forward a new check with a revised letter. Account advisors will be notified of the action and receive a copy of the new letter.

Any requests to replace a check before the 60-day period ends will not be honored until the check has been outstanding for at least 30 days. In all instances, interest earned on uncashed grant checks is retained by Vanguard Charitable and applied to offset expenses. If Vanguard Charitable cannot identify a resolution for an uncashed check, Vanguard Charitable will stop the check and refund the amount to the advisor's account, using current net asset values in the existing investment options.



# Legacy options

## CRAFTING A GIVING LEGACY

Account advisors may establish their giving legacies by recommending succession plans—plans which are enacted when advisors are deceased or unable or unwilling to manage account processes. In all instances, Vanguard Charitable remains the sole owner of the philanthropic account and has full discretion over the account and its investments and grants.

Currently, Vanguard Charitable offers five succession options, which can be mixed, matched, and combined in any way to build a plan that meets a donor's needs. Custom succession plans are reviewed and accepted on a case-by-case basis.

Succession plans should be selected during account enrollment and may be amended or changed at any time through the use of an *Establish a succession plan* form. If a succession plan is incomplete, unable to be acted upon, or otherwise not in effect when account advisors can no longer serve, the account's assets will transfer to The Philanthropic Impact Fund.

It is important to note that succession plans will only be enacted once Vanguard Charitable:

- Determines the respective account is abandoned;
- Receives proof of the last remaining account advisor's death (a copy of the death certificate is accepted); or
- Receives written proof of the last remaining account advisor's inability to act due to resignation, incapacity, job-related termination, or disability. (A copy of a durable power of attorney with respect to the disabled individual is accepted.)

## SUCCESSION PLAN OPTIONS

### Option 1: Pass account privileges to others.

Advisors can opt to retain the assets in their established philanthropic accounts and appoint up to two successor-advisors—individuals, such as a spouse and child, who are named to assume account privileges. Accounts are limited to two successor-advisors at a time.

Successor-advisors will only receive account privileges once Vanguard Charitable receives the required information to enact the succession plan.

Any individual is eligible to be a successor-advisor. An organization may not be nominated as a successor-advisor; however, Vanguard Charitable will generally accept nominations of office or position titles. Minors may be named as successors, but they cannot assume account privileges until they reach the age of majority. In the interim, a trusted legal guardian can administer account activity. If all successor-advisors are deceased, the account assets will be transferred to The Philanthropic Impact Fund.

Once successor-advisors assume their account privileges, they may name new successor-advisors or recommend another succession plan. Under present guidelines, this succession process can continue in perpetuity. (For corporate accounts, the successor-advisor role may be assigned to a designated office or specific individual.)

### Option 2: Create new accounts.

Advisors can opt to split the assets in their philanthropic accounts and create one or more new accounts with multiple named successor-advisors. This allows account advisors to involve more than two individuals in their succession plans, since each new account can have up to two account advisors. All new accounts require a minimum initial balance of \$25,000.

New accounts will be created and successor-advisors will receive account privileges once Vanguard Charitable receives the required information to enact the succession plan.

Vanguard Charitable will attempt to contact all named successor-advisors to determine their willingness or ability to serve as account advisors. If individuals are



unwilling, they may name another successor-advisor or recommend a one-time grant from the remaining account balance to a charitable organization. If the individual declines these options or is deceased, the remaining account balance will be reallocated to the other new accounts.

In some instances, due to market fluctuation or granting patterns, the remaining account assets will not meet the \$25,000 minimum requirement. Successor-advisors then have the following options:

- Increase the account balance by contributing additional assets or combining assets with another successor-advisor.
- Decline the role in favor of the other successor-advisors and request assets be transferred to their accounts.
- Recommend a one-time grant of the allocated balance to a qualified charity.

#### **Option 3: Recommend final grants to charity.**

Advisors can opt to recommend that one or more charities receive a final, lump-sum grant from their remaining account balance. Grants are allocated based on a percentage of the total account assets. All grants will be subject to Vanguard Charitable's review and approval process at the time the grant is issued.

Grants will only be initiated once Vanguard Charitable receives the required information to enact the succession plan.

See **Named charities no longer exist** on page 31 for information on how grants will be distributed if a recipient charity no longer exists or is not in good standing with the IRS.

#### **Option 4: Establish recurring grants through an Endowed Grant Plan.**

Advisors can opt to recommend that one or more charities receive a recurring grant based on a percentage of the account's remaining balance through an Endowed Grant Plan (EGP). All recommended grants will be subject to Vanguard Charitable's review and approval process.

The board of trustees has ultimate discretion over the use, investment, and distribution of all assets held in

EGPs, including the amount, timing, and recipient of any distributions. Recurring grant schedules will only commence once Vanguard Charitable receives the required information to enact the succession plan.

Advisors who wish to include an EGP in their succession plans must complete a *Recommend an Endowed Grant Plan* form, which details the following:

- **Primacy.** Once an EGP is enacted, all other recurring grant schedules will be cancelled. Vanguard Charitable will use best efforts to approve and issue any pending one-time grants.
- **Term.** Recurring grants may continue for a specific period of time or as long as the account's size and growth continue to exceed distributions. While accounts are not permanent endowments, theoretically, the EGP could continue indefinitely if the account growth, which depends on financial markets and investment choices, outpaces distributions. The minimum term for an EGP is five years.
- **Termination.** Remaining account assets will be distributed in a lump sum to the named charities at the conclusion of a predetermined term, or sooner if the account balance can no longer support the required distribution to designated charities. If no term is indicated, the remaining account assets will be distributed when the account can no longer support the required distribution or issue a minimum \$500 grant to each organization.
- **Distribution requirements.** Total annual EGP distribution must meet or exceed 5% of an account's balance. The minimum grant amount is \$500. If the recommended percentage results in a grant less than \$500, Vanguard Charitable will still issue a \$500 grant from the account.  
  
Grants are issued only on an annual basis and can be distributed across any month—except November or December due to seasonal transaction volumes—on a date of Vanguard Charitable's choosing. All grants within an EGP must be distributed in the same month.
- **Account balance calculation.** Payments from an EGP are based on the account balance at a point in time, rather than on a rolling basis. The "point in time" is the last day of the month prior to the month in which payment is made.

- **Terms and conditions.** Grants are subject to Vanguard Charitable’s policies and guidelines and EGP terms and conditions at the time the grant is actually issued.
- **Notification.** One individual may be nominated to receive statements and confirmations about EGP activity, as well as an introductory letter when the EGP is first activated. This individual may not alter EGP parameters or recommend additional grants. The individual may name one successor to receive communication about the EGP when he/she no longer is willing or able.
- **Investment allocation.** EGP assets can be allocated among Vanguard Charitable’s investment options. As soon as the succession plan is enacted, remaining account assets will be exchanged to match the recommended EGP allocation. If investment options have changed by the time the EGP is activated, Vanguard Charitable will allocate the assets to options that most closely resemble the original recommendations.  
  
Grant funds will be pulled from the same investment options the EGP is invested in; however, the percentage of assets to be granted may differ from the original allocation.  
  
EGP assets may be held in the TIFF Multi-Asset Pool. However, assets will be exchanged into a Vanguard investment option before a grant is issued.
- **Insufficient balances.** Due to grant distributions and market fluctuation, some investment balances may not be sufficient to cover a recommended grant amount. When this occurs, Vanguard Charitable may exchange the account’s investment options and/or grant allocation.
- **Plan amendments.** An EGP can be changed any time before it is enacted as long as all current account advisors are able to sign the amendment.
- **Charity eligibility.** Vanguard Charitable will review recommended recipient charities after receiving EGP paperwork. If an organization is not qualified to receive grants from Vanguard Charitable, account advisors will be notified and eligible to adjust the EGP accordingly. See **Named charities no longer exist** for information on how grants will be distributed if a recipient charity no longer exists or is not in good standing with the IRS.

### **Option 5: Transfer remaining account assets to The Philanthropic Impact Fund.**

Advisors can opt to transfer remaining account assets to Vanguard Charitable’s Philanthropic Impact Fund, an account managed by Vanguard Charitable’s trustees and used to grant to a variety of charitable causes. Vanguard Charitable staff researches and identifies causes to receive grants from The Philanthropic Impact Fund; the board of trustees maintains final authority over all grants issued from The Philanthropic Impact Fund.

Assets will only be transferred once Vanguard Charitable receives the required information to enact the succession plan.

### **Named charities no longer exist**

Over time, recommended recipient charities named in a succession plan may close down, cease to exist, or fall out of good standing with the IRS. When this happens, Vanguard Charitable can no longer issue a grant to the charity. However, Vanguard Charitable will make every effort to satisfy the advisor’s original charitable intentions and fulfill the succession plan recommendation.

1. **Reallocate distribution among other named charities.** If more than one charity is named to receive a grant, Vanguard Charitable will equally distribute the remaining assets among the other recommended recipient charities.
2. **Provide alternative charities.** Advisors can provide Vanguard Charitable with a list of alternative, secondary charities to receive account assets, or they can allow Vanguard Charitable to choose an alternative organization that most closely resembles the original charity.
3. **Distribute the balance to The Philanthropic Impact Fund.** Vanguard Charitable will move the corresponding assets to The Philanthropic Impact Fund.

## DEFERRED AND PLANNED GIVING

Vanguard Charitable accepts deferred gifts. Assets can be gifted into a new or existing account and, based on the donor's plans, be advised by nominated account advisors or gifted to charity. Vanguard Charitable can be named as a beneficiary to part or all of the following:

- 401(k) or other qualified retirement plan
- Individual retirement account (IRA)
- Life insurance policy
- Trust
- Will
- Bequest of cash equivalents or securities

### Notify Vanguard Charitable

Deferred gifts require planning and careful execution. Vanguard Charitable requests donors follow two steps to ensure their assets are gifted to Vanguard Charitable.

1. When planning your estate, include in writing your intention to gift a portion of your estate's assets to Vanguard Charitable. Sample language to use when naming Vanguard Charitable as a beneficiary is available at [vanguardcharitable.org](http://vanguardcharitable.org) or by request. Seek the guidance of an advisor when planning your estate or amending estate plans.
2. Alert Vanguard Charitable to your intentions by submitting an *Intent to give: Letter to an executor to name Vanguard Charitable as beneficiary* form. The form can be amended, changed, or disregarded at any time. The form is not legally binding but serves to prepare Vanguard Charitable to receive your assets. (In order to finalize a gift upon your death, the estate must initiate the contribution of assets into a new or existing philanthropic account and complete all required paperwork.)



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Vanguard Charitable was founded by The Vanguard Group, Inc. as an independent, nonprofit, public charity in 1997. Although Vanguard provides certain investment management and administrative services to Vanguard Charitable pursuant to a service agreement, Vanguard Charitable is not a program or activity of Vanguard.

Each donor's tax situation is unique and is likely to be impacted by specific facts and circumstances that are beyond Vanguard Charitable's control or knowledge. Additionally, tax laws and regulations change frequently, and their application to a particular taxpayer's circumstances can vary widely. We strongly encourage you to consult with your tax advisor. Vanguard Charitable disclaims any responsibility for the accuracy or adequacy of any position taken by donors in their tax returns.

**Florida:** A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING 1-800-435-7352, TOLL-FREE WITHIN THE STATE, OR VISITING [www.800helpfla.com](http://www.800helpfla.com). OUR FLORIDA REGISTRATION NUMBER IS CH8474.

**Georgia:** A full and fair description of the programs of Vanguard Charitable and our financial statement summary is available upon request at 2670 Warwick Avenue, Warwick, RI 02889-9509; 888-383-4483.

**Maryland:** Copies of documents and information submitted by us are available for the cost of copies and postage from the Secretary of State, Statehouse, Annapolis, MD 21401; 1-410-974-5534.

**Mississippi:** The official registration and financial information may be obtained from the Mississippi Secretary of State's office by calling 1-888-236-6167.

**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:** New York residents may obtain a copy of our annual report by writing to the Office of the Attorney General, Department of Law, Charities Bureau, 120 Broadway, New York, NY 10271.

**North Carolina:** Financial information about us and a copy of our license are available from the State Solicitation Licensing Branch at 1-888-830-4989.

**Pennsylvania:** The official registration and financial information may be obtained from the Pennsylvania Department of State by calling toll-free, within Pennsylvania, 1-800-732-0999.

**Virginia:** A financial statement for the most recent fiscal year is available upon request from the State Division of Consumer Affairs, P.O. Box 1163, Richmond, VA 23218; 1-804-786-1343.

**Washington:** You may obtain additional financial disclosure information by contacting the Secretary of State at 1-800-332-GIVE.

**Wisconsin:** A financial statement of Vanguard Charitable disclosing assets, liabilities, fund balances, revenue, and expenses for the preceding fiscal year will be provided upon request.

**West Virginia:** West Virginia residents may obtain a summary of the registration and financial documents from the Secretary of State, State Capitol, Bldg. 1, Room 157-K, 1900 Kanawha Blvd. East, Charleston, WV 25305.

Registration does not imply endorsement, approval, or recommendation by any state.