

2018
GIVING
REPORT

Smart Giving

Make the good go further.



T.RowePrice®
INVEST WITH CONFIDENCE

ProgramForGiving.org

Together,
we do more good.

The T. Rowe Price Program for
Charitable Giving helped over
1,700 donors around the country
give more than **\$49.4** million to
charity in the 2018 fiscal year.

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LETTER FROM THE PRESIDENT

Thanks to your generosity, we continue to see substantial growth for The T. Rowe Price Program for Charitable Giving (the Program). At fiscal year's end, our assets rose above the \$325 million mark for the first time, and donations for 2018 reached a record \$95 million. In addition, our donors made nearly \$50 million in grants to support a wide variety of worthy nonprofits.

This year, we also move from our former Giving Back periodicals to this reimagined annual Giving Report. We hope this transition reflects a commitment to expanding our coverage to include content and insights from some of philanthropy's leading names.

Inside you'll find a legislative update that outlines the effect of recent changes in tax law on the world of charitable giving. In addition, we are excited to highlight important thinking for our donors as they navigate how to support communities affected by natural disasters. Finally, we connect with the Callanan family who, like many of us, are working to make giving a family affair. These stories and more make this latest publication one of our most exciting yet.

I continue to be impressed by our donors and the Program during my time as president, and I look forward to the opportunity to make it even more responsive to your charitable priorities. As always, we welcome any comments or suggestions you may have.



John Brothers, President
The T. Rowe Price Program for Charitable Giving

Program
overview

Supporting your favorite charities is as easy as: Contribute. Invest. Give.

Focused on helping you achieve your philanthropic goals, the Program is a smart way to simplify your charitable giving, maximize valuable tax benefits, and increase your impact on the causes you care about most.

EXPLORE KEY HIGHLIGHTS OF THE PROGRAM:

Contribute



Establish your account by making an irrevocable contribution of \$10,000 or more in cash or long-term appreciated securities. As soon as you contribute, you'll be eligible for a current-year tax deduction, up to the allowable IRS limits.

\$95.4M
Total contributions*

Invest



While you decide which charities you want to support, your donation will be invested, so it has the potential to grow tax-free over time, potentially increasing the amount you have to give. You can choose from a variety of investment pools professionally managed by T. Rowe Price.

\$15.6M
Investment growth*

Give



Support your favorite charities at any time by making grant recommendations of \$100 or more. Simply specify when the grant should be made and the amount, and we'll handle the rest.

13,500
Grants distributed*

*Fiscal year 2018

Legislative
update

Will charitable giving thrive under the new tax rules?

See how tax reform has created a new environment for donors and nonprofits and how you can maximize your giving power under the new rules.

Although the Tax Cuts and Jobs Act was signed into law in December of 2017, it's still unclear how it will affect charitable giving. The bill is incredibly complex—it contains more than 1,000 pages, along with all the intricacies typically found in tax legislation.

While we believe the overall impact on donations will be positive, there are some areas of concern. To help you plan your charitable giving in this new environment, familiarize yourself with the tax act's key provisions and their potential effects.

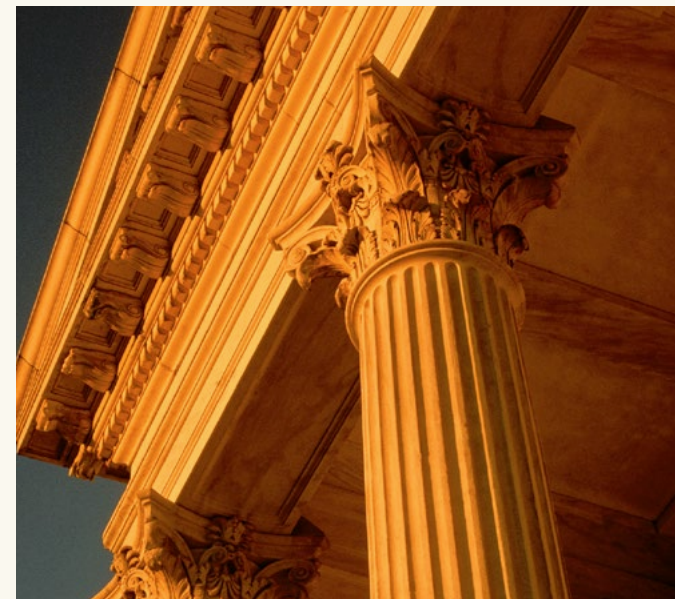
TIMING MAY BE EVERYTHING FOR CHARITABLE DONATIONS.

Tax reform could require donors to adopt a more strategic approach as to exactly when they give. For example, consider donors who itemized before the new law but now take the higher standard deduction. They may want to accelerate their giving in one year to receive a larger itemized deduction and then make no contributions the following year to take the standard deduction.

TAX DEDUCTIONS AREN'T THE ONLY REASON FOR GIVING.

Of course, most people will continue to give regardless of tax policy. Donors feel deeply about philanthropy and are committed to causes such as education, the environment, the arts, and improving their communities.

However, it's important to remember that giving efficiently can increase the amount of money available for donations. To ensure that you take advantage of tax reform provisions, work with your financial advisor to create a giving strategy that meets both your charitable and tax-planning goals.



LEARN MORE

The following spread shows how the new legislation may affect donors and their giving habits.

PLUSES AND MINUSES FOR DONORS: MAKING THE MOST OF TAX REFORM.

PLUS

- + **Keeping the charitable deduction:** The deduction offers tax savings to provide an ongoing economic incentive for giving. In addition, donors can still claim a deduction equal to the fair market value of any long-term appreciated securities they contribute. This means you can support your favorite nonprofits while avoiding potentially significant capital gains taxes.
- + **Increasing limitation for cash donations:** Donors can now take a deduction for up to 60% of their adjusted gross income for cash donations (up from 50%). This may accelerate some existing giving plans.
- + **Reducing tax rates:** Lower rates should give potential donors more discretionary income, which could increase giving.
- + **Lowering corporate tax rates:** The new law cuts rates and lets corporations continue to deduct their donations. This should increase corporations' ability to either give directly or match their employees' charitable gifts.
- + **Repealing the Pease limitation:** The original Pease legislation limited itemized deductions once a taxpayer's adjusted gross income exceeded a given amount. While repealing this limitation should increase giving, the overall effect is harder to determine considering changes to other itemized deductions. On the plus side, eliminating this complex calculation should make it easier for donors to coordinate their charitable giving and tax planning.
- + **Maintaining carryforward rules:** An unused deduction, credit, or loss can still be saved and used in a later year. This is a plus for giving since donors can accelerate their gifts and still deduct any unused portion in subsequent years.

MINUS

- **Raising the standard deduction:** The higher standard deduction means fewer taxpayers will itemize and take a separate deduction for their charitable contributions. This could result in fewer donations since the "cost" of giving will rise. For example, a \$100 contribution from someone in the 35% tax bracket actually costs them \$65 if they itemize. In contrast, the same contribution costs the full \$100 if the donor uses the standard deduction.
- **Limiting state and local tax (SALT) deductions:** Limiting SALT deductions will cause more taxpayers to take the standard deduction, which could reduce giving (see item directly above).
- **Doubling the estate tax exemption:** Since charitable giving is often a key part of estate tax planning, cutting the number of estates affected by the tax could reduce legacy gifts.

WE BELIEVE IN THE FUTURE OF PHILANTHROPY.

Overall, we believe tax reform will have a positive impact on giving and look forward to working with you to fund your favorite causes.

This article was written with the expert assistance of Armando Cunha, CPA. Mr. Cunha is a tax manager in the Chief Financial Officer Group with T. Rowe Price. He holds a bachelor of science degree in accounting & management from Towson University and a master's degree in taxation from Villanova.

Disaster
relief

The powerful effect of media coverage in disaster relief philanthropy.

It turns out the need for support lasts well beyond even the longest news cycle.

Why do Americans give generously to certain charities in the wake of a crisis but very little to others? Many believe a primary reason is media coverage.

MORE THAN JUST A STORY: COVERAGE COMPELS PEOPLE TO GIVE.

Research shows that if a natural disaster receives a name and is widely covered in the news, an influx of donations and support quickly follow.

In 2017, the U.S. saw 16 natural disasters, which collectively caused over \$1 billion in damage to property and untold loss of life. Three of those disasters were named—Hurricanes Harvey, Irma, and Maria—and as a result, they pulled in the most money in donations.

It's not uncommon for hurricanes to engender a lot of support, while different disasters, such as wildfires, get a different response. Unlike the build-up of hurricane coverage, where news reporters set the stage for the coming deluge with breathless reports from the scene, fires seem to come from nowhere. By the time they're big enough for the evening news, camera crews can't get close enough compared with the typical reporter on the scene of the storm imagery that plays so well.

As a result, the California wildfires at the end of 2017 attracted modest donations and remained a regional effort in terms of philanthropic support. As wildfires continued to proliferate throughout the country in 2018, attention shifted to the root causes of fires versus the victims. Still, with none of the fires receiving an identity, donations remained localized and relatively modest.

BEYOND BREAKING NEWS, THE NEED FOR SUPPORT CONTINUES.

Bob Ottenhoff of the Center for Disaster Philanthropy (CDP) says that in the wake of a disaster, most gifts come within the first 30 days. "When we allocate funds at the CDP, we do it differently," he said. "We release the money over a period of months to places where we know we can make the most impact, by looking for areas where there are gaps in funding."

"There are many underfunded charities providing crucial services to later-stage relief efforts," explains Ottenhoff. When consulting with donors, Ottenhoff highlights the need to continue funding long after media crews have left the scene.

When determining how to best incorporate disaster relief into your giving plan, consider making donations anywhere from six to 12 months after the immediate event. Giving to those in need at a time when donations are on the wane might be the most impactful move of all. Always remember, your Program account can support both immediate and long-term needs of natural disaster survivors.

LONG-TERM RELIEF EFFORTS FOCUS ON:

- Mental health needs
- Legal issues
- Affordable housing
- Economic development
- Health care needs
- Better preparation for another natural disaster

Making giving
a family affair

How Gen Z will change the face of philanthropy: one family's perspective.

Parental wisdom combined with tech-savvy Gen Z kids
will build the next generation of philanthropists.

Like many households containing Gen Z children (those born between 1995 and 2010), diverse giving priorities exist in the Callanan household, which includes two young adult sons, a mother, and a father. Meredith and Cormac Callanan are the mother and son in this family that holds a donor-advised fund with The T. Rowe Price Program for Charitable Giving.

Meredith retired after more than 25 years with T. Rowe Price and the T. Rowe Price Foundation and is a seasoned participant when it comes to philanthropy. Her son Cormac is newer to the discipline but, having been exposed to it from childhood, is by no means a stranger to giving.

Unsurprisingly, 18-year-old Cormac was familiar with the Internet-fueled crowd-sourced funding method of bringing in money for charitable purposes. As part of a leadership team, he recently helped his high school raise money for Sole Hope, an organization that provides shoes to young and elderly citizens in Uganda. Through crowd-sourced funds, Cormac and his team raised enough money to purchase items to fill and assemble 400 foot care kits. They also used a broad digital strategy to bring in over 2,000 pairs of jeans, which were then shipped to Uganda to be cut up and used to make the top part of the shoes.

While most teenagers remain completely preoccupied with their own lives, Cormac and his classmates were helping strangers in a faraway African country. He explained, "I'm just starting to scratch the surface of where I want to get involved. My mom taught my brother and me to think of others, mostly by her example, so I'm learning more about what I want to do."

START TALKING ABOUT GIVING WHILE THEY'RE YOUNG.

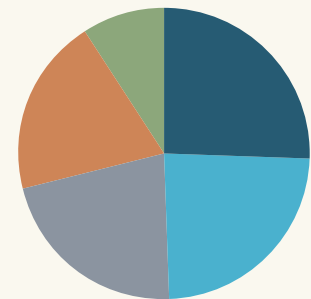
How does one become fortunate enough to end up with an 18-year-old boy of Cormac's mindset? Meredith recounted how she and her husband gave each of their sons a small amount of money at Christmas one year and explained the basic principles of their donor-advised fund. They asked the children to think about how the funds should be allocated to charity.

This got the boys' wheels turning. As an a capella singer with his high school, Cormac was eager to connect with other students around Baltimore, particularly younger children who were just starting out in choral music. He recommended that some of his giving allocation be used for the choir of Furman L. Templeton Preparatory Academy, a public charter school in the Sandtown -Winchester area of Baltimore, where much of the unrest took place in the city in 2015.

FACT

According to Nielsen data, Gen Z is now 26% of the population.

Source: Nielsen Total Audience Report (Q1 2017)



- 26% Generation Z
- 24% Baby Boomers
- 22% Millennials
- 20% Generation X
- 9% Greatest Generation

Cormac and his fellow singers thought it would be fun to host the Furman L. Templeton choir to sing “All You Need Is Love” with their a capella group. After several rehearsals and sharing best practices between the two groups, Cormac asked that \$100 from the fund be allocated to pay for a pizza party after a singing session with the kids.

“I wanted my sons to get firsthand experience with philanthropy from a young age—from identifying what resonates with them about the work of a particular charity, to spending time with an impacted group, and finally seeing for themselves how their funds are allocated,” Meredith explained.

Meredith developed a charitable mindset from an early age. Raised in a small New England town, her parents made her aware of areas of need within the community. Her parents were devout Catholics who stressed with Meredith the need to serve others. She said it was only natural to do the same with her own children.

“So far, I’ve had a lot of help through school and my parents with charitable projects I’ve been involved with, so it’s sort of daunting to think about going out on my own with the work, but that’s what I’m going to do.”

CORMAC CALLANAN

TEACH STRATEGIC GIVING TO MAKE THE GOOD GO FURTHER.

Allocating charitable dollars can be a real challenge. Meredith and Cormac both said that the volume of opportunities for giving can be overwhelming, especially in a community like Baltimore where there is so much need.

Meredith’s husband Joe also plays a role in allocating their donor-advised fund. As an investor in early stage companies, he is especially interested in reviewing outcomes when assessing the health of a charity. This approach can work both ways. Joe recently made the decision to stop funding a charity he had supported for many years because of its now-strong financial position. Instead, he turned his attention to charities that are more in need, especially those with strong outcomes to show for themselves.

Many donors face a dilemma. Is it best to give smaller amounts to many causes or to try to pool the resources of their donor-advised fund to make a larger impact on fewer charities? Meredith and her husband have counseled their sons on this issue.

“I have two giving levels when it comes to donations. For some charities which I admire but which don’t fall into our top giving priorities as a family, I make a regular but small donation, to let them know I care about their work and recognize its value. For a few others, where we are hoping to really move the needle, we give much more through our fund,” Meredith explained.

Cormac believes this approach makes perfect sense. Then, as if suddenly taken by the responsibility that will someday be his and his brother’s, he said with a smile on his face, “I’m observing how it should be done.”



“I wanted my sons to get firsthand experience with philanthropy from a young age... and see for themselves how their funds are allocated.”

MEREDITH CALLANAN

Financial
information

	GROWTH POOL	MODERATE GROWTH POOL	GIFT PRESERVATION POOL	DIVERSIFIED INCOME POOL	BALANCED INDEX POOL	GLOBAL EQUITY POOL	PROGRAM ACCOUNT	TOTAL
<i>As of March 31, 2018</i>								
Investments in T. Rowe Price Mutual Funds								
Short-Term Bond Fund			\$ 57,796,237					\$ 57,796,237
Spectrum Income Fund		\$ 20,171,880		\$ 24,101,506				44,273,386
Equity Income Fund	\$ 14,330,951	10,005,497		7,546,445				31,882,893
Equity Index 500 Fund	7,269,601	3,591,716			\$ 11,823,248	\$ 3,605,436		26,290,001
Growth Stock Fund	14,653,909	10,181,162						24,835,071
U.S. Treasury Money Fund			19,374,817					19,374,817
International Value Equity Fund	8,579,293	5,633,606				3,065,346		17,278,245
U.S. Bond Index Fund					16,436,253			16,436,253
International Stock Fund	8,666,958	5,749,469						14,416,427
International Equity Index Fund					6,853,837	4,135,403		10,989,240
Small-Cap Stock Fund	5,346,631	3,451,689				846,718		9,645,038
Real Assets Fund	3,524,137	2,289,517		766,058	1,170,071	1,253,348		9,003,131
Emerging Markets Stock Fund	3,284,988	1,949,651				2,557,262		7,791,901
Balanced Fund				7,606,076				7,606,076
Global Stock Fund						5,663,555		5,663,555
Mid-Cap Growth Fund	3,013,820	1,997,069				614,749		5,625,638
Mid-Cap Value Fund	2,847,569	1,888,252				576,958		5,312,779
Extended Equity Market Index Fund					4,054,914			4,054,914
Value Fund						2,709,763		2,709,763
Prime Reserve Fund							\$ 521,017	521,017
	71,517,857	66,909,508	77,171,054	40,020,085	40,338,323	25,028,538	521,017	321,506,382
Other Assets and Liabilities, net	(30,792)	(22,786)	(22,049)	(15,656)	(15,287)	(10,747)	564,676	447,359
NET ASSETS - Unrestricted	\$ 71,487,065	\$ 66,886,722	\$ 77,149,005	\$ 40,004,429	\$ 40,323,036	\$ 25,017,791	\$ 1,085,693	\$ 321,953,741

Fiscal Year Ended March 31, 2018

Changes in Net Assets								
Donor contributions†	\$ 15,301,377	\$ 16,170,626	\$ 34,662,839	\$ 8,546,560	\$ 14,298,366	\$ 5,965,703	\$ 113,906	\$ 95,059,377
Grants	(7,540,731)	(10,791,811)	(15,522,575)	(7,135,067)	(5,682,314)	(2,767,656)		(49,440,154)
Net investment gain (loss)	8,340,707	6,626,275	42,413	2,240,366	2,428,549	2,996,858	283,491	22,958,659
Expenses								
Management and general	57,469	54,384	106,689	43,555	5,278	16,115	367,251	650,741
Fundraising							(57,023)	(57,023)
Program services, excluding grants							(269,122)	(269,122)
Net transfers between pools	(436,292)	(3,717,313)	3,456,179	(975,860)	(323,133)	1,996,419		
CHANGE IN NET ASSETS During Fiscal 2018	\$ 15,722,530	\$ 8,342,161	\$ 22,745,545	\$ 2,719,554	\$ 10,726,746	\$ 8,207,439	\$ 438,503	\$ 68,902,478

† Contributions received in the form of marketable securities are recognized at fair value on the date of receipt and held in the Program account pending disposition. Upon sale of the securities, actual proceeds are deposited into the donor-recommended investment pool, and any gain/loss realized on the sale is recognized in the Program account.

THANK YOU FOR HELPING US MAKE A DIFFERENCE.

We thank you for your continued generosity and for choosing the T. Rowe Price Program for Charitable Giving to help achieve your philanthropic goals. We look forward to partnering with you for another year to support deserving charities—and to help make the good go further.

For more information about the Program or to open or fund an account:

- Visit **ProgramForGiving.org**
- Call **1-800-690-0438**

Service associates are available Monday through Friday, 8 a.m. to 8 p.m. ET.
