

*Child Welfare League of America  
Charitable Investment Fund*

Donor Circular and Disclosure Statement



# INTRODUCTION

## GENERAL

The Child Welfare League of America Charitable Investment Fund (the "Fund") is offered by the Child Welfare League of America ("CWLA") in conjunction with the Salomon Smith Barney Charitable Trust, Inc. (the "Trust"). The Trust is a tax-exempt public charity established to support and increase philanthropy. Consistent with this mission, the Trust has established donor-advised funds, including the Fund. This guide describes the policies, procedures, and services connected with making a contribution to the Fund and maintaining a donor-advised account with the Fund.

The activities of the Fund and the participation of its donors are subject to the Trust's Articles of Incorporation, By-Laws, and the policies and guidelines described in this guide. The Trust's Board of Directors may modify these policies and guidelines, subject to the provisions of the Trust's Articles of Incorporation and By-Laws. The Trust accepts all contributions to the Fund and has final legal authority over the investment of Fund assets and Fund grant-making.

To assist in the administration of the Fund, the Trust has retained Salomon Smith Barney Inc., Smith Barney Asset Management, and GivingCapital, Inc. Salomon Smith Barney Inc. provides administration and record-keeping services to the Fund, and Salomon Smith Barney Financial Consultants will provide advisory services to the Fund. Smith Barney Asset Management, a division of Salomon Smith Barney Inc., will perform as investment manager, advising the Trust on asset allocation and managing Fund investments. GivingCapital, Inc. will provide the contribution and grant-making platform as well as certain accounting and record-keeping functions. Salomon Smith Barney Inc. and Smith Barney Asset Management are affiliated entities under the common control of Citigroup, Inc. GivingCapital, Inc. is an unaffiliated company.

Contributions to the Fund are irrevocable and nonrefundable and are generally tax-deductible on the date that the gift is completed. In any particular case, the tax law may restrict the amount or timing of a deduction. The Fund offers its donors the flexibility to make grant recommendations on their own timetable, now or in the future.

Fund assets are invested and professionally managed, giving contributions to the Fund the potential to grow and thus lead to greater gifts to charity. As noted herein, the value of assets in each investment pool fluctuates with market conditions, and the assets in a donor-advised account may be worth more or less than the original contribution at the time grants are made.

## BENEFITS OF THE DONOR-ADVISED FUND

Donors to the Fund have the following opportunities:

- Donors can make irrevocable and nonrefundable charitable gifts of cash, securities, mutual funds, bonds, freely transferable restricted stocks, and exercised options to the Fund. Other financial assets may be accepted with Board approval.
- Donors may qualify for a charitable income tax deduction as allowed by law for contributions to the Trust and avoid capital gains tax liability for contributed securities.
- Donors may recommend grants to domestic public charities on their own timetable, subject to approval of the grant by the Trust. The Trust will not withhold approval of grant requests without cause. Please see the Grant-Making section on page 6.
- Donors may choose from several investment pools in the Fund, where contributions grow tax-free.

# ESTABLISHING AN ACCOUNT

## WHO CAN BE A DONOR?

Individuals, corporations, partnerships, trusts, family foundations, and other legal entities can all make contributions to the Fund's donor-advised accounts. In addition, a donor may establish a donor-advised account with the Fund by pooling contributions from a group of donors for a specific cause.

## ACCOUNT OPENING

A Fund account can be opened by completing a Donor Contribution Agreement and the appropriate Asset Transfer Request Form(s). These forms are available through CWLA. Please return the signed forms to CWLA, and direct any questions you may have to CWLA.

## ACCOUNT OPENING FACTS

- Initial contribution: The initial contribution must be \$25,000 or greater and each individual asset contributed must be valued at \$5,000 or more.
- Types of property contributed: Donors may at any time make contributions of cash, publicly traded stock, bonds, mutual fund shares, restricted stock, and closely held stock, at the Board of Directors' discretion. Please consult CWLA for additional information on other types of gifts.
- Additions to the Fund account: After the account is established, additional contributions may be made at any time by completing the Additional Contribution Agreement, available through CWLA. Subsequent contributions must be \$5,000 or greater and each individual asset contributed must be valued at \$5,000 or more.
- Irrevocability: All contributions to the Fund are irrevocable and nonrefundable. Contributions and all related future earnings are no longer the donor's assets; they are the property of the Trust. In making a contribution to the Fund, a donor cannot impose any restriction or condition that prevents the Trust from freely and effectively using the contribution in furthering its mission to support and increase philanthropy.

- Naming the Account: Donors will be asked to name their accounts for use in correspondence and for publications. Typically, donors choose a name to honor themselves or their family and/or to reflect their charitable goals (e.g., Jones Family Fund, Robert Smith Educational Fund).
- Naming Advisors: Donors may name advisors who can recommend grants concurrently with the donors. Donors need not name themselves as advisors.
- Naming Successor Donors: Donors may also designate one or more successors to take over the accounts after their death. Successors to an account may also be advisors.
- Naming Ultimate Charitable Beneficiary: Donors are also given the opportunity to recommend to the Trust how account funds should be distributed to qualified charities if the donor does not name successors or if there is no account activity for five or more years and no donor, advisor, or successor can be found for the inactive account. Donors may name CWLA and up to two other qualified charities (e.g., CWLA member agencies) and an area of charitable interest and geographical area (e.g., adoption services in New York).

## FUNDING AN ACCOUNT

The Donor Contribution Agreement and Additional Contribution Agreement and related Asset Transfer Request forms contain instructions on how to fund an account with cash or publicly traded securities. CWLA can help you complete these forms and assist in the funding process.

**For securities transferred from firms other than Salomon Smith Barney, please allow up to two weeks for completion, e.g., external transfers initiated on or after December 17 may not be completed before December 31 and thus may not be eligible for a charitable income tax deduction for the current tax year. In all cases, donors will be responsible for the timely transfer of securities to their donor-advised accounts.**

Please note that in light of the complexities involved in transferring non-publicly traded securities, donors are strongly encouraged to allow sufficient time to complete such transfers, especially at year-end.

The Trust will approve all contributions before accepting them and reserves the right to perform

additional review as it deems necessary. If for any reason a contribution is not accepted, it will be returned to the donor's account of origin. Upon accepting a contribution, the Trust issues a written confirmation to the donor of the contribution. For gifts of appreciated securities, the Trust's confirmation will provide a good faith estimate of the fair market value on the date the contribution is made.

### DEFERRED GIFTS

Donors may name a Fund account as the recipient of a bequest of cash, securities, or as the beneficiary of a qualified retirement plan, individual retirement account (IRA), life insurance policy, or a revocable or irrevocable trust, including a charitable remainder trust or a charitable lead trust.

Donors wishing to create an account with a deferred gift should follow the regular account opening process, taking care to name successors where desired and appropriate. Donors should consult their tax and legal advisors when setting up any deferred gift or trust.

## TAX DEDUCTION

Donors who itemize their income tax deductions may be eligible for an income tax charitable deduction for contributions to the Fund. Tax regulations specify how contributions are to be valued, deduction limits, and how to determine the valuation date. In general, the income tax charitable deduction for a contribution is based on the following guidelines:

- The valuation date is the date on which assets are credited to the Fund's account.
- Subject to personal limitations on deductions set forth below, a deduction can be claimed for the full amount of a cash contribution. For contributions of publicly traded securities that the donor has owned for more than one year, a deduction can be claimed for the fair

market value of the securities on the date the Fund receives the contribution. The deduction for securities owned for one year or less is limited to cost basis or current fair market value, whichever is lower.

- The determination of the fair market value of securities traded on a stock exchange or in an over-the-counter market is based on procedures prescribed by the IRS. In general, the fair market value of any such security is the mean (average) between its highest and lowest quoted selling prices on the date of the contribution.

### LIMITATIONS

Because the Trust is a public charity, the income tax charitable deduction for contributions to the Fund is substantially more advantageous than that for contri-

butions to a private foundation. (Public charities and private foundations are both tax-exempt organizations under Internal Revenue Code section 501, but public foundations also meet one of the public support tests under Internal Revenue Code section 509.)

Income tax deductions for contributions to public charities, including the Trust, are limited each year depending on the form of the contributions. In general, the maximum income tax charitable deduc-

tion an individual can claim in any one year is limited to 50% of his or her adjusted gross income (AGI). Corporations may deduct up to 10% of their taxable income (with some adjustments) for contributions of cash or securities held for more than one year.

For contributions by individuals to public charities, the general rules for the maximum percentage of AGI that can be deducted in any one year and for valuing the contributions are summarized in the table below.

AGI Percentage Limitation	Asset Contributed (Value of Contributions)
50%	Contributions of cash or securities held one year or less (value of contributions based on the lesser of cost basis or fair market value)
30%	Contributions of securities or property held more than one year (value of contributions based on fair market value)

Deductions for contributions exceeding these AGI limits may be carried forward for up to five additional years. Donors should bear in mind that their income tax charitable deductions may be subject to certain other limitations. *Donors seeking to maximize the income tax deduction for charitable contributions and planning to give different types of assets to both public charities and private foundations should consult their tax advisors to determine the deductibility and advisability of such contributions.*

### VALUATION CHANGES AFTER THE DONATION

After making a contribution to the Fund, any change in the value of donated assets does not affect the value of the donor's income tax charitable deduction. This is especially important for contributions to a donor-advised account. Any appreciation or income realized in a donor-advised account is the property of the Trust and does not give the donor an additional income tax charitable deduction. Any change in the value of the donor-advised account affects only the amount from which the donor (or advisor) may recommend grants. For example, a donor who makes a \$50,000 cash contribution may claim a potential income tax charitable deduction for \$50,000. However, the donor is not

entitled to any additional deduction even if the value of the assets in the donor-advised account subsequently grows to \$60,000 and a grant for that amount is recommended and distributed.

### OTHER TAXATION ISSUES

In general, a donor will not realize capital gains for any appreciated securities contributed to the Fund as long as the securities are liquidated by the Trust after the contribution.

All contributions to the Fund and any earnings related to contributions are outside the donor's estate and thus are not subject to either estate tax or probate.

# INVESTMENT POOLS

The Trust's Board of Directors has the sole responsibility and authority for investing the Fund's assets: The Board may adjust the composition of its investment pools and may choose other investment vehicles from time to time. Donors may allocate each of their contributions—original or additional—among the pools. **Initially, this is a one-time allocation**, but the Board may reconsider this policy. If no allocation is made as to any contribution, the Board of Directors will allocate that contribution to the Balanced Pool (described below). The Fund has established three investment pools and has selected a combination of mutual funds for each investment pool consistent with such pool's investment objective:

- **Growth Pool:** Seeks to provide long-term growth of capital through a target asset allocation of 80% to stock mutual funds and 20% to bond mutual funds. This pool invests in Smith Barney Aggressive Growth Fund (20%), Smith Barney Appreciation Fund (30%), Smith Barney Fundamental Value Fund (30%), and Smith Barney Diversified Strategic Income Fund (20%). As a growth-oriented pool, the Growth Pool has the highest potential for capital appreciation, as well as depreciation, of the three investment pools.
- **Balanced Pool:** Seeks to provide growth of capital and a reasonable level of current income through a target asset allocation of 50% to stock mutual funds and 50% to bond mutual funds. This pool invests in Smith Barney Appreciation Fund (25%), Smith Barney Fundamental Value Fund (25%), Smith Barney Diversified Strategic Income Fund (30%), and Smith Barney Government Securities Fund (20%). The Balanced Pool seeks to achieve total return from both capital appreciation and current income, but at a lower level of risk than is associated with the Growth Pool.
- **Conservative Pool:** Seeks to provide current income and modest capital appreciation through a target asset allocation of 20% to stock mutual funds and 80% to bond mutual funds. This pool invests in Smith Barney Appreciation Fund (10%), Smith Barney Fundamental Value Fund (10%), Smith Barney Diversified Strategic Income Fund (30%), Smith Barney Government Securities Fund (25%), and Smith Barney Short Term High Grade Bond Fund (25%). Although the value of units in the Conservative Pool may decline, the Conservative Pool is designed to have a lower level of risk and portfolio volatility than is normally associated with the Growth Pool and the Balanced Pool.

## CUSTOMIZED INVESTMENT POOLS

The Fund's investment pools are customized portfolios of mutual funds that the Board of Directors has selected as appropriate investments for the Fund. Donors have no ownership interest in the investment pools or in the investment pools' underlying investments. None

of the mutual funds underlying the investment pools charge a load or commission in connection with the Fund's investment, but they do charge an annual investment fee and a variable expense ratio. (Please refer to page 10 for more information on investment expenses.) *The Fund's investment pools are not available for investment by any individual or organization other than the Fund.*

The value of assets in each investment pool fluctuates with market conditions and may result in a loss of principal. Thus, the assets in a donor-advised account might be worth more or less than the original contribution at the time grants are made.

## ALLOCATING ASSETS AMONG INVESTMENT POOLS

Upon accepting an initial contribution, an account will be created to track the value of donated assets and distributions of these assets. The Board of Directors has sole authority and responsibility for the investment of its accounts but seeks the involvement of donor-advisors in regard to the allocation among the investment pools of each contribution to the Fund.

Contributed securities and other property will be sold immediately and the net proceeds (after brokerage commissions and other costs described on pages 9-10) will be allocated among the investment pools. When allocating a contribution to an investment pool, the Fund assigns units to the donor-advised account. Normally, units will be assigned by the business day after receipt of the cash contribution (or net proceeds of donated securities or other property).

Donor-advisors should consider investment pool selections in light of their plans, particularly in terms of timing, for recommending grants. The Trust reserves the right to decline such selections if they might cause unnecessary expenses or are not in the best interests of the Fund, in which instance the contribution will be allocated to the Balanced Pool.

## DONATING SECURITIES

When securities and other non-cash assets are donated, the initial value of the donor-advised account will probably differ from the value of the tax deduction to which the donor is entitled. This occurs because the securities and/or other assets are likely to be sold at a price different from the fair market value of the contribution for charitable deduction purposes, and the proceeds are likely to be reduced by commissions paid to sell the securities. See pages 9-10.

## UNIT VALUES IN INVESTMENT POOLS

A unit value will be calculated for each investment pool based on its aggregate value, after Fund expenses, divided by the number of units outstanding. The unit value of each investment pool includes any unrealized

gain or loss in the underlying mutual fund investments, and any dividend and capital gains distributions paid by the underlying funds. The value of the donor-advised account will be the number of units of each investment pool assigned to that account multiplied by each investment pool's current unit value.

On a quarterly basis, the Fund will send a statement to the donor-advisor reporting the current value of the donor-advised account and activity during the period, including contributions made to the account or grants distributed from the account. Any increase or decrease in the value of the account will affect the amount available for future grants, but will not affect the donor-advisor's own tax and financial situation as the donor-advisor has no ownership interest in the account.

# GRANT-MAKING

Even though a contribution to the Fund is irrevocable and nonrefundable, the donor-advisor continues to have an advisory role in the administration of assets contributed to a donor-advised account. A donor-advisor can recommend that grants be made from a donor-advised account to qualified domestic charitable organizations. Donors and their named advisors can make requests for grants by completing a Grant Recommendation Form and submitting it to CWLA via fax or mail.

The Trust's Board of Directors and Fund staff designated by the Board will review all grant recommendations. Each recipient organization recommended will be subject to the Trust's review of the organization's tax-exempt status as defined by Section 501(c)(3) of the Internal Revenue Code (IRC), and its status as a public charity as defined by Section 509(a)(1), (2), or (3). The recommendation must then receive Board approval. If a grant recommendation does not receive approval, CWLA will notify the donor-advisor and ask for an alternative grant recommendation.

## GRANT GUIDELINES

The Trust will respond as promptly as possible to grant recommendations. Usually, a recommendation will be reviewed and, if approved, a check will be mailed to the grantee charity within 5 to 10 business days of initial receipt. On occasion, more time may be required. For

grant recommendations in the amount of \$25,000 or less, the Trust will make all reasonable efforts to make grant disbursements to qualified charitable recipients within 14 days of receipt of the grant recommendation form. For grant recommendations for amounts more than \$25,000 and in cases where additional due diligence may be required (e.g., where the recommended charity is not listed on the IRS's official Cumulative List of [Section 501(c)(3)] Organizations), the Trust will make all reasonable efforts to make grant disbursements to qualified charitable recipients within 30 days of receiving the grant recommendation form.

Grant checks are processed weekly and, because the unit values of the investment pools fluctuate, the balance in the donor-advised account might change between the time a grant is recommended and the time it is approved and processed.

To expedite the review and processing of grant recommendations, the following guidelines may be helpful to donor-advisors:

- Grants can only be made to domestic public charities that qualify as tax-exempt under Section 501(c)(3) of the IRC. Note: Some established religious and educational institutions are not listed as 501(c)(3) organizations but are nevertheless tax-exempt charitable organizations which the Trust will consider qualified to receive grants from the Fund.

- Grants must be made to domestic organizations that are public charities as defined by Section 509(a)(1), (2), or (3) of the IRC.
- **Grants will not be made to individuals, to charities that benefit a particular person, to private foundations, or to political parties or candidates.**
- **Grants will not be made to foreign (i.e., non-U.S.) charities. However, grants may be made to qualified domestic charities that fund foreign charitable activities.**
- Recommended grantee organizations will be asked to represent that grant monies will not be used for illegal purposes: drug trafficking, money laundering, or supporting terrorism.
- Each grant must be at least \$250 or more.
- Proposed grants cannot exceed the balance in the donor-advised account. If the grant recommendation exceeds the amount in a given account, the grant recommendation will not be reviewed and the donor-advisor will be notified.

To ensure that all grant funds are used exclusively for charitable purposes in accordance with the Fund's guidelines, the Trust will conduct an investigation when it has reason to believe that grant funds are being used for the private benefit of a donor-advisor or other individual. The Trust reserves the right to take appropriate legal action if it determines that grant funds have been diverted for improper purposes. The Trust may contact prospective recipient organizations to obtain information on their charitable status and charitable activities before approving a grant.

#### GRANT ACKNOWLEDGMENT

Upon approval of a grant request, the Fund will redeem units from the donor-advised account's investment pool(s) and send the proceeds to the recommended organization in the form of a check. An accompanying letter will acknowledge the donor-advisor who recommended the grant (unless the donor-advisor has requested anonymity). The donor-advisor may confirm the redemption of units out of the donor-advised account by viewing account information in the quarterly account statement.

#### LIMITS ON NUMBER AND VALUE OF GRANTS

An unlimited number of grants may be made from a donor-advised account subject only to a limit on the overall dollar value of grants the Fund will distribute from a given account in the first twelve-month period that the account has been open.

During this period, grants made from the account may not exceed 35% of the value of the original contribution (ignoring any change in the value of the account due to investment activity or additional con-

- Grants are made pro rata from all the investment pools in a donor-advised account.
- Proposed grants cannot fulfill pre-existing pledges or promises made by the donor-advisor or others. For example, if a donor-advisor makes a pledge in his or her own name to support an organization, the Fund cannot fulfill that pledge for him or her. The donor-advisor may, however, recommend that the Fund make ongoing multiyear grants from the donor-advised account to support a charitable organization.
- IRS regulations forbid grants that would benefit the donor-advisor or any specific individual. This includes requests to pay for memberships or tickets to galleries, museums or public broadcasting stations, goods at a charitable auction, school tuition, or benefit dinners. This regulation ensures that the dollars contributed to the Fund will go directly and fully to support charitable programs.
- Grants cannot be made for lobbying purposes or to support political campaigns.

tributions). Any grants made above this amount will be subject to a 2% surcharge; this surcharge will be debited to the affected account and the debited amounts will remain in the Trust. The Trust is not required to notify a donor or advisor if a recommended grant (or part of it) may be subject to this surcharge.

#### MINIMUM GRANT ACTIVITY, DORMANT ACCOUNTS

There is no minimum requirement for grant recommendations and distributions, except as follows:

At the time of initial contribution and any additional contribution, donors will be required to make a grant recommendation equal to: if contribution is made directly through CWLA, 15% of the value of the initial contribution or additional contribution to CWLA, or if contribution is made through a CWLA member agency, 20% of the value of the initial contribution or additional contribution (10% to the member agency and 10% to CWLA).

One of the purposes of the Salomon Smith Barney Charitable Trust is to promote philanthropy by seeking charitable contributions that can be used to support

qualified organizations. The Fund expects that its grant distributions will exceed 5% of its average net assets on a fiscal five-year rolling basis. If this level of grant activity is not attained, the Fund will identify donor-advised accounts from which grants over the same five-year period totaled less than 5% of the account's average assets. The Fund will then contact the donor-advisors of these accounts in writing to request that they recommend grants of at least this amount. If a donor-advisor does not provide qualified grant recommendations within 60 days of such written request, the Fund reserves the right to transfer up to 5% of assets from the donor-advisor's account to the Trust's undesignated fund for

discretionary grant-making by the Board of Directors.

Accounts that have had no activity for five or more years may, after reasonable efforts by the Trust to contact donors, named advisors, and/or (where appropriate) successors, be distributed to CWLA and other charity(ies) named by the donor(s) in the Donor Contribution Agreement or distributed by the Board of Directors consistent with the donor's stated charitable area(s) or geographical area(s) of interest. In the unlikely situation that funds from dormant accounts are not distributed in the manner described above, such funds may be transferred to the Trust's undesignated fund for discretionary grant-making by the Board of Directors.

## ADVISORS AND SUCCESSION

### ADVISORS

When an individual creates a donor-advised account with the Fund, he or she can authorize an advisor or advisors to recommend grants from the account. However, named advisors may not name additional advisors or successors and may not choose the account's investments. Advisors must have attained the age of majority in the jurisdiction(s) in which they will act.

If no advisor is named in the Donor Contribution Agreement, an attorney-in-fact for a donor will be allowed to act as an advisor on the donor's account upon submission of a certified copy of the power-of-attorney under which the attorney-in-fact is acting accompanied by either (i) a written letter of authorization from the donor addressed to the Board of Directors, Salomon Smith Barney Charitable Trust, Inc., or (ii) in the case of an attorney-in-fact acting under a durable power on behalf of an incapacitated donor, acceptable documentation of the donor's incapacity.

If an individual and his or her spouse establish a donor-advised account with joint or community property, both the donor and spouse will have the authority to recommend grants. Similarly, non-spouse contributors of joint property to a single account are all donors who may make grant recommendations. Multiple donors may exercise their privileges either individually or in joint names, and the Trust may act upon recommendations received from any donor. Notwithstanding the ability of each joint donor to control the account individually, each such donor understands and agrees

that the Trust may, in its sole discretion, require that grant recommendations be signed and submitted by all donors of a given account.

The donor may revoke the designation of an advisor in writing delivered to the Fund. Absent such a written revocation, the Fund will recognize recommendations from any named advisor.

If a group of individuals contributes to an account, or if a corporation or other legal entity has established an account, two individuals may be chosen to recommend grants from that donor-advised account. Only individuals currently designated as advisors can recommend grants on behalf of a corporation or other entity.

### SUCCESSORS

The donor may at any time nominate (or remove) a spouse, child, other relative, or any unrelated individual as successor upon the donor's death. The successor must provide the Fund with written notification and written proof of the donor's death. The Fund may require that legal guardians make grant recommendations if the successor is a minor. The original successor may in turn nominate successor advisors to the account. The Trust reserves the right to limit overall succession on donor-advised accounts to a specific number of generations and/or years.

Accounts established by corporate donors or other legal entities may be assigned to any successor or assignee of the corporation or other legal entity upon notification of the corporation's or other legal entity's termination.

## GRANT TO CHARITY AT DEATH

The donor may designate CWLA and up to two other public charities to be considered for grants from the donor-advised account upon the death of the donor. These organizations will be subject to the same grant approval process as grant recommendations made during the donor's lifetime. In the event that a designated organization no longer exists, the Trust will make every effort to make a grant to an organization that supports similar purposes, provided such an organization is qualified and is acceptable to the Board of Directors.

## THE FUND'S UNDESIGNATED FUND

If the donor does not name successors and CWLA and other named charities or their successors are not eligible to receive grants from the Fund for any reason (and in the circumstances noted previously), the Board of Directors may, upon notification of the donor's death, move assets from the donor-advised account to the Fund's undesignated fund. The undesignated fund is

used by the Trust to build a permanent endowment from which grants can be made to support charitable causes across the country. On an ongoing basis, the Trust's staff and Board of Directors research and identify causes deserving philanthropic support. Based on this research and the broad guidelines outlined below, the Board of Directors makes discretionary grants to these causes. The donor's stated charitable area(s) and/or geographical area(s) of interest are taken into account and will influence the Board of Directors' grant-making. Grants from the undesignated fund are made to organizations and programs that address:

- health and human services;
- children, youth, and families;
- culture, religion, arts, and the humanities;
- civic and community affairs;
- social welfare;
- environment and wildlife; and
- education and scientific research.

## INVESTMENT AND ADMINISTRATIVE EXPENSES

Donors' contributions are pooled together for cost efficiency in the investment pools, but the contributions, investment results, and grants for each donor-advised account are tracked separately. Expenses attributed to creating and maintaining donor-advised accounts are absorbed by each account according to the following policies, which may be modified in writing by the Trust at any time.

To assist in the administration of the Fund, the Trust has retained Salomon Smith Barney Inc., the Smith Barney Asset Management division of Salomon Smith Barney Inc., and GivingCapital, Inc. Salomon

Smith Barney Inc. provides administration and record-keeping services to the Fund, and Salomon Smith Barney Financial Consultants will provide advisory services to the Fund. Smith Barney Asset Management will perform as investment manager, advising the Trust on asset allocation and managing Fund investments. GivingCapital, Inc. will provide the contribution and grant-making platform as well as certain accounting and record-keeping functions. The Salomon Smith Barney Inc. and GivingCapital, Inc. fees are combined in the administration fee noted below; the investment management fees are charged directly by the mutual funds.

## ADMINISTRATIVE EXPENSES

Each account is subject to an administration fee depending on the following account balances:

Average account balance	Fee (basis points and %)	
First \$1,000,000	172 bps or 1.72%	Brokerage Commission Schedule (does not apply to restricted or closely held securities):
Next \$1,500,000	162 bps or 1.62%	
Next \$2,500,000	152 bps or 1.52%	
Over \$5,000,000	142 bps or 1.42%	

The greater of \$.06 per share or \$20 per trade per contributed asset

## INVESTMENT EXPENSES

There are no separate charges assessed for investment management services provided by Smith Barney Asset Management. However, each investment pool invests in mutual funds, which bear their own investment management and operating expenses that are reflected in the unit value of the investment pool's investments. These investment expenses are not charged directly at the donor-advised account level; rather, these expenses are charged to the pools and thus affect the value of

pool units. Smith Barney Asset Management receives a portion of the expenses from the mutual fund issuer as compensation for its services.

- For mutual funds in the Growth Pool, total expenses are expected to be approximately 0.70% per year.
- For mutual funds in the Balanced Pool, total expenses are expected to be approximately 0.66% per year.
- For mutual funds in the Conservative Pool, total expenses are expected to be approximately 0.62% per year.

## OTHER INFORMATION

### CONFLICT OF TERMS

In the event of an inconsistency between the terms of this document and/or the associated Donor Contribution Agreement and Additional Contribution Agreement and the Trust's Articles of Incorporation or By-Laws, the terms of the Trust's Articles of Incorporation and By-Laws will govern the rights and obligations of the Fund and its donors.

### RELATIONSHIP OF TRUST AND SALOMON SMITH BARNEY INC.

The Salomon Smith Barney Charitable Trust, Inc. was founded as an independent, nonprofit organization. Although Salomon Smith Barney and its subsidiaries may provide certain investment management, administration, and record-keeping services to the Fund through service agreements, the Fund is not a program or an activity of Salomon Smith Barney Inc.

### GENERAL DISCLAIMER

Each individual's tax situation is unique and is subject to specific facts and circumstances that are beyond the control or knowledge of Salomon Smith Barney Charitable Trust and the Child Welfare League of America. Additionally, tax laws and regulations change frequently, and their application to a particu-

lar taxpayer's circumstances can vary widely. The Salomon Smith Barney Charitable Trust and Child Welfare League of America strongly encourage donors to consult with their own tax advisors. The Salomon Smith Barney Charitable Trust and Child Welfare League of America specifically disclaim any responsibility for the accuracy or adequacy of any position taken by donors in their own tax returns and any investment management decisions made by donors at times of contributions to the Fund.

Contributions to the Child Welfare League of America Charitable Investment Fund are not insured by the Federal Deposit Insurance Corporation or any other governmental agency; are not a deposit or other obligation of Citigroup, Inc. or any depository institution; are not guaranteed by Citigroup or any depository institution, or Salomon Smith Barney Inc.; and are subject to investment risks, including the loss of the principal amount invested.

CWLA and Salomon Smith Barney do not provide legal or tax advice. Please consult your tax or legal advisor for such guidance.

Information on the Trust's official registration and financial information may be found online at [www.salomonsmithbarney.com/cif](http://www.salomonsmithbarney.com/cif).



The Child Welfare League of America is the nation's oldest and largest membership-based child welfare organization. We are committed to engaging people everywhere in promoting the well-being of children, youth, and their families, and protecting every child from harm.

We envision a future in which families, neighborhoods, communities, organizations, and governments ensure that all children and youth are provided with the resources they need to grow into healthy, contributing members of society.

The Salomon Smith Barney Charitable Trust, Inc. is a 501(c)(3) charitable organization under the Internal Revenue Code of 1986, as amended, and the Child Welfare League of America Charitable Investment Fund ("Fund") is a donor-advised fund. To assist in the administration of the Fund, the Salomon Smith Barney Charitable Trust, Inc. has retained Salomon Smith Barney Inc. and Smith Barney Asset Management. Salomon Smith Barney Inc. provides administration and record-keeping services to the Fund, and Salomon Smith Barney Financial Consultants will provide advisory services to Fund donors, Smith Barney Asset Management, a division of Salomon Smith Barney Inc., will perform as investment manager, advising the Salomon Smith Barney Charitable Trust, Inc. on asset allocation and managing Fund investments. Salomon Smith Barney Inc. and Smith Barney Asset Management are affiliated entities under the common control of Citigroup, Inc. Salomon Smith Barney Inc. is a broker-dealer and member of the NYSE, NASD, and other principal exchanges.

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