

Wise Charitable Giving

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Recent research confirms what many of us already knew: charitable giving increases happiness. Americans are very generous and gave \$300 billion to charities last year. That kind of generosity produces a lot of good feelings, but also motivates the fraudsters and scam artists to steal some of that money. As America enters a period of economically-challenging times, we can anticipate a greater need to give as well as an increase in the number of fraudulent charitable scams and schemes. How can you continue to give and avoid these bogus charities?

Ten Tips on Wise Giving

1. Budget for giving. Put charitable activities into your monthly spending plan just as you would other financial obligations.

2. Be an informed giver. Don't be afraid to ask many questions before you give. Ask the name of the solicitor, her or his relationship to the organization, how much of your gift will be used for overhead, and what specific project your money will go toward. Do not rely solely on the solicitor for answers to your questions, especially if you are unfamiliar with the organization. Before giving money obtain written details, including the organization's financial report, directly from the organization. Additionally, verify that the charity is registered with the Utah Division of Consumer Protection (see

<http://consumerprotection.utah.gov/registrations/charities.html>). Finally, you may only want to give to charities that are registered with the Better Business Bureau and meet their Wise Giving Alliance standards (see <http://www.give.org>).

3. Keep the right records. For gifts of less than \$250, a cancelled check or credit card statement will meet IRS documentation requirements. For larger gifts, you will need to obtain a properly worded receipt from the charitable organization as proof of your tax-deductible contribution (see IRS publication 526 "Charitable Contributions" <http://www.irs.gov/formspubs/index.html>).

4. Itemize your deductions. Charitable contributions only have a tax benefit to you if you itemize deductions on your tax return and the total value of all deductions, charitable contributions included, exceed the standard deduction (see IRS Form 1040 and Schedule A at <http://www.irs.gov/formspubs/index.html>). For more information contact the IRS or consult a qualified tax professional.)

5. Ask about matching gifts. Many employers match gifts made by their employees, or give grants to organizations recommended by employees. Be sure to ask your company how it can help your gift go even further.

6. Do not give cash. Always make your contribution by a check made payable to the charity, not the individual collecting the donation.

7. Safeguard personal information. Do not give your credit card number or other personal information to a telephone or email solicitor. Always ask that written information and a donation enveloped be mailed to you.

8. Be choosy. You will be inundated with requests to give. What do you value? (Prevention or cure?) Where do you want your money to go? (Nationally or locally?)

9. You have the right to say “No!” Give generously when you can, but if you’re unsure or feel uncomfortable—or if the organization simply doesn’t meet your giving criteria—don’t be afraid to decline. If your feelings or circumstances change, you can always give something at a later date.

10. Be a proactive giver. You don’t have to wait to be asked. Plan a giving strategy in advance. Contact the charitable organizations of your choice to discuss how your gifts can be most effectively used to help make a difference in your community and beyond. You may even want to set up a trust or make provisions in your will to donate part of your estate—contact a qualified estate planner and/or attorney for more information.

Sources

- Better Business Bureau. <http://give.org>
- Dunn, E. W., Aknin, L. B., & Norton, M. I. (2008). Spending money on others promotes happiness. *Science*, 319, 1687-1688. Retrieved December 16, 2008, from <http://www.sciencemag.org/cgi/reprint/319/5870/1687.pdf>
- Internal Revenue Service. <http://www.irs.gov>
- Utah Division of Consumer Protection. <http://www.consumerprotection.utah.gov/>

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