

Be an Informed Charitable Giver this Holiday Season

Written by Admin

Wednesday, 19 December 2012 00:00



You might be surprised to learn that 73% of charitable giving comes from individual contributions – five times more than corporate donations*. Now more than ever, organizations are relying on nonprofit giving for support, particularly during the holiday season. Fortunately, the holidays are traditionally a time when people feel more inclined to be generous.

Some give as opportunities arise, while others donate to specific organizations based on the cause. Regardless of your motives, it's important to be well informed about the organizations you will contribute to. By doing so, you can make sure your money is used for its intended purpose and avoid scams.

Here are some important things to keep in mind as you prepare to give this season:

Make sure your charity is registered:

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There are numerous ways to verify if a charity is legitimate (refer to resources below). Several organizations evaluate charities and compile their findings in an online database of registered organizations, as well as produce annual print directories. You could also use these resources to proactively identify charities that you might be interested in supporting. If you are unable to find a specific charity using these resources, contact the organization directly to request documentation, including: 501(c) (3) status; IRS Form 990, or their most recent annual report. For local organizations, or national organizations with regional offices, you can also contact your state government for verification, since charities must be registered with the state.

Be careful about how you donate:

Most experts advise that you initiate the donation. It's best not to drop money in buckets when solicited by unfamiliar organizations or if you are skeptical of the individuals representing themselves as officials of the charity or organization – in person or online. Do not respond to unsolicited (SPAM) emails and do not click on links. Be cautious of attachments, as the files may contain viruses. Also, it's a good idea to have a financial plan, such as determining a budget for your philanthropic giving and frequency. Some banks offer online budgeting tools that basically do the work for you. For example, Wells Fargo's My Spending Report with Budget Watch provides a monthly snapshot of money coming in (i.e. deposits), money going out (including money spent in different categories) and "What's Left." With this budgeting tool, Wells Fargo customers can set up a budget goal for charitable giving and at the end of the month use part of "What's Left" for their donations.

Avoid giving over the phone:

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Resist giving to phone solicitors, even if they say they represent an organization that sounds familiar. Fraudsters may have your identifying information, such as your name, which they may use to make the call sound authentic, convincing you to share more of your personal information, such as your account number. If you're interested in the cause the solicitor is promoting, hang up, do some research to verify the legitimacy of the organization and then make a donation. If in fact the organization is reputable, reach out directly to determine a secure way to make a contribution.

Be cautious about sharing personal and financial information:

Never share your personal information (e.g. credit card and bank account numbers or Social Security number) with anyone requesting a donation, specifically over the phone or via email. When writing a check for donations, never make it payable to an individual. Checks should be made directly to the organization. Checks can also serve as a record of your donation. Also, avoid making cash donations since it is more difficult to track your contribution and to determine if the funds reached the organization.

Don't succumb to pressure:

Organizations are more likely to solicit donations during the holidays or after a major natural

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disaster. However, be just as vigilant about giving as you would at any other time of the year. Don't feel pressured to give on the spot, or compelled by emotional appeals. Feel empowered to say no to solicitors that you're uncertain about, even those hanging outside of shopping centers (unless you can verify that they are representing a legitimate organization). Sometimes fraudsters use young children to solicit donations. Keep in mind that most organizations require children to be accompanied by an adult when soliciting on their behalf. Children should also have signage or documents to verify the organizations they are representing.

Know the difference between "Tax Exempt" and "Tax Deductible":

While giving does come from the heart, there are also tax benefits associated with making charitable contributions. However, you should pay careful attention to the language when seeking out organizations that would qualify your donation as a tax exemption. For instance, "tax exempt" refers to organizations that are not required to pay taxes; these could include political organizations or advocacy groups. While nonprofits can be included in this group, not all tax exempt organizations are nonprofit organizations or charities representing good causes. On the other hand, donations made to organizations that specify contributions as "tax deductible" means that the donor can file donations on their income tax return. To be certain, simply request documentation from the organization – they should be willing to provide this information. Be sure to keep records of all contribution made throughout the year if you intend to report them on your taxes. Official records include receipts, bank/credit card statements or written statements from the charity (barring the name of the organization, amount of donation and date).

Be an informed contributor. Supporting charities and organizations that serve great causes is something we should all consider if we are able. Still, while in the "Holiday Spirit," be proactive about making sure your contributions count.

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