

Which charities do you want to support?

Choose Your Charities Wisely

By Steven Podnos, M.D., CFP

Supporting charitable causes is a major focus of *Vero Beach Magazine* and something of great importance to many of its readers. But before we write checks to charitable causes, we should know where the money is going.

In choosing the places for our charitable actions, we want to avoid organizations that take our donations and then don't put the money to use in a way we approve of. Not only do we want to avoid outright fraud, but we also want to avoid charitable organizations that spend too much on administrative and other non-charitable expenses.

I think the first step is to decide the type of charity you are interested in donating to. Some of you are happy with donating to a large umbrella charitable organization such as the United Way that disperses funds to many organizations and agencies; others look for more narrow, personal causes such as a college scholarship foundation, a local food bank or a literacy service.

If you're considering donating to an organization, here are several web sites to help screen among them. I think the easiest to use is Charity Navigator at www.charitynavigator.org. This site screens over 1,000 national charities for the factors mentioned above, and gives each one a "star" rating. If you or your tax advisor wants more detail, try Guidestar at www.guidestar.org. An intriguing site is Givewell at www.givewell.org that actually recommends charities for you to consider. Any charity recommended on one of these sites will be accredited to receive tax-deductible contributions.

For example, while writing this article, I pulled up United Way of Indian River County. At Charity Navigator, it scores well with about 83 percent

of its contributions going to charitable causes and the remainder to fundraising and administrative costs. Guidestar offers access to independent audits and tax forms for the charity. As noted above, Givewell's site is not useful in searching for a particular charity, but instead offers independent ideas for worthwhile and efficient causes.

If you're interested in a small local charity, some won't be listed on the national web sites. Here, you need to do some footwork and visit the charity and ask questions. Does the charity promote a cause and use methods you approve of? If so, then you can focus on the financial side. You'll want to find out what percentage of your donations actually go to charitable work. Shoot for at least 75 percent or ask if it is less. You'll want to know what the charity actually does and who the people are that perform the services.

You'll want to recheck these criteria from time to time if you intend to be a repeat donor. I'd suggest that this work is well worth doing, as many of us get much more satisfaction from knowing our donations are working on a personal and local level rather than just putting a check in the mail to a huge organization. If you are making substantial donations, then ask your financial advisor or accountant to review the charity's Tax Form 990 and any independent audits that may have been done to understand if your money is being spent efficiently.

There are a number of tax advantaged methods to help with your charitable actions. You can find the answer to many of your questions in the article "Charitable Giving the Easy Way" on page 16 of this publication. If you are planning to make substantial gifts, talk to your financial advisor about the most effective and tax-efficient ways to do so. ♣

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