

JOHNSON, GASINK & BAXTER, LLP

TWO THINGS CERTAIN®

April, 2013

Philanthropy: Choosing a charity

Use your heart and your head to make the most of your gifts

By Dan Gasink

Like many of our clients, you are probably charitably inclined. Most of the JGB family gives to charity in life or death. The legal definition of a charitable organization, located in IRS Section 501(c)(3), includes causes that are religious, educational, scientific, literary, promoting public safety or amateur sports, and that prevent cruelty to children or animals. The sheer number of existing charitable organizations can be dizzying. Having assisted clients in selecting charities for their estates for years, I have developed a system that may be helpful. Essentially, your decision should focus on two main issues:

- 1) Selecting a charity that makes you feel good (using your heart); and
- 2) Determining how a charity best addresses your identified goals (using your head).

Taking the time to evaluate your charitable support can provide you better peace of mind and satisfaction, knowing that your gifts achieve the greatest good and follow your priorities.

Using your heart

For your charitable giving to be satisfying, you should select causes for which you have a passion and a connection. By 'passion' I mean a cause that resonates with you. Consider what moves you. What gives you pleasure? What wrongs do you feel the need to redress? Many are passionate about supporting causes that advance the welfare of animals and children. For others, advancing vocational and academic education is key. To identify your charitable passions, make a list of the causes you care about, the things you worry about, the causes that you want to advance, or the things you feel morally obligated to support.

Many are motivated to make a gift because they share a connection with the charity. What organizations have helped you or someone dear to you? Think about giving to local institutions. Every local food bank, soup kitchen, library, and community college is in constant state of need. You may want to support your *alma mater* or your religious community.

Perhaps someone in your family fell victim to a disease and you wish to honor their memory with a gift to an organization that researches, treats, or advocates for awareness of that disease.

Using your heart to choose a charity is important. Make a list of those causes for which you have a passion and add a second column for those you have a connection. Highlight any charities that make both lists. Focus on these as we progress to the evaluation stage below. Be sure to give to causes that make you feel good. If you don't relate to the mission of a charity, you will not enjoy the act of giving and will be unlikely to give again soon.

Using your head

While charitable intent is limitless, everyone has limited charitable funds. Donors should conduct a rational examination to assess the areas of greatest need and explore the most efficient charities to address those needs. Take out your list of charitable passions/connections and consider which are the most important and urgent. Research your preferred causes in the library, on the Internet, and by talking to friends and family. Giving in the area of public health (e.g. medicines, vaccinations, mosquito control), for example, can provide enormous benefits to large populations for small amounts of money. Many educational and religious institutions have critical funding needs in the wake of the recent 'Great Recession.' Evaluate your list of 'passion & connection' causes by prioritizing them on a scale of one to five and allocate your funds accordingly.

Having determined which causes you feel most passionate about, which organizations to which you feel connected, and which needs are greatest, the final step is to determine which organizations will be the most effective stewards of your resources. Talk to the development and management staff of a charity if you can. Williamsburg's own www.GuideStar.org provides detailed analysis of nonprofit organizations. For large organizations, I find the website www.charitynavigator.org to be a helpful tool in assessing the financial responsibility and efficiency of an organization. While one can quibble with their methodology, such websites can serve as an objective tool to narrow a long list of prospects. A search of 'cancer' charities on Charity Navigator, for example, produced one hundred and twenty eight charities with similar sounding names whose ratings ranged from no-stars to a five stars. The same search on GuideStar revealed 9,641 results. You do not want to squander your gift on an inefficient or fraudulent organization. With limited charitable means you must give prudently to provide the biggest impact.

Conclusion

When you give to charity, you should target your gift to meet an important need in an efficient fashion. Once you have made your 'heart' list of causes for which you are passionate and feel connected, review the list critically with an eye towards priority and efficiency. Keep that list and review it every year. If you give as a family, review the list together. One way to promote family giving is to encourage children to research charities and present their case to the parent/grandparent 'board of directors' so that they can learn how to evaluate an organization and how to make a decision as to which organization to support. Happy Easter to all from Johnson, Gasink & Baxter, LLP



Johnson, Gasink, Baxter, LLP.

1138 Professional Drive
Williamsburg, VA 23185
(757) 220-9800
(804) 824-9690

GENERAL DISCLAIMER:

This newsletter is intended to be used for informational purposes only and should not be construed as personal legal advice. Transmission of this information is not intended to create, and receipt does not constitute, an attorney-client relationship.



About the Author:

Dan Gasink is an experienced problem solver who helps individuals and businesses achieve and protect their goals of prosperity, stability and growth through appropriate planning. Dan takes great pride in making sure that his work for clients is always reliable, correct, and on time.

CIRCULAR 230 DISCLOSURE:

U.S. Treasury Department Regulations require that we advise you that unless otherwise expressly indicated, any federal tax advice contained herein is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.
