

5 Smart Ways to Give to Charity in December

Giving Tuesday is here, so follow these tips to do good well

‘Tis the season of “The Ask.”



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There’s nothing subtle about the appeals landing daily in our inboxes and mailboxes: *“Please send your generous contribution today.”* *“Every gift counts.”* *“We’re counting on you to renew your support.”* *“You make a difference in the lives of....”*

They make me, and probably you, feel rather needed and valued. If you don’t feel the tug — and, let’s be honest, the pressure to send a monetary [donation](#) in the next few weeks — you really are a tough cookie.

Since today is [Giving Tuesday](#), the nonprofit world’s annual choreographed day to get Americans to make charitable contributions after three days of shopping (Black Friday, Small Business Saturday and Cyber Monday), here are five ways I suggest to give wisely this year:

1. Change your mindset about giving. No matter how much you’ll donate, think of yourself as a [philanthropist](#), which connotes someone who takes a longer-term view and commitment. I do.

While I’m certainly no [Melinda Gates](#), I’ve reframed my role in giving, using her as my inspiration. Before I send my contribution, I visualize my role as a philanthropist, reminding myself that my gift is important.

When you approach charitable giving as an investment in solving a problem, your goals start to shift. You’re no longer just shooting off a check for a one-time crisis or out of a sense of obligation. Instead, you’re working to make an impact on the causes that matter to you. Which brings me to my suggestion No. 2...

2. Create a giving plan. In my case, I set an annual charitable-contribution budget and designate a percentage of my income (roughly 10 percent) split among my five chosen charities, including ones that have directly touched my life. You could do something like that, too.

For example, one of my best friends just died from brain cancer, so I'm donating to the [Henry Jackson Foundation for the Advancement of Military Medicine](#) in her memory. It'll help further brain cancer research by the neuro-oncologist who treated her.

Perhaps you'll want to help a group making a difference in your community, like a battered women's or homeless shelter. I regularly give to [The House of Ruth](#), which serves abused and homeless women in Washington, D.C., and to [So Others Might Eat](#), which provides meals and shelter for the 7,298 homeless men and women in our nation's capital.

To guide your giving, start by jotting down your charity mission statement: typically one to three sentences that put the purpose of your giving into words with goals for the next five years or so.

"A mission statement is very personal, but it really identifies what's important to you and helps you prioritize your giving," says Amy Danforth, president of [Fidelity Charitable](#), an independent public charity that has helped donors support more than 210,000 nonprofits with over \$20 billion in grants.

Most people don't have one. A recent [Fidelity Charitable study](#) of 1,042 of its donors found that only 22 percent (27 percent of women and 19 percent of men) had a charity mission statement.

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— Amy Danforth, Fidelity Charitable president

One big benefit of a written plan is that it helps discipline you to say "no." That said, leave some wiggle room for discretionary giving, because you may want to assist a new cause. I always set aside a small amount (around 15 percent of my total giving budget) for donations in memory of a person, friend or family member's pet who has passed away or to respond to a situation that really moves me.

Next, create an action plan and determine your charities, how much you plan to donate to each and how often you want to fund them — maybe once a year or a monthly recurring grant, says Danforth.

To kickstart your giving strategy, you might visit Fidelity's helpful [Smarter Giving guide](#).

3. Do your due diligence. Scrutinize any charities you're considering to be certain they're valid and [using funds prudently](#). As a rule you'll want to select nonprofits that keep their administrative and fundraising expenses below 25 percent of their overall budget.

At [GuideStar.org](#), you can read the IRS 990 forms and other financial filings of 1.8 million nonprofits. [CharityNavigator.org](#) and The Better Business Bureau's [Give.org](#), rank charities

based on their finances, governance and more. At Myphilanthropedia.org, a division of Guidestar, more than 3,000 experts have reviewed 783 “top nonprofits” across 36 causes.

For a man (or woman) on the street perspective of local charities, go to Greatnonprofits.org, where you can read community-sourced reviews from donors and volunteers in your area.

Two other worthwhile charity evaluation sites: GiveWell.org (which focuses on how much good charity programs do per dollar spent) and GivingWhatWeCan.org (inspired partly by “effective altruism” ethicist Peter Singer).

4. Consider a donor-advised fund. Here, you create a charitable account — usually at least \$5,000 to \$25,000 — through a financial services firm, like a mutual fund or brokerage. You get an immediate tax deduction for your donation (whether you’re giving away cash, securities or other assets) and then allot grants of that money at a later date to a public charity under an umbrella name, like the Johnson Family Fund. (And you can typically make donations for as little as \$50 to a charity you select, depending on the firm.)

Don’t ignore setting up a [donor-advised fund](#) because you’re not a billionaire or anything close. The median account at Fidelity Charitable, one of the big players, is \$16,000; over 60 percent of its accounts are less than \$25,000.

Some people like to donate to these funds their long-held, perhaps inherited, stocks that have appreciated in value greatly over the years. That’s because a donor-advised fund lets you deduct the stocks’ fair market value, says Sandra Kingsley, a portfolio manager with [FBB Capital Partners](#), a fee-only wealth management firm in Bethesda, Md.

“If you’ll be donating securities that have appreciated in value, you won’t owe the capital gains taxes that would be due if you sold the stock and donated the proceeds, and your deduction will be larger this way, too,” Kingsley notes.

With donor-advised funds, people can save up while they’re still working what they plan to gift in their retirement when they may not have as much money on hand, says Eileen Heisman, chief executive of the National Philanthropic Trust and a lecturer on philanthropy at the University of Pennsylvania. “It’s kind of like a squirrel — the fund is where they put all their stuff away to get ready for the winter.”

The big players in the donor-advised fund arena aside from Fidelity Charitable are [Vanguard Charitable](#) and [Schwab Charitable](#). These companies handle most of the administration and management, typically charging annual administrative fees of 0.6 percent or less (some donor-advised funds charge 1 percent or more).

For Steve Sternheimer, 73, a retired government international affairs specialist, and his wife, Sue, 73, a former high school teacher, the centerpiece of their philanthropy is the donor-advised fund they opened three years ago.

“It helps us manage our giving,” says Steve. “When I retired in 2008, I didn’t have a formal giving plan in place and was giving on an ad hoc basis. The fund organizes it for us. I can go online to my [Fidelity Charitable] account and quickly see how much I am giving locally, as well as nationally and internationally. And I can space my giving according to wealth appreciation, depreciation and the vagaries of the stock market.”

5. Consider setting up a family foundation. I wrote about this idea a few years back in [The New York Times](#). A [family foundation](#) offers philanthropists who want more control over their giving a way to give besides writing a check to an established charity. As with donor-advised funds, you don’t have to be a tycoon to create one; three out of five family foundations [hold assets](#) of less than \$1 million, according to [The Council on Foundations](#).

“Charitable giving is about a lot more than money, it’s from the heart. It’s finding a way to have an impact with skills and finances and engaging others to get involved,” says David Tolmie, 60, a senior partner with The Edgewater Funds, a private equity firm based in Chicago.

Tolmie, a longtime benefactor and nonprofit volunteer, co-founded the [Faraja Fund Foundation](#) in 2001 along with his father and mother, now 87 and 85, his two brothers, their wives and their children. Their donations have built the Faraja Primary School for children with physical disabilities in Tanzania, Africa.

“Starting a school in Africa was an extraordinary effort,” says Tolmie, chairman of the fund. “I advise people who want to give back at this age to pick an achievable goal, so you don’t get frustrated and give up on it. Start small and build momentum, rather than dream so big you never really get anywhere.”

And please, give what you can on [#GivingTuesday](#) to help those who could use a hand.

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