

PERSONAL CAPITAL

Smart Tips for Choosing a Charity Worthy of Your Money

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Have you ever been scammed by a fake charity? Or found out after you contributed your hard-earned money that 50% of what that organization brings in actually winds up lining the pockets of its executive board?

There's an episode of *Blue Bloods* in which NYC Police Commissioner Frank Reagan and his granddaughter Nicky are conversing at a café when a teen walks up with a donation canister plastered with the NYPD logo. He requests contributions for a charity that supports families of 9/11 first responders. Touched by the cause and not minding the idea of parting with a few dollars, Nicky immediately reaches into her pocket.

But, suspicious, Frank stops Nicky before she lets go of her cash. And by the end of the episode, we learn that the woman running the operation has actually spent years scamming well-meaning contributors out of countless dollars in multiple cities.

Don't let this cautionary tale scare you off of giving. After all, monetary donations are the lifeblood of legitimate charities that effect positive change in the world. In addition, contributing is a superb means by which to maximize the power of your money while minimizing your tax responsibility. Financial planners frequently assist charity-minded clients in [reducing capital gains taxes](#), [utilizing IRA/401\(k\) Required Minimum Distributions](#), and [increasing the value of their itemized deductions](#).

So how can you avoid shady or even just poorly run charities? And how can you find the right organizations for your heartfelt contributions? Here are some practices to adopt before you make your next donation.

Plan your contributions.

The easiest way to avoid giver's regret when donating to a charitable organization? Mapping out a blueprint for your contributions. Plus, having a giving plan in place is perfect if you follow a budget, [want to plan your taxes](#) well before next year, or have an accountant handling your finances.

To create a donation strategy, first identify the causes about which you feel most passionate. Do you want to provide aid to refugees? Assist in animal rescue efforts? Contribute to medical research? Save the environment? You'll find more options than you could ever use among the [1.5 million non-profit organizations](#) in the United States alone.

Then decide how much of your income you plan to put toward charitable contributions in the next month, the next quarter, or even the next year. Do you have multiple causes toward which you'll give? Sketch out the method you'll use to divvy up your total contribution amount over time and across each charitable niche.

For your own sanity, it pays to be boringly consistent with your approach to donation. If you do the work to find charities whose missions excite you and whose business practices are wonderfully above-board, stick with them! Donate to those same organizations year after year, and even [consider including them in your estate planning](#).

As an added perk, if you're a regular donor, you'll likely receive regular program updates that highlight the successes of the charity – showcasing your money at work in bettering the world. You may also be privy to special events or offers specific to strong supporters of the charity.

Research, research, research.

At the end of the day, you want to feel confident in your charitable contributions, and you want to trust your chosen charities. And confidence and trust come from solid research.

Step 1: Inform yourself about the specific mission of the charity you're considering. Does it have a singular focus like providing hot meals to seniors? Or does it have a number of related objectives like offering literacy classes, subsidizing school lunch programs, and offering medical services to uninsured kids? Read up on the services that the charity funds so you know exactly who, where, and how your money will be of help to the world.

Step 2: Do a comprehensive check-up on your charity to ascertain its legitimacy. Head over to [Charity Navigator](#) and [Guidestar](#) to get transparency on your organization's programs, revenue and expense numbers, and the amount of money it pays its leaders. Check out Charity Navigator's 4-star charity rating system as you compare organizations. (Charity Navigator values charities that put a minimum of 75% of their revenues toward fulfilling their missions.)

Remember: Charities in some niches may require more overhead than charities in others. So be sure to compare like charities in evaluating the quality of their spending practices.

Step 3: Do a bit of Googling. Search for your charity name alongside the word "investigation" to see if there are any legal problems or "scam" to see if you get a slew of results from people who were duped. Google the names of some of the top executives at the charity to make sure they're on the up-and-up.

Step 4: Don't be afraid to pick up the phone and ask for information. Talking to a live representative is particularly important if you plan on contributing a sizable amount or giving on a recurring basis to a charity. A reputable charity will be happy to provide answers, documentation, and – in some cases – a meeting or in-person tour with potential donors.

Step 5: Do a gut check. After everything you've learned, does the charity **feel** like the right fit for you . . . and your money? Do the stories of your charity's past work inspire you to be a part of its work? Even if the organization looks good on paper, you should keep looking if you're not excited or proud to be a donor.

Practice saying no.

The idea of turning down someone who's requesting money for a great-sounding cause probably rubs you the wrong way. Maybe you feel cruel for refusing, or you think that the person asking – and everyone else who's watching – thinks you're a monster.

So it's time to get comfortable in politely refusing unplanned and unacceptable requests for charity.

Do **not** feel pressured to donate to an unknown charity on the spot simply because you're accosted at the mall, over the phone, or at your own front door. And don't ignore the importance of giving with your head even when a solicitor's story tugs on your heartstrings.

Remember how you made that plan for the year with regard to where you contribute? It makes for a great excuse when someone asks for a donation in person, on the phone, or at the checkout. When you're asked to contribute, simply say, "Thanks, but I always plan out my charitable contributions at the beginning of each year."

Another approach? A pleasant "No, thank you" with a smile goes a long way. Repeat as necessary when faced with a clueless or pushy person who keeps asking for your cash.

When you give, you want your dollars to support a cause that matters to you. You crave the confidence of knowing that your money is being used honestly and responsibly. And you want to maximize your tax savings while allowing your money to fund service organizations. By approaching your charitable giving as the financial investment that it is, you'll ensure that your donations will truly make a difference!