

5 Tips for Choosing a Charity

From arts organizations to food pantries and nonprofits that help with housing for low-income individuals, you have many choices when choosing a charity, and your donations could make a big difference in whether those nonprofits survive long term.

Here are five tips to keep in mind as you decide which charity to support:

1. Choose a nonprofit that you're passionate about.

You may be passionate about literacy, poverty in third-world countries, homelessness, housing for the less fortunate, the opioid crisis or religious causes. It makes sense to start with causes that you personally relate to when choosing where to donate. For example, if you routinely have conversations with friends about the importance of teaching adults to read, find out which charities support that cause.

2. Make sure the charity you choose is legitimate and delivers on its mission.

When you donate to charities, you want to know that they are rated well and deliver on their mission, showing a measurable impact on the communities and countries where they operate. Fortunately, there are several credible third-party organizations that help donors research charities. Here are a few to consider:

- [GiveWell](#)
- [Charity Navigator](#)
- [CharityWatch](#)
- [Universal Giving](#)

3. For a tax deduction, choose a 501(c)3 nonprofit for cash donations.

According to the IRS, a charity must have a 501(c)3 status if you plan to deduct the donation on your taxes. And, by itemizing your donation, you reduce your taxable income. The IRS says that individuals can make a cash donation to a qualifying organization and take an itemized deduction of up to 60% of their adjusted gross income. Contributions of non-cash property don't qualify for the deduction.¹

4. Ask questions or research information on individual charities.

Using the suggested websites above, you can likely find answers to most of your questions about a charity. You can also talk to the fundraising team within a nonprofit to get deeper answers to questions like, What are your goals and how do you measure success? What progress have you made toward your goals? How can I monitor your success?



It's really important that nonprofits are transparent when asked these questions by potential donors and ideally be able to quantify their success versus having the organization only share anecdotes of success. You want to know the dollars you're donating are being put to the use that the organization serves.

5. Make sure the charity is financially sound before making a donation.

Again, as part of your due diligence before donating to a charity, you can use a third-party resource such as GuideStar or Charity Navigator. These companies specialize in examining the financial well-being of thousands of charities. They look into tax filings (form 990) and compare them to their annual reports and audited financial statements. They also dig deeper into how a charity is allocating its resources. Finally, they'll look for the red flags that may shed light into unhealthy conditions at the charity such as frequent leadership changes.

Developing a Charitable Giving Strategy

When you develop a charitable giving strategy, it can help ensure that how you donate aligns with

your values. Take some time to research charities you're interested in before you donate. Consider reviewing your ideas with your wealth advisor who can take a look at how a charitable giving strategy fits into your wealth plan.

For more information visit: marinerwealthadvisors.com

¹ [Charitable Contribution Deductions](https://www.irs.gov), irs.gov.

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