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PERSONAL FINANCE

Lean years require a shift in how you give to charity

If you have less money to donate, narrow your list of nonprofits, volunteer your time or give unused household items.

Kathy M. Kristof

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Are you detecting a tone of desperation in the charitable appeals you're receiving this holiday season?

It wouldn't be surprising, said John Kobara, chief operating officer of the California Community Foundation, a Los Angeles nonprofit that helps large donors direct some \$350 million in charitable donations. The recession significantly cut charitable giving last year, and all indications are that this year will be worse.

Roughly half of all charitable contributions are made during the final quarter of the year, so this holiday season may be make-or-break for many small charitable organizations, he added.

"I wish I had good news, but it's pretty dire out there," Kobara said. "The final quarter of the year is pivotal for nonprofits. It keeps their doors open through March."

Since the recession has also wreaked havoc with many consumers' balance sheets, experts are not polishing up the age-old advice to "give generously." Instead, they say that this may be the year to figure out how to get the biggest possible bang out of your charitable buck. Here's what they suggest:

Focus

"Pick a cause that's dear to you, and put all your eggs in one basket," suggested Eileen Heisman, president and chief executive of the National Philanthropic Trust, a national charity that manages donor-advised funds. "If you are really short this year, give as much as you can to just one place."

Giving a lot to a few groups is vastly more efficient for both the charity and you, said Ken Berger, president of Charity Navigator, a Web-based philanthropic rating service.



If you give 10 gifts of \$50 each, you'll need 10 stamps, and your money will be processed by 10 organizations. If, on the other hand, you give two checks for \$250 each, you've spent the same amount, and more of your money is going to the projects you want to finance, rather than to processing your check and thanking you for your donation, he said.

Berger doesn't suggest you limit yourself to a single cause because he says that most people have two -- their church and a favorite charity. But, if you limit yourself to those two, you can have a bigger effect.

Reflect

Limiting yourself to just a cause or two makes it important that you've thought a lot about the cause, Heisman added.

There are more than 39,000 charities in Los Angeles County alone -- and hundreds of thousands nationwide. Many donors have a hard time sorting through it all to focus on just one or two. But it becomes easier if you spend a few minutes thinking about what you're trying to do with your donated dollars.

Think about what's most precious to you, Heisman suggested. Are you most concerned about the welfare of children, cancer patients, women, the homeless? Or do you aim to support education or the arts? Home in on what you want your money to accomplish.

Next, think about whether you want your gift to go to an organization that's national, international, regional or local.

Finally, seek out charities that do a good job serving that particular need in the geographic area that you've selected. You can do that by talking to your friends or by looking up charities on websites such as Charity Navigator, which lists charities by category.

Investigate

Charity Navigator provides ratings of charities, based on how much of their expenses go to programs versus administration, the charity's financial health and its effectiveness. But the group rates only the nation's largest and most popular charities. If your favorite cause is a local soup kitchen, you may have to check it out yourself.

Go there, Heisman suggests. See the operation in action and then ask for a copy of its most recent financial statement. (It is called an IRS Form 990.) Use that to see how much of the charity's money is going to finance its various programs and how much is spent on paying salaries and sending out marketing materials.

(A rule of thumb is to look twice at groups that spend more than 15% of their money on administration and marketing. But it's your money. You get to decide whether or not you think they're being wasteful or prudent.)

Volunteer

If you're supporting local groups, you have the ability to make your money go further by donating time as well as cash, Kobara said.

"Organizations need all sorts of help and assistance," he said. "It's great to give a check, but if you can donate time, that's even better."

While it is obvious that you can help a soup kitchen by passing out bowls and napkins, some charities may need professional assistance too.

If you can do bookkeeping or marketing for them, it improves their efficiency ratings and allows them to preserve cash for their programs.

It also can help you get a closer look at the organization, which can help you decide whether it's deserving of your donated dollars.

Recruit the kids

Years ago, when I was trying to teach my kids about charity, I had them look through the World Vision Christmas catalog and asked them to think about having me give one of their gifts to someone else, who would need it more.

They could see pictures of kids in Bangladesh, who could get five ducks for \$30. Or they give somebody a goat for \$75. My son, the athlete, could choose to outfit a school with soccer balls for \$16. My daughter, the intellect, could sponsor an orphan for a whole year of school for \$70. They were happy to have one less box under the tree, knowing that they were helping somebody less fortunate.

Gifts like these are particularly nice when times are tough because they remind your kids that, even if they have less than they had a year ago, they're still blessed, Kobara said. Another group to consider if you're getting your kids involved in giving is YouthGive.org, where kids write up profiles of various charities in an effort to get their friends and families to contribute.

Clean up

Even if you don't have money and you don't have time, you probably do have some unused but usable household items that you could give to someone in need.

Consider cleaning out your garage, closets and attic. If you've got blankets or coats that aren't being used, it's particularly helpful to bring these to shelters now as the weather gets cold.

"If I had any recommendations about where to concentrate your giving, I'd say think about basic human services such as healthcare, homelessness and food pantries," Kobara added. "They are getting less money, and the demand for healthcare, shelter and food has increased well beyond their capacity to handle it."

Your budget may have you feeling as if you can't do much this holiday season, but if you give wisely, you may be able to have a bigger effect than you think.

kathykristof24@gmail.com

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