

Make sure your charitable contributions hit the mark

by Jason_Alderman

Americans lead the world in charitable giving. In 2006 alone, we gave a record \$295 billion, of which 76 percent came from individuals. That doesn't even count time spent volunteering, which some sources value at \$150 billion or more.

Half of all charitable contributions are made between Thanksgiving and New Years, whether because we're reminded at this time of year to help those less fortunate, we're feeling more generous or simply to lock in tax write-offs.

Whatever your motivation, take a few precautions to ensure your gift has the biggest possible impact, both on the people you want to help and on your own bottom line:

Do your homework. Not all non-profits are well-managed, so before contributing your hard-earned cash, visit the organization's website and review its goals, programs it sponsors and how donations are spent. Ideally, at least 75 percent of contributions should go directly to beneficiary programs, versus salaries and expenses.

These online rating services also can help:

• www.charitynavigator.org rates over 5,000 large charities according financial strength and revenue spent on programs and services. Although it doesn't list smaller organizations, you can use their guidelines to formulate your own inquiries.

• www.guidestar.org, shares information about programs and finances at more than 1.5 million IRS-recognized nonprofits.

Â. The Better Business Bureau's www.give.org rates whether organizations have met its standards of accountability, including ethical conduct and honest solicitation practices.

Remember tax deductions. If you itemize federal income tax deductions, you can deduct money and property contributions to qualified tax-exempt organizations, within IRS guidelines. And, although your time spent volunteering isn't tax-deductible, associated mileage may be. For complete details, refer to Publication 526 at www.irs.gov.

Be aware that IRS guidelines have gotten more stringent. For example, you now must obtain receipts for all charitable contributions, including small cash donations (e.g., church collection plates). For individual contributions under \$250, a cancelled check or credit card statement will do, but for amounts over \$250, you need detailed, written acknowledgement from the charity.

Clothing or household items are now only deductible if they're in good condition or better. The IRS hasn't yet defined what "good condition" means, so you may want to take digital photos and describe everything you donate, in case you're audited. The Salvation Army's valuation guide can help you determine the value of contributed items (www.satruck.com/ValueGuide.asp).

The government did institute one tax-favorable policy for charitable contributions: In 2007, if you own an IRA and are age 70 1/2 or older, you can transfer up to \$100,000 from your IRA directly to an IRS-eligible organization, tax free. The distribution isn't considered taxable income and such transfers count toward meeting IRA minimum distribution requirements.

No word yet on whether this deduction will be available in future years. Consult a financial advisor for your particular situation.

Beware of scams. Unscrupulous people sometimes misrepresent themselves as legitimate charities, so be wary of unsolicited calls or emails seeking contributions. Visit the organization's website independently (not through a link in the email), and never give out your credit card information unless you initiated the contact.

If money is tight, you can always volunteer your time - organizations appreciate the help and you can connect more closely with the causes you support.

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