



## **Charitable Giving An Investment in Yourself and Others**

You may be bracing for that early December feeling — a crisp chill in the air, the tingling of bells, and a mailbox overfilled with donation requests from charitable organizations. As an American, you will probably be in a giving mood as the United States is one of the most charitable nations, giving away over [\\$373 billion](#) in 2016.

The nonprofit organizations that we donate to in order to support our favorite causes are dependent on those charitable contributions. And while the contributions we make are for the greater good, many savvy investors understand that charitable contribution is also an investment.

### **Why Donate?**

Reasons for donating are as varied as the contributors themselves. Besides furthering the goals of a cause close to one's heart, charitable giving can soften one's personal brand, be a touching tribute or legacy for a loved one, or create numerous tax advantages for investors.

A charitable tax write-off sows guaranteed returns, and a lifetime of charitable giving can help with estate planning. There are several ways that a charitable contribution is an investment in one's portfolio. For example, opening a Charitable Remainder Trust (CRT) may help an investor turn non-income-generating assets and properties into profitable ones. Charitable investments may also fund [life insurance](#), a way to better provide for heirs. Additionally, private foundations offer reduced estate and income taxes; a charitable bequest may reduce gift taxes, and donor-advised funds allow assets to grow tax-free.

### **How to Donate — Screening Chosen Charities**

It's the season for giving, but beware. There is never a shortage of [scandals](#) involving charitable foundations [misusing funds](#) or turning out to be outright scams. As an investor, you want to make sure your dollar is stretched as far as possible, which means fully screening whom you choose to invest in. Luckily, there are more options now than ever for [screening](#) the charities of your choice.

- [charitynavigator.org](#), [give.org](#) — Documents legitimate charities, including governance and cost-effectiveness. Check these websites to see if the charity you are thinking about giving to is a scam.
- The [Charity Navigator app](#) — Provides quick reference checks.
- [myphilanthropedia.org/](#) — Ranks the most cost-effective charities by cause.



- [GuideStar](#) — Collects the tax returns of charitable organizations. Here you can see executive compensation, mission statements, and whether any money went to the family or business of the executive, among others.

## **When to Donate**

For tax savings, there is not necessarily a best time to give throughout the year. However, the urge to give is typically strongest around the holidays. As the holiday season coincides with year-end, this time of year is often best for investors looking to limit their tax burden.

It is important that you have a charitable giving plan. Researching the charities that serve the causes close to your heart and working with your financial advisor to develop a plan around your giving will help you maximize the benefit of your donation, both for the organization of choice and for your personal investment.

For a better understanding of how charitable giving can both help your investments and minimize your tax obligations, contact us at 281-528-1200 or at [info@efficientwealthmanagement.com](mailto:info@efficientwealthmanagement.com).