

Everything You Need to Know About Making Charitable Donations

These guidelines will help you make charitable giving part of your routine.

By [Kristine Gill](#) and Real Simple Editors

Updated February 28, 2020

Making charitable donations or practicing regular charitable giving—either through donating money, goods, or time—is undoubtedly a good habit. It’s important to give back, particularly if you’ve achieved success. You can even think of paying it forward, if you like; either way, practicing a little generosity is a great use of your time, energy, and money.

Beyond the sometimes-vague concept of giving back, though, figuring out the details of charitable donations can be a challenge. Are [gifts that give back](#) enough? How should you choose a charity? How much should you donate? There’s no hard-and-fast rule, but there are some smart expert tips that can help you figure out the right answers for you and your family. Read on to learn everything you need to know about charitable donations

1 Are charitable donations tax-deductible?

Yes, charitable giving is tax-deductible, but you’ll need some records. Ask for an itemized receipt for any donation of money or goods, even if it amounts to less than the IRS’s \$250 threshold. If your noncash donation is worth more than \$500, you have to complete IRS Form 8283. A noncash donation worth more than \$5,000 requires an appraisal.

Before you donate goods, snap a photo of the pile, says Katie Thomas, a certified public accountant and co-owner of Diamond J Accounting in Phoenix. If you’re not sure how much that business suit or dining room set is worth, check the online valuation guides from Goodwill and the Salvation Army.

Save receipts and documents in a designated folder, says Julie Colucci, associate adviser at New England Investment & Retirement Group in North Andover, Massachusetts. Or use an app like Evernote Scannable to store receipts in a digital folder that’s easy to share with your accountant.

2 How to choose a charity

Search for national charities on [Give.org](https://www.give.org), run by the Better Business Bureau, to get a look at their financials, including administrative costs (is there a fat cat CEO?) and program expenses. “For insight into the effectiveness of smaller, local charities, check with your community foundation,” says [Phil Buchanan](#), author of *Giving Done Right*. (Find yours at the [Council on Foundations website](#).) You could also try volunteering first. Sometimes just working the water station at a road race can give you a sense of an organization’s ethos—think of it as a fact-finding mission.

If you’re new to an area and want to donate to a local cause, ask neighbors or coworkers for their favorite places or go to a trusted site, such as [GuideStar](#), which vets charities. Plug in your city and what type of cause you’re interested in.

3 How to be sure you’re giving to a reputable organization (and avoid charity scams)

We’ve all heard the scam stories—the phony appeals for homeless vets, the woman who faked cancer. The best way to avoid being had is to know (a) the person who started the campaign and (b) exactly what the donation will pay for, says Ashley Post, spokesperson for [Charity Navigator](#), an independent charity evaluator. (GoFundMe deducts a 2.9 percent processing fee from donations, so if you know someone who’s rebuilding after a wildfire, for example, you can just give the person cash directly.) As a rule, never give money via phone or email, even if the cause sounds legit. And keep in mind: Contributions aren’t tax-deductible unless a qualified nonprofit has organized the fundraising, Thomas says. Use the IRS’s [Tax Exempt Organization Search](#) to confirm that a charity is eligible to receive tax-deductible contributions.

4 How to decide how much to give

Just like housing, car insurance, and groceries, donations should be factored into your budget, says Kristine Stevenson Seale, a financial coach in Temple, Texas. “Base the amount you give on your monthly income,” she advises. If you can afford it, make charitable giving about 10 percent of your budget. And get in the habit of donating once a month rather than at the end of the year. To maximize your donation, opt out of the incentive gift, like the tote bag or coffee mug, Buchanan says.

If a cash donation is a stretch one month, ask the organization if you can donate time or skills instead; you might do IT work for the website or organize a food drive. Remember, too, that you can give goods instead of money—bring tools to Habitat for Humanity, say, or personal-care products to a shelter.

5 Should you donate less money to more charities or more money to fewer?

Your money will generally go further if you donate the bulk of it to just a few places, Post says. (No matter how much you give, write a check whenever possible, since up to 5 percent of a credit card or online donation is often lost to processing fees.) It may help to divide the total sum into percentages of 50, 30, and 20, says Jason Franklin, PhD, founder and principal at [Ktisis Capital](#) in Grand Rapids, Michigan. You could dedicate 50 percent to one cause that you care deeply about, 30 percent to ones that you feel connected to but that aren't top priority, and 20 percent to unplanned donations, like those random requests to sponsor your friend's trivia team at a fundraiser.

6 Should you donate to a big charity or a small one?

Go with what you think will have the most impact, Post says. Some people might give to their local food pantry to directly benefit the people in their area; for other folks, it might make more sense to donate to a national charity working to improve public policies surrounding hunger.

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