

Business

Money Fix: Giving to charities without getting taken

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In the season of "You better watch out," the warning stands for donating without knowing who is getting your money and good will. There are plenty of scammers to beware of, experts say. Photo Credit: iStock



'Tis the season for giving, but also for getting taken. All charities are not created equal. If you're not careful, your best intention can wind up lining the pockets of scammers. Here's how to be a smart giver.

KNOW WHO'S ASKING

Know who you're dealing with. Be sure the organization is qualified by the IRS. Only donations to a qualified charitable organization are tax-deductible, says Albert Murad, a senior portfolio adviser with Merrill Lynch Wealth Management in Bayside, Queens. A legitimate organization should be registered under IRS Code section 501(c) 3. Nonprofits are required to file Form 990 annually to provide details on their expenses, programming and staff.

"You want to know how much money goes toward the cause, compared to administrative and fundraising costs," says Richard Lahn, a financial adviser with RC Financial Design in Rockville Centre.

The New York State attorney general's office warns that some charities use names that are similar to well-known charities to confuse donors. Double-check the names of the organizations you want to support.

ASK QUESTIONS

"Inquire about the outcomes of the charity's community programs . . . to understand if the charity's work is aligned with why you want to contribute," says Michelle Brennan Hall, of Brennan Wealth Advisors in Dallas.

Find out who the CEO is and who's on the board at the organization's website, and get detailed financial information and other pertinent facts on sites like give.org, charitynavigator.org, and guidestar.org.

Finally, Lahn says, "Give toward something you're passionate about, but only give what you can afford."