

Five things to consider when giving to charities

The urge to donate is strong in Australia, and it's easy to make it part of your financial plan. An estimated 14.9 million Australian adults (80.8 per cent of the population) gave \$12.5 billion to charities and not-for-profit organisations in 2015–16.

For many people donating comes as a response to a request from a charity, but if you feel strongly about a cause or providing ongoing help to someone less fortunate, why not budget for it?

As well, many people plan to leave money to charities in their wills and with some extra thought in estate planning, a bequest can be made in a tax-effective way. An example is transferring shares that may have significant capital gains attached to them. These can be transferred to charities that have zero tax status, which will then get the full benefit of the gains.

Regardless of how you give, it's always important to keep accurate records of your donations to give to your accountant at tax time. Here are five things to consider before donating.

1. Why giving is important

Giving to the less fortunate is a good thing to encourage from a young age. Certain schools make volunteering with charity organisations part of their programs but even parents can encourage philanthropy through their own actions, showing that it feels good to give.

You can touch the life of another person and affect them in ways you may never know – and it's a win-win proposition. Giving is good for both the donor and the recipient. There's nothing wrong with feeling proud of your generosity and using that to spur you on to further acts of kindness. Giving makes the world a better place.

2. Do you know what the charity does?

It's an obvious question, but at the very least the charity's mission and goals should align with what you hope to accomplish with your generous gift. Is the charity doing good works in the areas that concern you? Do you feel strongly about what it is doing with your money? Is it obvious what the charity does, or does it help out behind the scenes?

3. What has the charity achieved?

Most organisations are happy to advertise their successes through videos, photos or testimonials that showcase their work. There also should be plenty of information in their annual reports to help you get a more complete picture.

4. Can you volunteer?

Being charitable often means more than giving a few dollars. It can also mean pitching in and helping, which is a great way of finding information and making connections. Meeting employees and volunteers will help you decide whether the organisation fits your values and goals, and this can make you become more involved in the cause. Plus, you may feel more fulfilled and happier knowing that you are making a difference.

5. How much are you comfortable giving?

Giving circles are becoming popular for people who don't have a lot to donate. This just means getting a group of 100 or so people together who each contribute perhaps \$1,000 to create a pool of \$100,000. They donate the lot to one charity to make a big impact.

If you would like to make giving part of your financial plan, your adviser can help you get the most out of your philanthropic efforts.

Your RI Advice Financial Adviser will work with you to develop a financial plan that's specifically tailored to your needs so get in touch today.

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