

Excerpts From

CHARITABLE CHOICES

How to Avoid Donor's Remorse

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My decision to write this donor's guide sneaked up on me over the course of my 28 year fundraising career while working with philanthropists and their professional advisors, coordinating with representatives of Community Foundations, requesting grants from Private Foundations, and watching the emergence and growth of Commercially Sponsored Donor Advised Funds.

The charitable giving landscape has gotten so complicated that even experienced philanthropists find it hard to decide how to give. I have met a number of givers who, having learned valuable lessons from hindsight (some regretful, some expensive), have experienced Donor's Remorse.

Philanthropy should be more about the joy of giving and less about the anxiety of risk assessment. So here's **Charitable Choices -- How to Avoid Donor's Remorse.**

Dan Shephard

Purposeful Planning

When you give to a cause that matters to you it feels good; when you do it right it feels even better. Charitable giving is one of the most rewarding and fulfilling activities you will ever experience. You should approach it joyfully - with an open heart.

You should also approach it thoughtfully, with attention to detail.

Are you unsure how to research an organization you want to support?

Are you considering your first major gift to your favorite charity?

Do you want your family legacy to live through your charitable giving?

Do you wish you didn't have to write so many checks to charities at the end of each year?

Do the legal expenses and commissions associated with your gift planning bother you?

Do you wish you could have a greater say in how your gifts are invested or administered?

Are you unsure whether establishing a Private Foundation is a good idea?

Do you wonder whether you should give directly to charity or through a Donor Advised Fund?

When it comes to charitable giving, donor's remorse can be costly and hard to reverse.

In order to enjoy the tax-related benefits of philanthropy, some giving choices are irrevocable and difficult, if not impossible, to reverse.

So many Charitable Choices . . . donors may give via one of five different entities.

- to what I call Direct Public Charities (see definition on p. 13)
- through Donor Advised Funds with Commercial Sponsors
- through Community Foundations
- through Private Foundations
- through Supporting Organizations

This donor guide is offered to help you make the choices that are best for you regarding just where and how you should direct your giving.

It is intentionally brief; to provide you basic information as you conduct research and consult with loved ones, your professional advisors, and representatives of those charitable causes that matter to you. It provides a framework to build your understanding and to guide your decision making.

Regardless of your decisions on how you support your favorite charitable causes, thank you for doing so. I hope it will help you create a meaningful and lasting legacy through your giving.

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Competing for Your Charitable Dollar

Representatives of many of those organizations to which a donor might transfer charitable contributions are reluctant to acknowledge that they are in competition with each other for your attention; it invites perceptions that run counter to their stated charitable missions or their intent to promote philanthropy.

The competition is benign with some, while others tend to mask or distort details to give themselves a competitive advantage.

The professional advisor who encourages the donor to establish a Private Foundation may not be inclined to explore the less costly alternative of a Supporting Organization. An investment firm offering Donor Advised Funds may choose not to offer comparative information on giving to a Direct Public Charity. A Direct Public Charity might not be inclined to suggest that you research giving to the local Community Foundation. It simply is not in their best interest.

But is it in yours?

Multiple Choice is OK

You may decide that directing all your giving to a single type organization (of the five types addressed in this donor guide) doesn't suit all your charitable giving interests.

You may want to establish a significant permanent endowment to have a lasting impact on your favorite cause AND like the idea of establishing a single fund from which you can conveniently distribute your annual giving to multiple Direct Public Charities.

Family involvement may be especially important to you during your lifetime, but you may wonder about the commitment of future generations.

A contribution that provides income for you and/or loved ones may be especially appealing.

Your tax and estate planning may guide you toward certain choices that invite compromise. Consult with your professional advisors on the pros and cons of steering gifts to various entities to maximize your planning goals.

Depending on your giving goals, resources, and timing it's perfectly all right – and sometimes smart – to make gifts to various types of organizations as they meet your goals and needs.