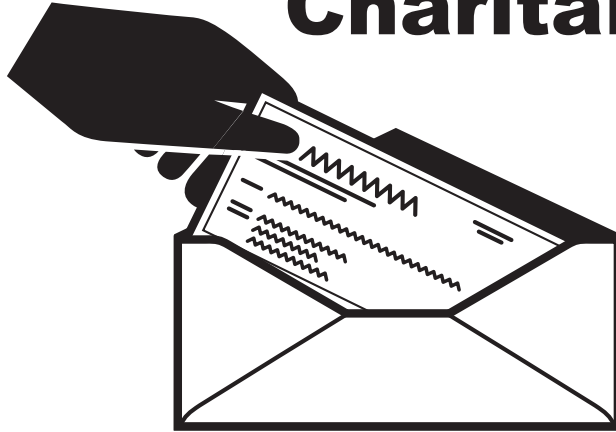


Charitable Donations: Give or Take?



our charity dollars are an investment in your community, the nation, and the world. It's wise to use just as much caution when making your charitable giving decisions as you do when making other decisions affecting your overall financial picture.

Paid Fund-Raisers

Some charities find it efficient to pay professional fund-raisers — to handle large scale mailings, telephone drives, and other solicitations — rather than use their own staff or volunteers. Professional fund-raisers are in business to make money and are entitled to keep a portion of the money they collect. If you're solicited for a donation, you may want to ask if the caller is a paid fund-raiser and what percentage of your donation the fund-raiser will keep. If you're not comfortable with the amount, you may want to donate to a different organization, or send your donation directly to the charity so that they benefit from the full amount of your check.

Reducing Telephone and Direct Mail Solicitations

If you feel overwhelmed with direct mail requests for donations, you can help to reduce the number of those solicitations. Typically, when you donate to a charity, your name is placed on the charity's mailing list. The charity uses this list to re-contact you and often rents it or exchanges it with other organizations. You can stop the sharing of your information by including a note with your donation asking the charity not rent, sell, or exchange your personal information and donation history. You also can ask a nonprofit organization to limit its donation requests to once or twice a year. If the organization fails to honor your requests, you may wish to find a different charity to support.

The Federal Trade Commission's (FTC) Telemarketing Sales Rule applies to telemarketers who make calls across state lines on behalf of charitable organizations. The Rule restricts calling times to the hours between 8 a.m. and 9 p.m. The Rule also requires telemarketers to promptly identify the charitable organization they represent and disclose that the purpose of

Facts for Consumers

the call is to ask for a contribution. Telemarketers may not mislead or lie to obtain a contribution. A consumer who does not want additional telephone calls from a paid fund-raiser can ask to be placed on the fund-raiser's "do not call" list. If the fund-raiser calls again, they may be subject to a fine of up to \$11,000.

The federal government created the National Do Not Call Registry — the free, easy way to reduce the telemarketing calls you get at home. To register, or to get information, visit www.donotcall.gov, or call 1-888-382-1222 from the phone you want to register. You will receive fewer telemarketing calls within three months of registering your number. Telephone numbers on the registry will only be removed when they are disconnected and reassigned, or when the consumer chooses to remove a number from the registry.

Many states have their own regulations regarding charitable solicitations. Some require paid fund-raisers to identify themselves as such and to name the charity for which they are soliciting, even if the call is in-state. To learn about the law in your state, check out links to state charity regulators at the National Association of State Charity Officials Web site — www.nasconet.org. Legitimate direct mail solicitations often list the contact information for regulators in the states they solicit.

The Direct Marketing Association's (DMA) Mail Preference Service lets you opt out of receiving unsolicited commercial mail from many national companies for five years. When you register with this service (for a \$1 fee), your name will be put on a "delete" file and made available to direct-mail marketers. However, your registration will not stop mailings from organizations that do not use the DMA's Mail Preference Service. To register with DMA's Mail Preference Service, go to www.dmachoice.org.

Charity Checklist

Consider the following precautions to ensure that your donation dollars benefit the people and organizations you want to help. They're good practices whether you're contacted by an organization's employees, volunteers, or professional fund-raisers, soliciting donations by phone, mail, or in person.

- ✓ *Be wary of appeals that tug at your heart strings, especially pleas involving patriotism and current events.* Although the Department of Defense does not endorse any specific war related charity, you can visit their Web site at www.army.mil/operations/oif/FAQ.html to find out about military relief societies that provide assistance to U.S. Service members and their families.
- ✓ *Ask for written information about the charity, including name, address, and telephone number.* A legitimate charity or fund-raiser will give you information about the charity's mission, how your donation will be used, and proof that your contribution is tax deductible.
- ✓ *Check out the charity's financial information.* For many organizations, this information can be found online at www.guidestar.org or at GuideStar, 4801 Courthouse Street, Suite 220, Williamsburg, VA 23188; 757-229-4631.
- ✓ *Ask for identification.* The Telemarketing Sales Rule requires for-profit fund-raisers to disclose the name of the charity requesting the donation. Many states require paid fund-raisers to identify themselves as such and to name the charity for which they're soliciting. If the solicitor refuses to tell you, hang up and report it to law enforcement officials.
- ✓ *Call the charity.* Find out if the organization is aware of the solicitation and has authorized the use of its name. If not, you may be dealing with a scam artist.

- ✓ *Check with local recipients.* If giving to local organizations is important to you, make sure they will benefit from your generosity. If a charity tells you that your dollars will support a local organization, such as a fire department, police department, or hospital, call the organization to verify the claim.
- ✓ *Watch out for similar sounding names.* Some phony charities use names that closely resemble those of respected, legitimate organizations. If you notice a small difference from the name of the charity you intend to deal with, call the organization you know to check it out.
- ✓ *Know the difference between “tax exempt” and “tax deductible.”* Tax exempt means the organization doesn’t have to pay taxes. Tax deductible means you can deduct your contribution on your federal income tax return. Even if an organization is tax exempt, your contribution may not be tax deductible. If a tax deduction is important to you, ask for a receipt showing the amount of your contribution and stating that it is tax deductible.

Beware of organizations that use meaningless terms to suggest they are tax exempt charities. For example, the fact that an organization has a “tax I.D. number” doesn’t mean it is a charity; every nonprofit and for-profit organization must have a tax I.D. number. And an invoice that tells you to “keep this receipt for your records” doesn’t mean that your donation is tax deductible or that the organization is tax exempt.

- ✓ *Be skeptical if someone thanks you for a pledge you don’t remember making.* If you have any doubts about whether you’ve made a pledge or previously contributed, check your records. Be on the alert for invoices claiming you’ve made a pledge. Some unscrupulous solicitors use this approach to get your money.

- ✓ *Ask how your donation will be distributed.* How much will go to the program you want to support (as opposed to other programs of the nonprofit), and how much will cover the charity’s administrative and telemarketing costs?
- ✓ *Refuse high pressure appeals.* Legitimate fund-raisers won’t push you to give on the spot.
- ✓ *Be wary of charities offering to send a courier or overnight delivery service to collect your donation immediately.*
- ✓ *Consider the costs.* When buying merchandise or tickets for special events, or when receiving “free” goods in exchange for giving, remember that these items cost money and generally are paid for out of your contribution. Although this can be an effective fund-raising tool, less money may be available for the charity.
- ✓ *Be wary of guaranteed sweepstakes winnings in exchange for a contribution.* According to law, you never have to donate anything to be eligible to win.
- ✓ *Avoid cash gifts.* Cash can be lost or stolen. For security and tax record purposes, it’s best to pay by check.

Charity Check-Up

Many charities use your donations wisely. Others may spend much of your contribution on administrative expenses or more fund-raising efforts. Some may misrepresent their fund-raising intentions or solicit for phony causes.

Before you open your checkbook, check out the charity you’re considering with these organizations:

BBB Wise Giving Alliance

4200 Wilson Boulevard, Suite 800
Arlington, VA 22203
(703) 276-0100
www.give.org

Facts for Consumers

American Institute of Philanthropy

P.O. Box 578460
Chicago, IL 60657
(773) 529-2300
www.charitywatch.org

Charity Navigator

1200 MacArthur Blvd.
Mahwah, NJ 07430
(201) 818-1288
www.charitynavigator.org

GuideStar

4801 Courthouse Street, Suite 220
Williamsburg, VA 23188
(757) 229-4631
www.guidestar.org

Your Local Charity Registration Office

Most states require charities to be registered or licensed by the state. Check with your state Attorney General's office or Secretary of State. You can find a list of state charity regulators at the National Association of State Charity Officials Web site — www.nasconet.org.

Many small, new, or local charities may not be rated by the organizations listed here. Some fraternal organizations, such as police and fire groups may not be rated at all. If the charity seeking your donation is not listed or rated, follow the precautions listed under Charity Checklist to help you determine whether an organization

deserves your donation dollars.

Where to Complain

If you believe an organization may not be operating for charitable purposes, is making misleading solicitations, or is ignoring requests to be placed on a "do not call" list, contact your state Attorney General, your local consumer protection office, or the Federal Trade Commission.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

FEDERAL TRADE COMMISSION	ftc.gov
1-877-FTC-HELP	FOR THE CONSUMER

Federal Trade Commission
Bureau of Consumer Protection
Division of Consumer and Business Education