

Charitable Donations: Give or Take?



our charity dollars are an investment in your community, the nation, and the world. The Federal Trade Commission (FTC), the nation's consumer protection agency, says it's wise to be cautious when making your donation decisions so you can avoid scam artists who try to make money by taking advantage of your generosity.

CHARITY CHECKLIST

Consider the following precautions to help ensure that your donation dollars benefit the people and organizations you want to help. They make sense whether you're solicited by an organization's employees, volunteers, or professional fundraisers by phone, mail, e-mail, or in person.

- ***Be wary of charities that spring up overnight in connection with current events or natural disasters.*** They may make a compelling case for your money, but as a practical matter, they probably don't have the infrastructure to get the donations to the affected areas or people.
- ***Ask for written information about the charity, including the name, address, and telephone number.*** A legitimate charity or fundraiser will send you information about the charity's mission, how your donation will be used, and proof that your contribution is tax deductible.
- ***Contact the office that regulates charitable organizations and charitable solicitations in your state to see if the charity or fundraiser must be registered.*** If so, check to make sure that the company you're talking to is registered. For a list of state offices, visit the National Association of State Charity Officials at www.nasconet.org/agencies. Your state office also can verify how much of your donation goes to the charity, and how much goes to fundraising and management expenses.

Facts for Consumers

- ***Don't be shy about asking who wants your money.*** Some charities hire professional fundraisers for large-scale mailings, telephone drives, and other solicitations rather than use their own staff or volunteers, and then use a portion of the donations to pay the fundraiser's fees. If you're solicited for a donation, ask if the caller is a paid fundraiser, who they work for, and the percentage of your donation that will go to the charity and to the fundraiser. If you don't get a clear answer — or if you don't like the answer you get — consider donating to a different organization.
- ***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, like 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.
- ***Look twice at 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.
- ***Trust your gut — and check your records if you have any doubt about whether you've made a pledge or a contribution.*** Callers may try to trick you by thanking you for a pledge you didn't make. If you don't remember making the donation or don't have a record of your pledge, resist the pressure to give.
- ***Refuse high pressure appeals.*** Legitimate fundraisers generally don'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 fundraising tool, less money may be available for the charity.
- ***Be cautious of promises of guaranteed sweepstakes winnings in exchange for a contribution.*** According to U.S. law, you never have to give a donation to be eligible to win a sweepstakes.
- ***Do not send or give cash donations.*** Cash can be lost or stolen. For security and tax record purposes, it's best to pay by check — made payable to the charity, not the solicitor. If you're thinking about giving online, look for indicators that the site is secure, like a lock icon on the browser's status bar or a URL that begins "https:" (the "s" stands for "secure").

CHECKING UP

Before you open your checkbook, check out the charity you're considering with these organizations. Note: Many small, new, or local charities may not be rated by the organizations listed here. Some fraternal organizations, like police and firefighter groups, may not be rated at all. If the charity seeking your donation is not listed or rated, follow the precautions listed under the Charity Checklist to help you determine whether it merits your donation dollars.

BBB Wise Giving Alliance

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

American Institute of Philanthropy

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

Charity Navigator

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

GuideStar

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

Military Relief Societies

Although the U.S. Department of Defense does not endorse any charity, you can learn about military relief societies at
www.militaryhomefront.dod.mil.

REDUCING TELEPHONE AND DIRECT MAIL SOLICITATIONS

Typically, when you donate to a charity, your name is placed on the charity's contact list.

The charity uses this list to contact you again for future donations, and often rents the list or exchanges it with other charities and fundraisers. If you feel overwhelmed with requests for donations, here are some steps you can take.

- Tell the charity to put you on their “do not call” list. By law, the charity must not contact you again. If it does, report it to your state Attorney General (www.naag.org) or your local consumer protection agency (www.consumeraction.gov). You can get the phone numbers for these organizations in your phone book or through Web directories.
- Include a note with your donation asking the charity not to rent, sell, or exchange your personal information and donation history.
- Ask the organization to limit its donation requests to you to once or twice a year. If the organization fails to honor your requests, you may wish to find a different charity to support.
- Sign up for the Direct Marketing Association's (DMA) Mail Preference Service (MPS) at www.dmachoice.org. The DMA's MPS lets you opt out of receiving unsolicited commercial mail from many national companies for five years. When you register with this service, 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. The DMA also has an Email Preference Service to help you reduce unsolicited commercial emails. To opt out of receiving unsolicited commercial email from DMA members, visit www.ims-dm.com/cgi/offemaillist.php. Your online request will be effective for five years.
- Sign up for the National Do Not Call Registry — the free, easy way to reduce the telemarketing calls you get. While charities are exempt from the FTC's Telemarketing Sales Rule that implemented the Registry, some will not call you if they know you

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don't want to receive calls. To register your telephone number, or to get more 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 be removed when they are disconnected and reassigned, or when you choose to remove your number(s) from the Registry.

TELEMARKETING SALES RULE

The FTC's 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 to disclose that the purpose of the call is to ask for a contribution. Telemarketers may not mislead you or lie to get your contribution.

FOR MORE INFORMATION AND COMPLAINTS

To learn more information about making your donations count, visit www.ftc.gov/charityfraud.

If you believe an organization may not be operating for charitable purposes, or is making misleading solicitations, contact your state Attorney General (www.naag.org) or your local consumer protection agency (www.consumeraction.gov). You can get the phone numbers for these organizations in your phone book or through Web directories.

You also may file a complaint with 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 consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by 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