

1 2 3 4 5 best practices for philanthropists

Give strategically

Understanding your charitable interests and passions can provide a unique opportunity for you to create a long-term strategic plan that also impacts your favorite charitable causes. The following five questions are designed to help you consider the effectiveness of your philanthropy. The answers can serve as a guide for developing giving strategies and ensure that, over time, can optimize your donations, expand your giving, and fulfill your charitable plans.

1

How do I define charitable success?

Identify your charitable goals and consider how you will measure progress and achievement. Creating a mission statement to be as brief or extensive as you would like is a great way to help define your purpose for giving and identify goals and methods to gauge progress.

2

How does charity fit into my overall financial plan?

In the broadest sense, individuals end up giving discretionary assets, i.e., their wealth, to three main areas: other individuals, the government, and charity. Consider how giving to each area connects to estate and tax plans, and plays a role in managing a financial windfall. Being savvy with when and what to give can help you diversify an existing portfolio, minimize tax repercussions, and optimize giving.

3

Who may I involve in my philanthropy?

Reflect on whom you want to include in your philanthropy and to what extent, as well as how they will affect your goals. Additionally, it is important to understand what will happen to your charitable assets after you pass, and how to ensure your charitable intentions are honored.

4

What giving tool is best?

Choosing the giving tool that best supports your preferences and giving goals should start with an assessment of six key factors. Ranking each factor by importance (high, medium, low) will allow you to review the various giving options that meet these factors with an open and shrewd mind.

Tax efficacy

Review the timing and types of assets you give and consider the tools to help maximize tax deductions.

Control

Determine how much direct oversight and decision-making power is needed for each aspect of your philanthropy.

Legacy options

Think about how you want to leave your charitable legacy (ex. Bestow assets to charities, name a charitable beneficiary in a will), and determine which options will meet your legacy needs.

Cost

Understand the total cost of various giving options and what you are willing to pay for philanthropy with the fundamental understanding that more money spent on fees, the less money available for charity.

Distribution to charity

Ensure the giving tool allows you to support charitable causes in sync with your mission and, if desired, affords you the ability to give to multiple charities on a consistent basis or grant one large sum in the future.

Recognition v. anonymity

Legally, not all giving tools can be sensitive to wishes for anonymity, while some may be able to cater to specific recognition requests.

For information on the most common charitable giving tools, visit vanguardcharitable.org/givingoptions.

5

How do I evaluate and monitor nonprofit organizations?

This last step in being a strategic philanthropist can often be overwhelming. The following steps will lead you toward more impactful philanthropy.

- Review an organization's IRS tax status, financials, and governance standards. Learn how the charity spends money, its track record for success, and who makes important decisions.
- Determine whether a donation should be used for a specific project or cause, or if it can be used at the discretion of the charity.
- Finally, engage with nonprofit representatives after giving money to continue conversations and monitor results.

For the full version of 5 best practices and other resources, visit vanguardcharitable.org/resource_center.