

How to Select the Best Charities that are right for YOU in 2021?

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While it is too early to state the exact amount of all charitable dollars raised in 2020, it is safe to say that giving remained strong throughout the year during a time period when every person could have had a reason NOT to give. Health care issues from the pandemic; unemployment; social unrest; stress and anxiety not seeing loved ones; working from home; and balancing family life are just some of the challenges we all faced and in many respects continue to address.

But people stepped up big time and gave unprecedented amounts starting in April and lasting through the end of the year from their donor advised funds, family foundations, as well as their own investments and savings. In fact, December 1, 2020 Giving Tuesday, raised a record \$2.47B in one day, up 25% from what was raised the same time in 2019. Much of the charitable giving went to health care facilities, Covid-19 related research, national and local food banks, reliable voter fairness advocacy, and social equality initiatives.

For example, MacKenzie Scott, formerly married to Amazon CEO Jeff Bezos, gave more than \$4B to organizations effected by the economic crises caused by the pandemic, social and racial justice causes, and historically Black colleges and universities; Jack Dorsey, CEO of Square and Twitter, committed \$1B to Covid-19-related assistance; and Mark Zuckerberg Co-Founder of Facebook and his wife Priscilla Chan gave \$350M to ensure safe and reliable voting practices.

This outpouring of crisis relief money had a downside for some charities because it shifted the focus and the support from organizations such as ballet companies, art museums, theaters, cancer treatments, homeless shelters, educational and religious causes and many more. Now that we have entered the new year, what should you be considering when you either want to find a new charity to support, continue to support your previous charity, or return to supporting one that you have in the past?

You have over 1.7 million choices to make here in the US alone. Selecting the charity that is right for you is not always an easy task because these decisions are made from the heart as well as the logic. Beyond the traditional avenues you can take, such as researching a nonprofit in Charity Navigator, <https://www.charitynavigator.org>, GuideStar, <https://www.guidestar.org>, or Candid, <https://candid.org>, here is my short list of simple yet thought provoking questions I suggest you ask to make your decision:

1. How has the charity responded to either its surplus or deficit of charitable dollars in 2020?

You always want an organization that is well managed, one that makes the right strategic decisions. Were they able to minimize the lack of funding, pivot to strong online donor engagement experiences, and communicate their challenges as well as their proposed new plans? The flip side is for organizations that were the recipients of new or unexpected money. How and when did they distribute these proceeds to their beneficiaries? Did they over expand new programing that may not be sustainable in future years?

2. Do you trust the organization AND its leadership?

Any nonprofit should be run like a very efficient business and is solid and sustainable when it is able to deliver its mission with strong leadership. A word of caution here is not to judge the strength of an organization by its size, meaning if it is larger, has a large board, or a national or international presence it must be well run. The true tests are whether the CEO and each board member makes a yearly “stretch gift” to the organization (a gift that requires thought and goes the extra yard!); if the board is diverse in skills and in thought and is helpful with fundraising; and if it can demonstrate that it has increased its delivery of services to its intended beneficiaries or if it could not, what prevented it from doing so.

3. Would you be willing to tell a total stranger that you just made a gift to this charity and WHY you support it?

We often talk about people inside the charity as the natural “storytellers” to promote their work, but I truly believe that the real and most effective “storytellers” are the supporters. How good or great will you feel when you either just selected a new charity, decided to continue supporting a current charity or went back and continued supporting them after skipping perhaps a year or two? You should be elated, empowered, filled with gratitude and satisfaction knowing that you made a difference in someone’s life or for some special cause. You should select the cause that speaks to you, one that you want people to know what you did and that you are filled with pride. Even if you give anonymously you should still feel this sense of accomplishment, inner joy.

I created a new phrase over the course of this past year because I have seen people of little means and those of great means give: The Act of Giving Gives You Control. When everything seems uncontrollable, insurmountable, endless, and filled with anxiety you always have the power to give and that in turn empowers YOU. Be sure to have your giving plans coincide with your financial investments as the two are always tied together.

Malvern Bank, through our affiliation with Bell Rock Capital*, provides investment management and can set up a donor advised fund for charitable giving. These funds allow you to make a tax deductible** contribution that can be taken in the year made but allows your assets to grow until distributed following your instructions. If this or other investment management strategies interest you, please connect with Sally Lawson, Malvern Bank’s Senior Investment Officer at SLawson@MyMalvernBank.com to start the conversation today!

Select your charitable organizations wisely and just watch how good you feel!

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**Consult a tax advisor for specific tax benefits of a donor advised fund.