

## Watch Out for Charity Scams

### Article Highlights:

- Fraudsters
- Urgent appeals
- Tips to avoid scams & ID theft
- Cash contribution tax documentation

Fall is a traditional time of year for gift giving, including charitable giving. But before you write those checks, you should also be aware that there are fraudsters out there who solicit on behalf of bogus charities or who aren't entirely honest about how a so-called charity will use your contribution.

Urgent appeals for aid that you get in person, by phone or mail, by e-mail, on websites, or on social networking sites may not be on the up-and-up. Fraudsters also pop up whenever there are natural disasters such as earthquakes, floods, etc., trying to coax you into making a donation that will go into their pockets, not to help victims of the disaster.

Unfortunately, legitimate charities face competition from fraudsters, so if you are thinking about giving to a charity with which you are not familiar, do your research to avoid swindlers who try to take advantage of your generosity. Here are tips to help make sure that your charitable contributions actually go to the cause you support.

- Donate to charities you know and trust. Be alert for charities that seem to have sprung up overnight in connection with current events.
- Ask if a caller is a paid fundraiser, who he/she works for, and what percentage of your donation goes 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.
- Don't give out personal or financial information — including your credit card or bank account number — unless you know for sure that the charity is reputable.
- Never send cash: you can't be sure the organization will receive your donation, and you won't have a record for tax purposes.
- Never wire money to someone who claims to be a charity. Scammers often request donations to be wired because wiring money is like sending cash: once you send it, you can't get it back.
- If a donation request comes from a group claiming to help your local community (for example, local police or firefighters), ask the local agency if they have heard of the group and are getting financial support therefrom.
- Check out the charity with the Better Business Bureau's (BBB) Wise Giving Alliance, Charity Navigator, Charity Watch, or GuideStar.

Remember, in order to deduct a charitable contribution on your tax return, it must be a legitimate charity. Contributions to religious, charitable, scientific, educational, literary, and other institutions that are incorporated or recognized as organizations by the IRS may be deducted. Sometimes these organizations are referred to as 501(c)(3) organizations after the code section that allows them to be tax-exempt. Gifts to state and local government, the federal government, qualifying veterans and

fraternal organizations, and certain nonprofit cemetery companies also may be deductible. Gifts to other kinds of nonprofits, such as business leagues, social clubs and homeowner's associations, as well as to individuals, cannot be deducted.

To claim a cash contribution, you must be able to document the contribution with a bank record that includes the name of the qualified organization, the date of the contribution, and the amount of the contribution or a receipt (or a letter or other written communication) from the qualified organization that shows the same information. Bank records may include a canceled check, a bank or credit union statement, or a credit card statement. In addition, to deduct a contribution of \$250 or more, you must have an acknowledgment of your contribution from the qualified organization or certain payroll deduction records.

Be aware that, to claim a charitable contribution, you must also itemize your deductions. It may also be beneficial for you to bunch your deductions in one year and skip the next. Please contact this office if you have questions related to charitable giving tax benefits associated with your particular tax situation.