A spoonful of Sugar

Editor's note: *Practicing attorney Richard A. Sugar of Lake Forest joins the ranks of Pioneer Press columnists this month with his occasional column that will tackle issues like finances, taxes and legal concerns. Sugar said this column is a way for him to use his expertise for good. "At this stage in my life, I wish to share my knowledge and experience with a broader, public audience — in a small way to give back to the community." This month, he aims to help readers know how to best donate their holiday dollars.*

BY RICHARD A. SUGAR

Like me, you probably open your mailbox to an avalanche of charity solicitations this time of year. Your voicemail box is filled with similar charity donation requests. You are asked to attend a dozen dinners and silent auctions.

How can you do the most good?

John Glier, the CEO of Grenzebach, Glier & Associates, Inc., a privately-held philanthropy consulting company in Chicago, advised: "*A good donor is one who invests* for the long term, who continues to give on an ongoing basis, and who is willing to respond to the organization's request for 'strategic' support — philanthropy that provides sufficient flexibility to support its core agenda at any given time. This might mean, at times, completely unrestricted gift support, or it might mean focused giving around a particular project."

So, the first criterion for being a consumer-smart donor is choosing a legitimate, tax-exempt charity that meets your charitable passions and goals.

Do you want to support education, medical care, religion, social welfare, or the arts?

There are several resources that can help you narrow your choices and verify the bona fides of the charity of your choosing: Charity Navigator (http://www.charitynavigator.org/); GuideStar (http://www.guidestar.org/); BBB Wisegiving Alliance (http://www.bbb.org/us/Wise-Giving/), and the IRS website of charities authorized to received tax deductible contributions (http://www.irs.gove/Charities-&-Non-Profits/Exempt-Organizations-Select-Check).

The second criterion for being a consumer-smart donor is choosing the right type of donation — cash, securities, household clothes or furniture, artwork, other property.

There are specific tax rules that govern each type of contribution, to assure you can claim the relevant charitable income tax deduction. While the rules are summarized in IRS Publication 526, here are a few reminders.

Remember that if you give a large gift in any year, there are limitations on how much you can deduct relative to your income, although you have the ability to carry forward the excess unusable deduction for up to five years. Also, check with your tax advisor about the rules for itemized deductions and AMT.

For those who had a profitable year and want to claim a charitable deduction without having to name the charity recipients immediately, consider establishing a "Donor Advised Fund." It operates much like a mini-private foundation, but without all the tax and administrative burdens. You can deposit your donation with a publicly-endowed charity established by an institutional custodian, and then the institutional custodian holds your money until you advise it to distribute to your preferred charities.

In the meantime, the institutional custodian manages your money, and it continues to grow tax free. It is a very efficient way to establish your legacy. See, for example, Fidelity's Charitable Gift Fund (http://www.fidelitycharitable.org/giving-account/featurs/how-it-works.shtml).

Giving back to your community is the highest human calling. Making sure that you do it in the smartest way, assures that your gift will accomplish the greatest good.

• Submit your questions to RAS.sugar1898@gmail.com and he may address the topic of your questions in a future column. This column is for general education, and is not to be construed as legal, tax, or financial advice relative to any particular circumstances.