



## Year-End Check-Up: Reviewing Your Giving Plan

*Reviewing your giving plan at year-end can help ensure that your gifts are helping you achieve your philanthropic goals.*

Charitably inclined individuals who want their giving to reflect their values can draw on a wide range of creative strategies to make a difference in their communities. Of course, plans of any sort require a proper review, and no time is more appropriate for taking stock and reevaluating goals than the end of the year. That's particularly true of philanthropy.

"You should put as much thought and effort into charitable giving as you would your investment portfolio," says Rande Spiegelman, Vice President of Financial Planning, Schwab Center for Investment Research.

### **The Key Questions**

Like many advisors, Siegelman recommends that donors' philanthropy be driven by goals and objectives, which can be turned into questions that will inform a year-end review.

Consider the following lines of questioning:

- What did you seek to achieve with your donation, and over what period of time?
- Did your gifts properly reflect your intentions, values and beliefs? In other words, were they spent as you intended or requested—and if not, were you informed?
- Where your donations consistent with your overall financial plan?

### **Reviewing the Performance of Recipient Organizations**

Donors who work with community foundations can often turn to them for intelligence gathering about how their donations were utilized. Many community foundations are a source of useful evaluation information such as organizational goals, success rates, as well as operational and financial information.

Alexandra Derby, director of donor services at the Marin Community Foundation in Novato (California), says she sits down with donors to review the performance of their contributions, and pays special attention to whether gifts were used by recipient organizations as specified, whether the funds enabled the organization to achieve expected results, and whether there might be other programs run by the charity that need help and mesh with the donor's giving plan. Of course, donors should also track what portion of their donation was used to cover overhead costs, and should be certain it's not out of line with what they had expected.

To facilitate such discussions, Derby says she asks recipient organizations for year-end and grant-end reports, which can also help set the parameters for the coming year. That, in turn, helps recipient organizations plan their own budget and spending needs more effectively. Overall, she says, "a year-end review means next-year's giving will be much more meaningful and effective."

### **Reflecting on New Directions**

A year-end review of your philanthropy can also help you reflect more deeply on why you give—and help orient your giving in new directions. "Some of the questions I ask involve the



donor's past and what's important to them," says Beth Harrison, vice president of donor services at the Gulf Coast Community Foundation of Venice (Florida). "It can lead to what they'd like to change."

Harrison recalls working with one donor who was committed to helping provide low-income children with the opportunity to learn to swim. Harrison took the individual to a local community center so he could see the facilities and experience first-hand where his money would have the most impact. From that meeting, says Harrison, the donor also discovered that he could make a substantial impact in the lives of disadvantaged children by supporting programs that provide homework assistance and meal programs.

"Recognizing the scope of the need meant the donor could plan his involvement more effectively to ensure that he achieved his philanthropic goals," says Harrison.

### **Working With Your Financial Plan**

Reflecting on philanthropy at year's end also enables donors to re-examine their goals and priorities in light of their changing financial circumstances.

Herbert K. Daroff, a tax attorney and certified financial planner at Boston's Baystate Financial Services, recounts the story of one client who came to him looking for advice on what to do with some rental properties that had substantially appreciated in value, despite being located in a low-income neighborhood. The owner, who had become far wealthier than he'd ever imagined, had long thought vaguely about giving back to the community.

Daroff helped the client understand how the financial windfall could help him attain his long-held desire to help others. Rather than just selling the buildings, Daroff helped his client transfer ownership of the properties to a charitable remainder trust, which used rental income from the buildings to generate scholarships funds for disadvantaged high-school students in the area.

### **Family Involvement**

Annual reviews can also provide a great opportunity to share philanthropic values with children. Reynolds Cafferata, a partner in the Los Angeles law office of Bingham McCutchen LLP, says that a number of his clients structure their year-end thinking about philanthropy around their kids, enabling them to think about important causes during a time when many children get swept up in the highly commercial nature of the holiday season.

Done properly and thoroughly, conducting annual reviews of your charitable giving at year's end can help rekindle the kind of excitement that first inspired your philanthropy.

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