

FIXES

# 7 Standards for Your End-of-Year Donations

Often neglected, these considerations can guide you to increased confidence in your charitable choices.

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Despite all the ink spilled on the ethics, or lack thereof, when it comes to foundation and corporate philanthropy, it is individual donors who keep the world’s nonprofits afloat. Two-thirds of all giving comes from people who brace for the big costs of holiday gifts and hope there will be a bit of cash to send to those less fortunate.

The largest percentage of that global giving — 31 percent of all donations, or \$127.37 billion — goes to religious organizations. People who identify as religious tend to give the most, not just to their own places of worship, but to secular causes, too.

I’m not religious, and in that I’m not alone: 23 percent of American adults now consider themselves unaffiliated. That’s up from 16 percent in 2007. And 35 percent of millennials don’t identify with a particular religion.

But given the substantial number of us who give small-dollar donations, and given the growing population of people without religious guidance on how to do so, it feels as if there is very little public conversation about how to give. Sure, we

can check Guidestar to get answers to straightforward questions about how a nonprofit spends its money and what it achieves in a given year, but there's so much more to consider.

Should you donate to global organizations that address the most immediate and basic needs for huge numbers of people? Or is it best to invest in your local community, where people are no doubt suffering from food and housing insecurity right under your nose? Should you give all of your money to one organization or spread out smaller gifts to more of them? How can you trust an organization to use your money wisely? And how much should you give?

After about 15 years of weighing these questions each December, I still feel mightily confused about the right answers. Which leads me to believe two things: 1) There are no right answers, but there are important, and often neglected, considerations. And 2) We all need to rely on the wisdom of others. (Sounds like good rules for all of life, now that I think about it.)

Drawn from interviews with a wide variety of experts, here are seven worthwhile considerations on end-of-year giving:

### **Proximity matters.**

Many people with whom I spoke said the most critical factor in predicting whether a nonprofit will be successful in its aims is who leads the effort. Those who have experienced the problem that they are trying to solve have hard-earned insights into how to correct it. Further, those who are part of or deeply connected to the communities in which they work are much more likely to design strategies that deliver change. This isn't to say that a Harvard M.B.A. doesn't help, but being born and raised in the affected community may matter just as much, if not more. So as you look at organizations you might support, think about the variety and quality of expertise that the leader possesses. Or, as Pamela Shifman, executive director of the NoVo Foundation put it, "Look for community-led organizations who dare to challenge the root causes of injustice — and are run by people from communities closest to the challenges. Investing in them, including women and especially women of color, is the single best way to contribute to lasting change."

## **Sometimes your social capital is worth as much as your actual capital.**

Haven Ley, who works with Melinda Gates at Pivotal Ventures, reminded me that clicking “donate” is not necessarily the end of the opportunity for small-scale donors: “After you make your year-end gifts, swallow hard and consider sending a cold email to three friends with three reasons why you just gave. This way your gift has immediate leverage and you become a champion of the organizations you love.” Behavioral economists back up Ms. Ley’s recommendation; when we perceive a social norm among our friends, we want to align with it — whether it’s which brand of winter coat we sport or which organization we send our \$100 to each December.

## **Think relationally, not transactionally.**

Gabe Kleinman, the director of portfolio services and marketing at Obvious Ventures, also warned against hitting the donate button and calling it a day: “Most consider it a year-end tax deduction exercise and leave it at that. It should instead be the beginning of a relationship, or an extension of an existing one, to be cultivated year-round.” It’s probably not realistic that you will create a significant bond with every organization you donate a few dollars to, but pick one or two and aim for something beyond just a destination for another check. Learn more about the mission and the complexity involved in achieving it. Keep learning. (This will also help you approach your donations with a realistic sense of the real structural challenges that the organization faces.) Show up at events with humility. Keep showing up. “Giving with the spirit of reciprocity shifts the focus of giving from altruism to relationship,” Edgar Villanueva, author of “Decolonizing Wealth,” explained. “It shifts the narrative of who is a ‘giver’ and who is a ‘taker.’”

## **The most effective organizations aren’t necessarily the ones with the most impressive websites.**

Obviously we are visual creatures. We spend much of our lives in a consumer-driven environment well designed to grab our attention and get our dollars. But when you are deciding where to give, try to shift out of consumer mode and into citizen mode. Many hard-working, dignity-restoring direct service organizations

don't put much energy into their "brand." Or as Carrie Avery, the president of the Durfee Foundation, put it: "Many groups don't have influential people on their board and staff and are so stretched doing their job of feeding people, housing refugees and domestic violence survivors, or producing transformative artwork, that they don't have the resources to connect with donors or produce a snappy website." In other words, don't conflate communications prowess with impact.

### **Respond to urgency, but don't forget root causes.**

We are facing the worst refugee crisis in history; 65 million people are now displaced and in desperate need of resources. So consider giving some of your December dollars to those providing for refugees, or even the refugees themselves (as Give Directly has been experimenting with). But also take a moment to consider what has created this extraordinary displacement in the first place. Pam Scott, a social impact designer, said: "Think about giving to organizations addressing challenges further upstream. For example, there are organizations that address the tragic circumstances caused by war. And then there are organizations that champion peace and aim to contain wars before they actually erupt." The latter have a much harder time raising money because their narrative is less urgent and their accomplishments are often in what didn't happen, rather than what did.

### **Joy and beauty are not luxuries.**

A popular approach to philanthropy these days is called "effective altruism" — the scientist's effort to protect the giver from the turbulent storms of emotion (think of Sally Struthers's deeply patronizing and objectifying appeal for money for hungry African children in the 1980s), and instead find shelter in rationality. And here's the thing: Giving your money and time in a way that makes the biggest difference is a virtuous way to go. On the other hand, those of us far distant from a given predicament might not know what the "biggest difference" actually is. "Consider giving to organizations that create joy and beauty for people who have been deprived of it," advised Zarlisht Halaimzai, the founder and chief executive of the Refugee Trauma Initiative. "I work with refugees, and was one myself, and I can tell you that sometimes the chance to laugh or make art can feel as important as food and water."

## **Give enough to feel some discomfort.**

The Hebrew word for charity is “tzedakah,” derived from a word meaning “fairness.” In Judaism, giving to the poor is not viewed as a magnanimous act; it is simply the poor’s due. Similarly, in the Quran (51:19), believers in Islam are praised for giving a rightful share of their wealth to the deprived, an act called “sadaqah.” And many Christians take Jesus Christ’s teaching in Matthew 23:23 to heart: “Tithing must be done in conjunction with a deep concern for justice, mercy and faithfulness.”

There seems to be quite a bit of agreement on the need for giving, but how much should one give? Well, according to most of the world’s major religions, 10 percent of your income is about right. But most donors, secular or religious, don’t approach anything near that much in annual donations. According to the Internal Revenue Service, those with income between \$100,000 and \$200,000 contribute, on average, 2.6 percent of their income, and those with income above \$200,000 give 3.1 percent. You know who gives the most, proportional to their income? Those who make the least.

That, it seems to me, should be an inspiration to us all — religious and secular alike. If the Americans making the least amount of money each year figure out how to share it, those of us with more should, too. Perhaps use your own discomfort as a barometer? If you aren’t giving an amount that makes you feel a little freaked out, give a little more. That’s not exactly an edict with biblical or Quranic eloquence, but it makes sense to me.

I’m curious, what considerations would you add?

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