

BUSINESS

Determine your true giving capacity

By Bruce DeBoskey, The DeBoskey Group



Microsoft's Bill Gates, left, and investor Warren Buffett created the Giving Pledge for billionaires. (Associated Press file)

In 2010, Americans contributed about 2 percent to 3 percent of their net incomes to charitable causes. With government services shrinking and demands upon nonprofits rising, is this enough?

The answer to the question "What is my full giving potential?" is deeply personal. For America's 400 billionaires, Bill and Melinda Gates and Warren Buffet created the

Giving Pledge. The pledge invites America's wealthiest families "to commit to giving the majority of their wealth to the philanthropic causes and charitable organizations of their choice either during their lifetime or after their death." To date, 69 families have committed to donating half or more of their wealth to charity — givingpledge.org.

For the rest of us, the question is different. If a person doesn't have or make enough to cover the basics of everyday living, the question of how much to give to charity is mostly academic. That said, many lower-income Americans donate to charity with contributions of both time and money.

Many people, however, have more than enough to cover their living expenses and discretionary spending, save money for older age or unexpected illness, and provide security and opportunity for their loved ones. With the help of a financial adviser, or the use of other financial planning tools, people can plan how much they'll likely need to take care of these priorities, and

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Bruce DeBoskey of the DeBoskey Group (Denver Post file photo)

determine their true giving capacities during their lifetimes.

Most religions offer guidance on this topic as well. Christians and Jews are encouraged by their teachings to "tithe" by giving 10 percent of their net incomes each year to charity. Muslims are encouraged to give 2.5 percent of their accumulated wealth annually. Other religions also strongly encourage donating to charity.

Bolder Giving is a national nonprofit initiative created to inspire and support people to give at their full potential. Its website includes more than a hundred stories of people across the economic spectrum who are giving far beyond the norm. Bolder Giving suggests that thoughtful donors develop financial, giving and legacy plans. But even without such plans, it encourages more generous giving and provides helpful approaches for determining how much to give. For instance, when spending on luxury or discretionary items, providing a matching gift to charity; treating nonprofits as a "child" and donating the cost of raising that child; increasing a charitable gift by adding the amount of the anticipated tax deduction; donating a windfall such as an inheritance or stock sale to a favorite cause; or donating not only a percentage of earned income to charity, but also a percentage of unearned income and investment appreciation. The Bolder Giving Workbook: Discovering Your Full Giving Potential, available at boldergiving.org, is an excellent free resource.

There are many competing demands for people's money even after financial, giving and legacy plans are created. One of the best ways to assure follow-through with charitable goals is to enroll in a

payroll deduction plan so that the donations are made before the funds hit a bank account. Some companies, such as CH2M Hill, Encana and IBM, have their own payroll-deduction plans, while others establish regular payroll deductions through United Way (unitedwaydenver.org) or Community Shares of Colorado (cshares.org). Many employers increase the impact of employees' contributions by matching their donations. Alternatively, online bill-paying creates an easy way to have donations sent automatically to charities.

Thoughtful planning empowers people to give more generously, create their legacy, and find the true meaning and joy of philanthropy. Philanthropist Gigi Coyle is one of many people who have set an example by donating much of her inherited wealth to worthy causes. By doing so, she's learned that her "real trust fund is in my heart, my community, and my connection with something much bigger than myself." ■