



Standard 14: The student will explain the costs and benefits of charitable giving.


Charitable Contributions

Priority Academic Student Skills

Personal Financial Literacy

Objective 14.1: Identify types of charitable giving (e.g., monetary gifts, gifts-in-kind, and volunteer service). 

Objective 14.2: Describe the impact of charitable giving on the individual (e.g., budget, time, personal satisfaction, and tax benefits) and the community. 

Objective 14.3: Identify tools to research a charitable organization's mission/purpose, activities, and recipients (e.g., specific organizations' Web sites, Guidestar®, and regulatory agencies). 



Lesson Objectives

- ⇒ Identify different types of charitable contributions.
- ⇒ Describe examples of charitable giving in local communities and the state.
- ⇒ Use cost/benefit analysis to analyze the impact of charitable giving on individuals and society.

"Hey, Bert. Did you know the band is planning a big trip to New York to march in this year's Macy's Thanksgiving Parade? Mr. Mason just got the call this morning inviting us to come."

"Awesome, Jace, that is really sweet. Sure glad I decided to continue my drum lessons."

"Well, that is the good news. The bad news is we have to raise the money to go."

"No big deal. I am sure my parents will pay for me to go."

"Mr. Mason says we have to earn it, or we cannot go. Besides, I know my parents cannot afford it."

What do you think Mr. Mason has in mind? Do you participate in a club or organization that needs to raise money for a trip, for scholarships, or for other good causes?

Personal Financial Literacy Vocabulary

Charitable giving: The act of giving to charitable organizations or to those in need.

Cost/benefit analysis, risk/reward relationship: A tool used to choose among alternatives involves weighing the cost(s) of a product or service against the benefit it will provide.

Gifts in-kind: A non-cash contribution to a charitable organization which can be given a cash value.

Tax deduction: An expense that a taxpayer can subtract from taxable income. Examples include deductions for home mortgage interest and for charitable gifts.

Introduction



Charitable contributions are a big part of our society. Some people prefer to give money while others enjoy the opportunity to get personally involved. Others prefer to make contributions, such as clothing, computers, cars, and various types of goods and services. People give to organizations for many reasons, but the number one reason is because it makes them feel good to do it. Giving back to society is part of being a good citizen and should be part of a financial plan.

Lesson

Charitable contributions come in all sizes and types, and from people with all levels of income. Andrew Carnegie, one of the most famous American philanthropists, donated funds for libraries across our country. In 1889, he wrote an essay about what wealthy people should do with their money, saying that people have a moral obligation to give to others during their lifetime. Giving to charitable organizations, however, is not just for wealthy people. It is something that anyone can, and should, do.

Charitable giving is rather simple. You can give something of value to an organization that provides services to other people for little or no cost. Or, you may decide to do something nice for someone who needs help.

PRESENTATION

The multimedia slide presentation for this lesson outlines the content in this section. You may want to use it with your students, or print off the slides to use as lecture notes.

Monetary gifts can range from a few dollars at a school fundraiser to billions of dollars in assets. Regardless of the size, cash donations are the most frequently used form of charity. In 2006, Americans contributed \$295.02 BILLION to different charitable causes. You and your family have probably contributed to at least one local fundraiser in the past few months.

Donating time is also a common form of charitable giving. Oklahomans, like others in the United States, provide thousands of hours of their time to various organizations. In fact, people in the United States give away the largest percentage of personal income and have the largest percentage of volunteers when compared to other countries.

Class discussion topic: “Have you or someone in your family volunteered recently? What did you or your family do? How did it benefit others? How did it make you feel?”

Another way to contribute is by making an **in-kind contribution**, which means donating a non-cash item that has value to the receiving organization. You may have cleaned out your closet and donated your used clothes to a local nonprofit group or to a school organization that is having a garage sale to raise money for a trip.

For many families, involvement in faith-based organizations is the primary source of charitable giving. However, there are many options for people who want to be involved. Whether you give money, time, or other resources to a church, synagogue, or mosque; serve food at a homeless shelter; or volunteer to clean trash from the highway, you have participated in giving something back to your community.

In the box below, list some of the organizations in your community where people donate their time or money. If you have been involved, classify the type of contribution you made (money, time, or in-kind) in the past year.

| Organization | Type of Contribution |
|--------------|----------------------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |

Why Do People Give?

The answer to this question is as varied as the types of organizations that exist. Basically, people give because they support the mission or purpose of the organization. They believe the organization is doing good work, and it is their way of showing their support for what the organization represents. People also give because it makes them feel good to help others.

Charitable organizations have specific missions, such as:

- Reducing human suffering;
- Promoting justice;
- Building a sense of community;
- Supporting human potential and fulfillment;
- Advancing experimentation and change; and,
- Educational progress.

TEACHING IDEA

- Encourage students to research a local charitable group to learn more about its mission and its role in the community.
- Require students to participate in a service-learning project or spend time working with a community group.

Do you know the mission or purpose of the organizations you listed in the table above?

Answer:

Costs and Benefits of Charitable Giving

Participating in volunteer activities, making donations to organizations, and providing in-kind contributions can be very rewarding and even fun. While there is a direct cost associated with giving away time and money, the benefits often outweigh any direct costs. However, any cash donations – whether to faith-based organizations such as churches, the American Red Cross in times of disasters, or any other organization and cause – should be a part of your spending plan. When built in to your budget, they become a part of your regular monthly expenses. Otherwise, charitable contributions can become an emotional or impulsive decision and have a negative impact on your personal finances.

Giving away money or other resources to an organization is a cost because those resources are no longer available to you, and they are a benefit to the organizations receiving them. At the same time, you receive benefits from feeling good about your decision to help the organization or the people it serves.

Depending upon your level of income, you may be able to deduct charitable contributions from your personal income taxes. **Tax deductions** allow you to subtract certain charitable contributions from your personal income taxes. Although some people see that as an incentive to donate, not all contributions qualify for deductions. If you plan on using donations as a tax deduction, you will need to check the criteria on the Internal Revenue Service (IRS) Web site or ask the organization to provide evidence of meeting the criteria. The official address of the IRS Web site is <http://www.irs.gov>. Be careful about checking fake IRS Web sites ending in anything other than .gov.

What about you? Are you actively involved in a school organization or a group in your community that provides volunteer opportunities? Do you contribute to a specific cause? What are your costs and benefits? You will need the answers to these questions to complete your volunteer profile.

Mr. Mason met with the band members and their parents, and set a plan for raising the money to go to New York.

- 1. Hold a big garage sale, with donated in-kind items such as used clothing, furniture, and household items.*
- 2. Set up a table at Willy World's Market every Saturday, asking for cash donations.*
- 3. Hold a raffle on a new flat screen TV donated by TV Superstore.*

All band members and their parents will be expected to donate their time to these fundraising efforts.



COMPLETE: My Volunteer Profile – Activity 14.1.1

Review student answers before continuing with this lesson.

What did you learn from this exercise?

Answer:

Conclusion

Charitable organizations are an important part of our society, and being involved is a great way to contribute to their mission. Giving can make you feel better about yourself, make you feel like you are a part of a bigger purpose, or satisfy your need to give back to your community. Some people enjoy the recognition they receive from being involved in charitable work, while others prefer to be anonymous with their donations.

Regardless of the reasons people give, charitable contributions can be used to help others who need help. Making cash donations is only one way to be involved. If that is what you choose to do, be sure you have included that amount in your monthly budget. Otherwise, it can have a negative impact on your ability to reach your financial goals. Even if you have limited financial resources, you can still find ways to contribute by donating your time or your talents, or by making in-kind contributions.



Name: _____ Class Period: _____

Charitable Contributions Review Lesson 14.1 Review

Answer the following questions and give the completed lesson to your teacher to review.

1. List five ways that you can be involved in your school or your community.
 - a.
 - b.
 - c.
 - d.
 - e.
2. Discuss the reasons that people participate in charitable organizations or causes.
3. Identify some possible benefits and costs to making charitable contributions.

Name: _____ Class Period: _____

My Volunteer Profile – Activity 14.1.1

Do you volunteer with an organization in your school or community? Do you contribute financially to an organization, either locally or nationally? Have you thought about why you do (or do not) participate in charitable activities? What do you gain from participating? (If you do not participate, explain your reasons for choosing not to do so.)

Complete this grid by listing the organizations where you contribute either with time or money, the reasons you choose to participate, and what you gain from participating.

| Organizations | Reasons for Participating | Benefits from Participating | Costs from Participating |
|---------------|---------------------------|-----------------------------|--------------------------|
| | | | |
| | | | |
| | | | |

If you have costs, why do you continue participating?