

The Lawyer's Office

Turn charitable donations into good will marketing

By Paul J. Sullivan

Law firms are constantly hounded by charitable organizations seeking contributions, selling tables or participation at events, or soliciting advertisements in programs.

These firms have traditionally given generously to their communities and to the favorite charities of their clients and their lawyers.

With a little planning, organization, and research, your charitable contributions can benefit your firm from not only a tax standpoint, but a marketing perspective.

Typically, the history in firms is to give until the budget is gone, to give to a charity because you've always done it before, or give a little to everybody because they all are good causes.

Taking a more disciplined approach to charitable giving will give your firm more value for every dollar contributed, and will more fully benefit those charities you ultimately decide to support.

Partners or shareholders will be bombarded with requests individually, so it is essential the firm have established guidelines. In that way, the requests can be deflected to the firm's policymakers for the ultimate decision.

Guidelines should include an initial budget, a means by which requests will be considered and how requests outside the budget will be handled, and a designation of who has the final approval.

If a particular lawyer has a charity he or she wishes to support, and it doesn't fall within the firm's guidelines, then the lawyer can support it individually.

Even if you're a solo, you should consider the benefits of charitable giving and how it can be incorporated into an overall plan to market yourself and your firm to the community.

Larger firms look at charitable giving in the same way that they evaluate any other expenditure: that being some return on the investment.

Look at this expenditure through the prism of publicity, impact, community benefit, and client and attorney involvement. The positive publicity you can get from your participation is certainly a consideration, but the impact on the charity is another.

Dollars contributed to a local charity could have a much greater impact than the same amount sent to a national organization. Additionally, it could benefit the local community.

If your clients or employees are personally active in a charity, the benefits of your firm supporting it become even more significant. Larger firms will often identify what they consider an "impact charity" and get everyone involved through volunteering, as well as financial support.

Finally, a little research could give you increased return on your investment through tax deductibility. You can become a better informed donor by understanding the Internal Revenue Service rules surrounding charitable contributions.

That includes knowing the kinds of organizations to which you can donate and receive tax deductions. You may be surprised as to what qualifies and what doesn't.

The IRS defines a charitable contributions as a donation or gift to a qualified organization that is both voluntary and made without getting, or expecting to get, anything of equal value.

Not all organizations qualify, but most not-for-profit charitable organizations, educational institutions, hospitals, medical research facilities, fraternal organizations operating under the lodge system, and governmental agencies operating solely for public purposes do.

Organizations that can receive non-deductible donations typically are civic leagues, social and sports clubs, labor unions, chambers of commerce, most foreign organizations, groups run for personal profit, homeowners' associations, individuals, political groups and candidates for public office.

The cost of raffle, bingo and lottery tickets; dues, fees or bills paid to country clubs, lodges, fraternal orders or similar groups, and the value of your time or services are not deductible.

Incorporating good financial management in your charitable giving, as well as looking at it as another way to market your firm and your services, is a new way to approach an old topic. Properly managed, this benefits both your firm and the organizations you elect to support.

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