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Charitable Giving
& Life Satisfaction:

Does
Gender
Matter?



**WOMEN'S PHILANTHROPY
INSTITUTE**

LILLY FAMILY SCHOOL OF PHILANTHROPY

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Women's Philanthropy Institute

The Women's Philanthropy Institute (WPI) is part of the Indiana University Lilly Family School of Philanthropy. WPI increases understanding of women's philanthropy through rigorous research and education, interpreting and sharing these insights broadly to improve philanthropy. The Women Give series is its signature research project. Learn more at philanthropy.iupui.edu/WPI

Indiana University Lilly Family School of Philanthropy

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Introduction

“What makes us happy?” This question has been posed for centuries, starting with the ancient Greek philosophers and persisting with today’s celebrities, researchers, and the media. Research has shown a link between life satisfaction and physical and emotional health, which spurs us to identify the things that make us happier and healthier. We sought to understand: Does the “joy of giving” lead to a happier life?

Women Give 2017 is a step forward in understanding what makes us happy. It delves deeply into the connections between happiness and charitable giving. The research addressed two central questions:

Does the “joy of giving” affect all individuals and households equally?

Does the impact of giving on overall happiness vary by gender?

This study sought to understand these issues by looking at the same households over a number of years. It offers new insights into how life satisfaction is shaped by household characteristics – such as composition, income, gender roles within the family, and how decisions around charitable giving are made. The findings provide strong evidence about the link between happiness and giving, and illuminate differences in how and when men and women experience the joy of giving. The study also uncovered a new idea: a link between household happiness and the role of women in their families’ financial decisions.

Women Give 2017 is an important achievement in the ongoing effort by the Women’s Philanthropy Institute to understand differences in the way men and women give. This study’s findings have deep implications for philanthropy and fundraising. With a better understanding of how and when men, women, and families derive joy from giving, nonprofit leaders can engage their donors more effectively, and philanthropists will gain greater joy from giving. WPI is guided in our research efforts by the idea that understanding the many ways in which gender influences philanthropy will unlock a new era of giving by all.



Key Findings:

Giving makes us happy.

The study found that giving to charitable organizations is positively related to life satisfaction. The more a household gives as a percentage of income, the higher the household's life satisfaction.

Giving makes us *all* happy.

Across marital status (single women, single men, and married couples), giving to charitable organizations is positively related to a household's life satisfaction.

Changes in giving habits affect men and women differently.

Single men see the greatest increase in life satisfaction when they become donors. For single and married women, life satisfaction increases most when they increase their giving.

When women drive charitable decisions, more giving means higher satisfaction.

For households where either the wife makes charitable decisions or spouses make charitable decisions jointly, life satisfaction increases with the percentage of household income given to charity.

This impact is greater in lower- and middle-income households.

For households where charitable decisions are driven by women and more than two percent of their incomes are given to charity, households making less than \$100,000 per year experience more of a boost in life satisfaction from giving than those making \$100,000 or more.



Why Life Satisfaction Matters

What makes people happier and more satisfied with their lives? This issue has sparked interest for centuries, starting with the ancient Greek philosophers and continuing to today's researchers across multiple disciplines.

Aristotle regarded happiness as the supreme good: "Virtue is synonymous with happiness." Roman philosopher Cicero reflected, "There is no fool who is happy, and no wise man who is not."¹ The Dalai Lama advised, "the very purpose of our life is to seek happiness."²


Beginning in the 1980s, social scientists, policymakers, and the general public increasingly began to use terms such as "well-being," "happiness," and "life satisfaction" with growing interest in the conditions, traits, and attitudes that define quality of life.³ Recently, the mainstream media have continued to explore this question in the public domain. The TIME magazine cover story on "The New Science of Happiness" in 2005⁴ and subsequent book in 2016⁵ explore the current thinking and recent research on the question, "What is it that makes people lead more joyful lives?"

Recognizing that some people are happier than others, academics have embarked upon rigorous scientific inquiry into what factors determine

The Dalai Lama advised, "the very purpose of our life is to seek happiness."

happiness and lead individuals to enjoy a more satisfying life.⁶ Although scholars have used the terms "happiness," "well-being," and "life satisfaction" interchangeably, this study measures "life satisfaction," defined as an overall assessment of feelings and attitudes about one's life at a particular point in time, ranging from negative to positive.⁷ It is "the degree to which a person positively evaluates the overall quality of his or her





life as-a-whole.”⁸ People, themselves, are deemed the best judges of the overall quality of their lives, and life satisfaction can be measured reliably by simply asking individuals their level of life satisfaction.⁹

Research has shown a link between life satisfaction and other aspects of an individual’s life, such as emotional and physical health, networks, social support, and engagement in work and leisure.¹⁰ The relationship between life satisfaction and a person’s age, sex, race, marital status, and income is less conclusive.¹¹ Some studies have found that life satisfaction increases with income. However, this link has a limit; there are diminishing returns at the upper end of income distribution. In other words, increased income has a smaller effect on life satisfaction for the very wealthy than for those with lower incomes.¹² Studies from around the world show that women, in general, are happier than men.¹³ Married people report higher levels of life satisfaction than single people,¹⁴ although length of marriage and income differential between spouses affect that link.¹⁵

Life Satisfaction and Charitable Giving

What is less understood is the link between charitable giving and life satisfaction. Is it true that “it is better to give than to receive?” Does giving make people happier? If so, what are the benefits that people accrue as a result of being a giver? Does the act of giving change donors’ lives in ways that make them happier? Winston Churchill stated, “We make a living by what we get. We make a life by what we give.” Oprah Winfrey said, “If you want to feel good, you have to go out and do some good.” Can people indeed enrich their own lives through the act of giving?

There is evidence that the act of giving can affect the giver. The economist James Andreoni¹⁶ found evidence for the “warm glow” – the positive emotional feeling that accompanies the act of giving.



Can people indeed enrich their own lives through the act of giving?

Studies show a positive relationship between giving money and volunteering time to others, and the well-being of the giver.¹⁷ Researchers have found that volunteering and giving to charitable organizations result in increased psychological well-being, enriched social relationships, and even better physical health.¹⁸ One study found that the charitable tax deduction, in addition to being a boon for the taxpayer, also positively affects the taxpayer's overall health and decreases the possibility of suffering from several health problems, including emotional and psychological problems, lung disease, and arthritis.¹⁹

Recently, experimental studies have started to examine how spending money on others, which includes charitable donations as well as buying gifts for friends and family, might affect happiness.²⁰ These types of studies provide strong evidence that even modest forms of generosity make people happier than spending that same money on themselves.

In one study, researchers approached people on a university campus and gave them a \$5 or \$20 bill to spend by the end of the day. Half the participants were instructed to spend the money on themselves, and half to spend the money on someone else. That evening, people who had been told to spend the money on someone else reported feeling happier over the course of the day than those told to spend the money on themselves.²¹

One recent experiment used magnetic resonance imaging to investigate the brain mechanisms that link generous behavior with increases in happiness.²² In this experiment, participants were asked to commit to spending money on others over four weeks, and the control group was asked to spend money on themselves. Brain imaging revealed significantly higher levels of generous behavior and happiness for those who spent money on others, providing neural evidence linking generosity and happiness.



New Questions on Life Satisfaction and Charitable Giving

Although some studies have addressed how charitable giving affects life satisfaction or happiness, little research has focused on how this relationship may vary when we take a closer look at individual characteristics and household-level differences. *Women Give 2017* examines how the relationship between giving to charity and life satisfaction varies according to household demographics, such as income, household composition, and gender roles within the family. Previous research has revealed a modest relationship between income and life satisfaction; however, having money does not guarantee increased happiness after basic needs are met.²³ *Women Give 2017* provides a more complete, nuanced picture

***Women Give 2017* provides a more complete, nuanced picture of the relationship between charitable giving and life satisfaction.**

of the relationship between charitable giving and life satisfaction. The question remains, does the “joy of giving” affect all individuals and households equally? Is there a relationship between household income and the satisfaction received from charitable giving? Does the impact of giving vary by gender? *Women Give 2017* addresses these new questions.



Study Methods

This study uses data from the Philanthropy Panel Study (PPS), a module in the Panel Study of Income Dynamics (PSID). The PPS is the longest-running survey of philanthropy in the United States and provides a unique opportunity to study the effect of charitable contributions on life satisfaction. The PPS asks questions about life satisfaction, as well as charitable giving and family structure. This study uses the nationally representative Survey Research Center sample (SRC) of the PPS for 2009, 2011, 2013, and 2015 since questions on life satisfaction are available only for these years. The PPS surveys the same households over time. Because this study uses four waves of this data, it can infer causal linkages between life satisfaction and giving to charity. Life satisfaction is derived from the question: “Please think about your life as a whole. How satisfied are you with it?” measured on a scale from 1 (lowest) to 5 (highest).

The sample for the study consists of individuals who were heads of households or partners of heads of households in at least one wave of the sample. The sample size for this study is 10,735 unique people, for whom we have data over multiple years for a total of $N = 34,158$ person-year observations. (See Methodology for further detail.)





Findings

Women Give 2017 examines the relationship between giving to charity and life satisfaction both across and within household types. Finding 1 begins with the big picture by showing the relationship between giving to charity and life satisfaction for households that give to charity (donors) and those that do not give (non-donors). Findings 2 and 3 then examine the relationship between charitable giving and life satisfaction by household income. Findings 4 and 5 delve further into this relationship by looking at household composition by marital status. Findings 6, 7, and 8 look within married and cohabiting couples to understand differences in life satisfaction and giving according to how those couples make decisions about charitable giving.

For each finding, first the average life satisfaction is reported for each household. This is followed by a deeper analysis in which the study accounts for individual differences and household characteristics.

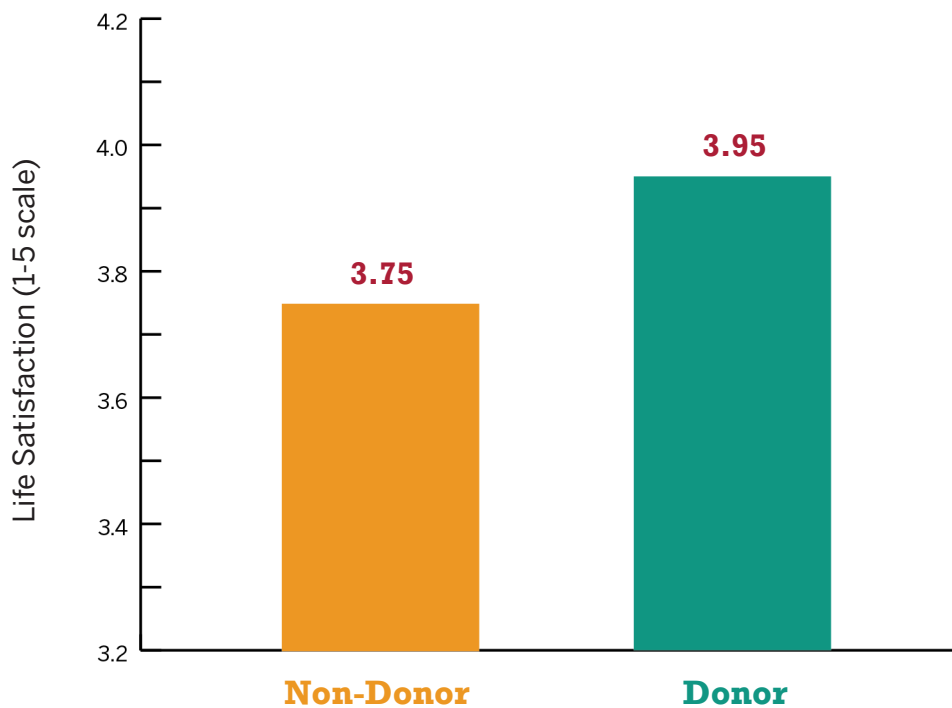


Giving and Life Satisfaction

Finding 1:

Giving to charitable organizations is positively related to life satisfaction.

Figure 1: Average life satisfaction for donors and non-donors



Data: 2009-2015 PPS; SRC sample only. Life satisfaction is measured on a scale of 1 (lowest) to 5 (highest). Note: The difference in life satisfaction for donors and non-donors is significant at the $p < 0.01$ level.

According to Figure 1, there is a statistically significant difference between the life satisfaction of donors and non-donors.ⁱ Accounting for individual differences as well as household characteristics, there is a statistically significantly higher life satisfaction reported by donors when compared to non-donors. (See Methodology on Finding 1 for further detail.)

i. Statistical significance means that a particular result is not likely due to chance.





Life Satisfaction by Income

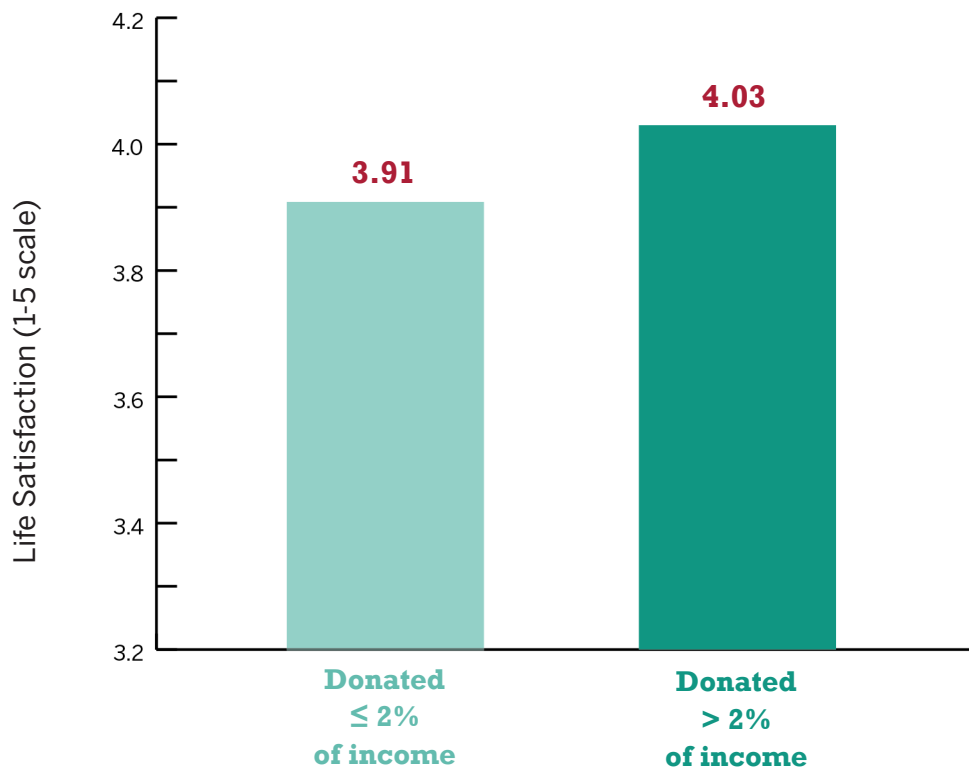
The next set of findings examines life satisfaction of households across income levels. The sample is divided into two groups: households that donate two percent or less of their incomes to charity, and households that donate more than two percent of their incomes. This study uses the percentage of income donated to charity rather than dollar amount for several reasons. First, percentage of income is a standardized measure that can determine intensity of giving based on capacity to give across income groups. Because higher income groups have a greater capacity to give – and in general, give more to charity – using the fraction of income donated to charity allows for a better comparison of giving across income groups. Second, total giving as a percentage of gross domestic product (GDP) has hovered around two percent for at least the past four decades, as long as data have been collected, and has been used as a standard for measuring giving by American households.²⁴ Finally, giving as a percentage of adjusted gross income (AGI) also has been used as a common measure of giving by American households. Over the past two decades, the average giving was consistently about two percent of AGI.²⁵



Finding 2:

The more a household gives as a percentage of income, the higher the household's life satisfaction.

Figure 2: Average life satisfaction for households by percentage of income given to charitable organizations



Data: 2009-2015 PPS; SRC sample only. Life satisfaction is measured on a scale of 1 (lowest) to 5 (highest). Note: The difference in life satisfaction for those donating ≤ 2% of income and those donating > 2% of income is significant at the $p < 0.05$ level.

Figure 2 demonstrates that when looking at donors only, the higher the percentage of income a household gives, the higher its level of life satisfaction. Accounting for individual differences as well as household characteristics, there is a statistically significant difference between the life satisfaction of those who donate two percent or less of their income to charity and those who donate more than two percent. (See Methodology on Finding 2 for further detail.)



The next finding examines whether this pattern persists both within and across income groups. The sample was divided into three income groups: less than \$50,000; \$50,000 to \$100,000; and more than \$100,000.

Finding 3:
Within income groups, the more a household gives as a percentage of income, the higher the household's life satisfaction.

Figure 3: Average life satisfaction for households by income group and percentage of income given to charitable organizations



Data: 2009-2015 PPS; SRC sample only. Life satisfaction is measured on a scale of 1 (lowest) to 5 (highest). Note: The difference in life satisfaction for all income groups is significant at the $p < 0.01$ level (comparing one group with the other two groups combined).



Figure 3 shows that within each income group, households that donate more than two percent of their income to charity have significantly higher life satisfaction than those donating two percent or less of their income to charity. This trend is consistent across all income groups. Additionally, as people’s income rise, they give more and also report greater satisfaction in life.

As people’s incomes rise, they give more and also report greater satisfaction in life.

These results indicate that the benefits of giving apply across all income groups – from households earning less than \$50,000 to households earning more than \$100,000. In fact, while enhanced giving increases life satisfaction for all income groups, the two household groups earning less than \$100,000 receive a larger boost in life satisfaction when they increase their giving to more than two percent of income, compared to those who earn \$100,000 or higher. (See Methodology on Finding 3 for further detail.)

Family and Household Structure

Previous research has shown that the changing demography of the American family and the role of women within the family have implications for charitable giving.²⁶ Today, there is an expanding number of single-headed households (particularly more single women). People are waiting longer to marry, and there is a growing tendency to never marry.²⁷ Marriage is experiencing significant shifts as more women become breadwinners in their households and influence their families’ financial decisions.²⁸ These household changes are expected to continue; families are becoming more diverse and dynamic than at any time in American history.

The next two findings examine the relationship between life satisfaction and charitable giving by marital status (married and cohabiting couples, single female-headed households, and single male-headed households).

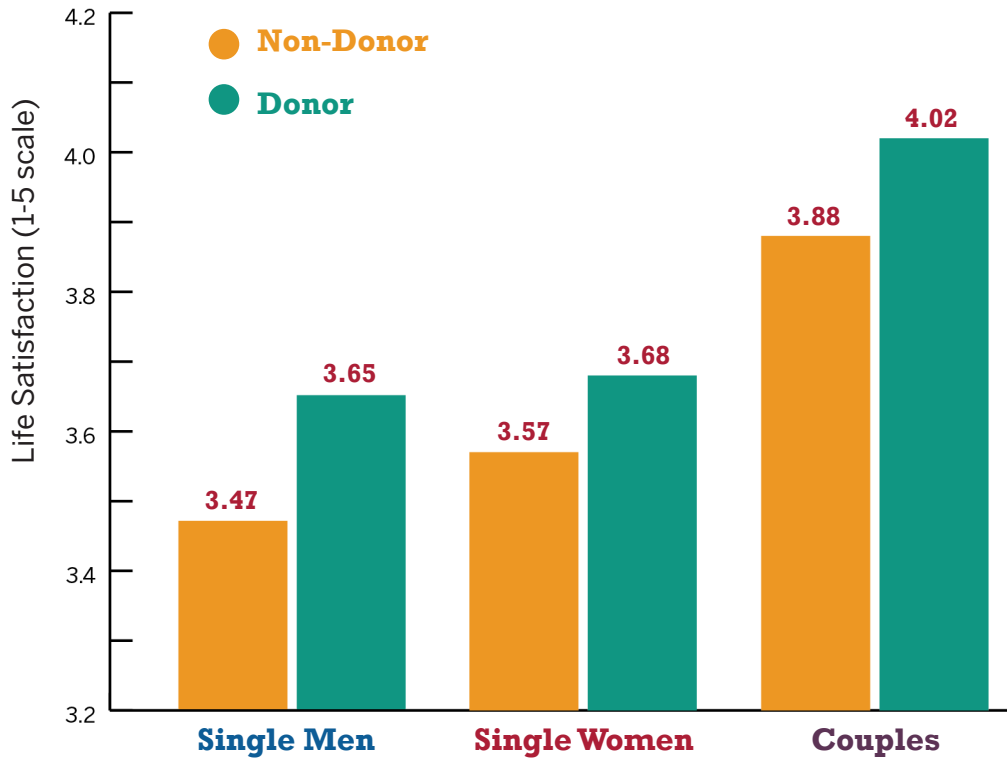
Finding 4 compares life satisfaction of couples, single women, and single men by donor and non-donor households.



Finding 4:

Across marital status, giving to charitable organizations is positively related to a household's life satisfaction.

Figure 4: Average life satisfaction for donors and non-donors across marital status



Data: 2009-2015 PPS; SRC sample only. Life satisfaction is measured on a scale of 1 (lowest) to 5 (highest). Note: Life Satisfaction for donors and non-donors are significant at $p < 0.01$ level for each group.

Figure 4 shows that for each marital status group, donors have significantly higher life satisfaction than non-donors.

Consistent with Finding 1, across marital status, donors report higher life satisfaction than non-donors. In addition, couples – both donors and non-donors – report higher life satisfaction than either single men or single women. When single men move from non-donor to donor, their gain in life satisfaction is double that of single women and couples. (See Methodology on Finding 4 for further detail.)

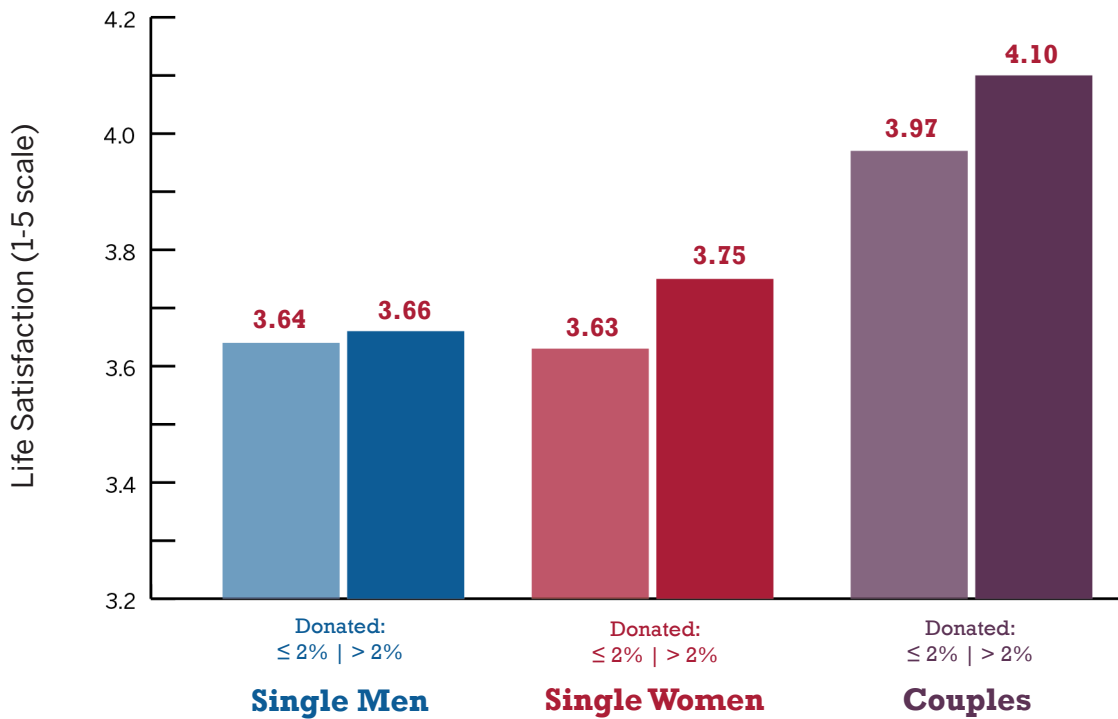
When single men move from non-donor to donor, their gain in life satisfaction is double that of single women and couples.



Finding 5:

For single women and married couples, the more a household gives as a percentage of income, the higher the household's life satisfaction.

Figure 5: Average life satisfaction across marital status, by percentage of income given to charitable organizations



Data: 2009-2015 PPS; SRC sample only. Life satisfaction is measured on a scale of 1 (lowest) to 5 (highest). Note: Overall, the difference in life satisfaction between couples and other household types (single men and single women) is significant at the $p < 0.01$ level.

For single women and married couples, households that donated more than two percent of their income to charity have significantly higher life satisfaction than households donating two percent or less of their income to charity. For single men, there is no statistically significant difference. (See Methodology on Finding 5 for further detail.)





Gender differences emerge

In Finding 4, the first indication of differences among single men, single women, and couples appears when they move from non-donor to donor. Specifically, when single men switch from non-donor to donor, their life satisfaction significantly increases more than that of single women and couples.

In Finding 5, looking only at donors across percentage of income given to charity, gender differences among households emerge across giving levels. When women are part of the household (either as single women or as part of a couple), life satisfaction increases for that household when they give a higher percentage of their income to charity. There is no difference when single men move from lower to higher giving levels.

Furthermore, the impact of giving a greater percentage of income is stronger for single women than for married couples.



Charitable Giving and Life Satisfaction for Married Couples

Finding 5 revealed that married or cohabiting couples have the highest giving levels and the highest life satisfaction. The next set of findings looks more closely into these households, examining how the decision-making styles couples use in their charitable giving affect their life satisfaction.

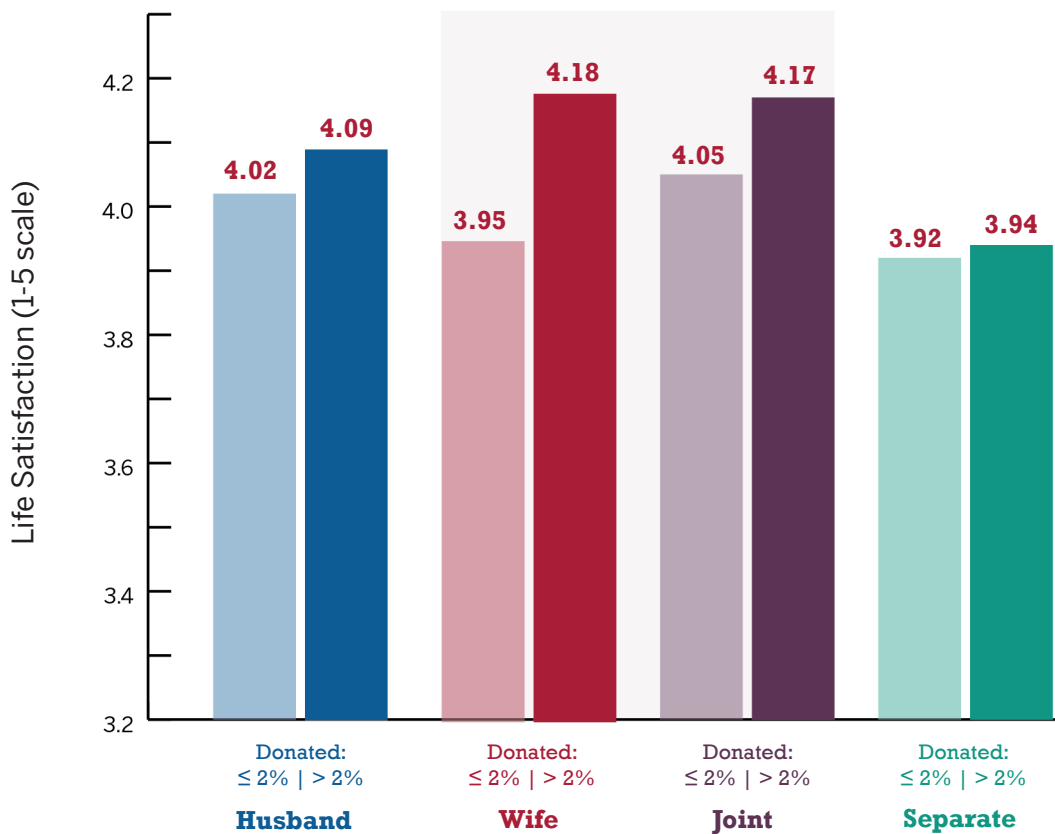
In the past, researchers proceeded as if married households had one set of preferences – unitary agreement in which charitable decisions were assumed to be made by the head of the household. Forty years ago, it was the default assumption that the man in a heterosexual married couple would be the sole decision maker about financial issues like giving to charity. Significant changes in American families in the last half-century, particularly the growing importance of women’s income and the dramatic changes in women’s roles within the family, have prompted researchers to examine the dynamics of how households not only make financial decisions, but also how charitable decisions are made.²⁹ Current research characterizes couples’ charitable decision making in four ways: the husband decides, the wife decides, the couple makes decisions jointly, or the wife and husband decide separately. The latest research finds that the way in which a couple makes decisions about giving to charity often affects the amount given, as well as the causes to which the household gives.³⁰



Finding 6:

For wife-deciding and jointly-deciding couples, the more a household gives as a percentage of income, the higher the household's life satisfaction.

Figure 6: Average life satisfaction for married and cohabiting donor households, across four decision-making styles, by percentage of income given to charitable organizations



Data: 2009-2015 PPS; SRC sample only. Life satisfaction is measured on a scale of 1 (lowest) to 5 (highest). Note: The difference in life satisfaction for those donating ≤ 2% of income and those donating > 2% of income is significant at the $p < 0.01$ level for wife-deciding and jointly-deciding households.



Figure 6 illustrates that households that donate a greater percentage of their incomes to charity have higher life satisfaction. However, wife-deciding and jointly-deciding households get more of a boost in life satisfaction when they donate more than two percent of their incomes to charitable organizations, compared to husband-only and separate deciders. When women are involved in giving decisions, households boost life satisfaction to a greater extent when they increase their giving as a percentage of income – similar to what has been shown in previous findings. (See Methodology on Finding 6 for further detail.)

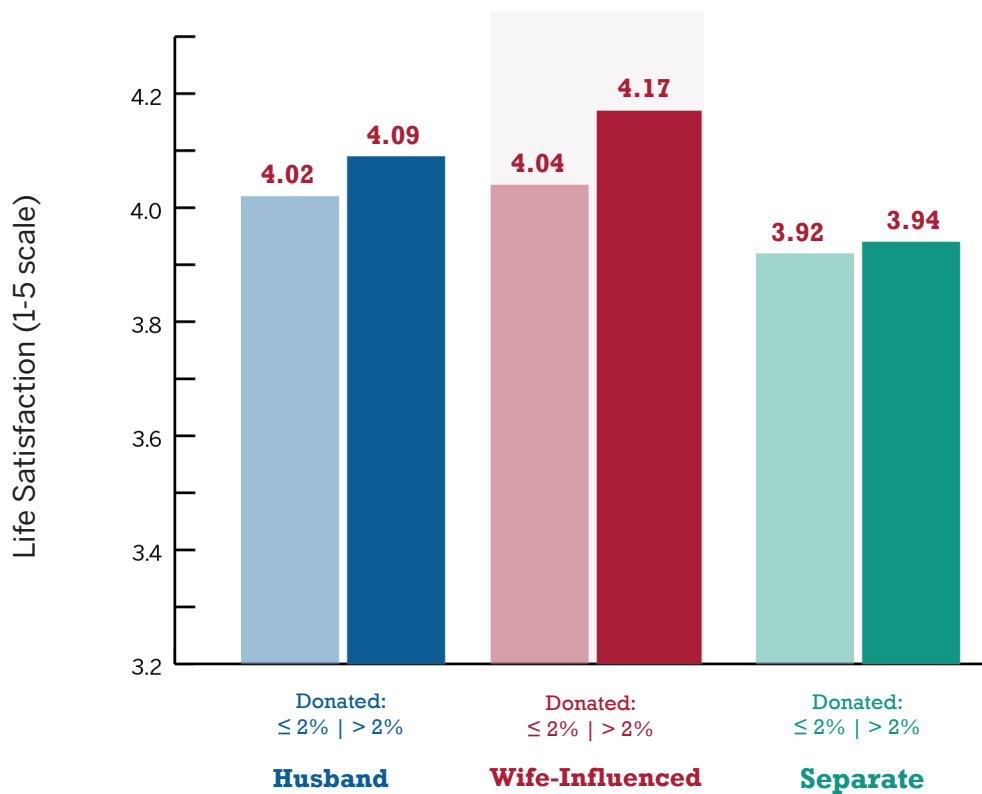
Because significant results appear for wife-only and jointly-deciding couples, the next finding combines those two decision-making styles to explore how households where the wife influences charitable decision making might differ from other types of households.



Finding 7:

For wife-influenced decision households, the more a household gives as a percentage of income, the higher the household's life satisfaction.

Figure 7: Average life satisfaction for married and cohabiting donor households, across three decision-making styles, by percentage of income given to charitable organizations



Data: 2009-2015 PPS; SRC sample only. Life satisfaction is measured on a scale of 1 (lowest) to 5 (highest). Note: The difference in life satisfaction for those donating ≤ 2% of income and those donating > 2% of income is significant at the $p < 0.01$ level for the wife-influenced households only.



Figure 7 looks at three types of donor households according to how they make decisions about giving: husband-only, wife-influenced (wife-only combined with joint decision making), and separate. This analysis reveals that when the wife is involved in making charitable decisions, either as the sole decision maker or jointly with her spouse, life satisfaction for that household is the highest.

For wife-influenced households, those that donated more than two percent of their income to charity had significantly higher life satisfaction than those donating two percent or less. For other household decision-making styles, there was no significant difference. (See Methodology on Finding 7 for further detail.)

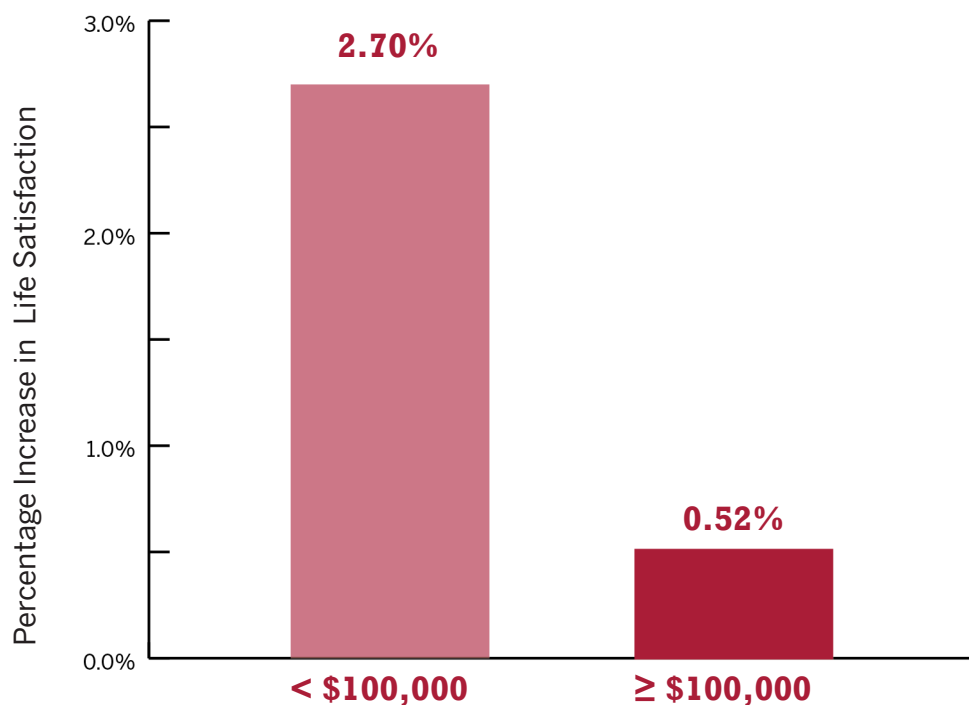
The final finding of this study investigates charitable decision-making style, looking specifically at the effect of income on these wife-influenced households.



Finding 8:

For wife-influenced decision households giving more than two percent of income to charity, the boost in life satisfaction is higher for households with incomes below \$100,000 compared to those with incomes of \$100,000 and above.

Figure 8: Effect of donating more than two percent of income to charity on life satisfaction for wife-influenced households, across two income groups



Data: 2009-2015 PPS; SRC sample only. Life satisfaction is measured on a scale of 1 (lowest) to 5 (highest). Note: The difference in life satisfaction for wife-influenced donor households with incomes of <\$100,000 donating > 2% of income and ≤ 2% of income is significant at the $p < 0.05$ level.

Finding 8 reveals that life satisfaction for wife-influenced households is significantly different across household income. For wife-influenced households giving more than two percent of their incomes to charity, those with incomes below \$100,000 experience more of a boost in life satisfaction from giving, compared to those with incomes of \$100,000 or higher, holding other factors constant. (See Methodology on Finding 8 for further detail.)



Significance of the Study

Women Give 2017 finds that charitable giving increases life satisfaction, adding to the body of research showing that the joy of giving improves overall health and happiness. This study is unique in two distinct ways. It is the first to deeply analyze household level factors such as income and marital status that affect life satisfaction. It also looks at the same households over time; this longitudinal view provides the opportunity to identify causal links between life satisfaction and charitable giving. The findings of this study have important implications for philanthropy.

Men become happier when they start to give.

The finding that single men receive a greater boost in life satisfaction when they become donors suggests that one way to increase giving is to reach out to more single men. Experimenting to identify the right message to this potential donor group is important. Open-ended questions and stories that focus on values, commitment, and goals engage potential donors in thoughtful conversations. Other research has found that “self-oriented” messages appeal more to men than to women.³¹ Crafting messages that focus on the donor himself and how the contribution benefits him is one approach. Another option is to use variations on a peer-to-peer approach. Including stories in newsletters, on social media, and in individual visits that address what motivated current single male donors and how the contribution changed their lives may influence male non-donors to switch to becoming donors. A fundraising experiment in conjunction with ongoing fundraising strategies may be to identify several male donor volunteers to reach out to male non-donors and engage them in thoughtful conversations. These strategies work across all giving levels.

Women become happier when they give more.

Unlike single men, single women’s life satisfaction increases when they give a greater percentage of their income to charity. For fundraisers and nonprofit organizations, diversifying messages and finding the right message to encourage women donors, whether single or married, also may require experimentation. “Other-oriented” stories of impact and examples of how similarly situated women donors felt when they increased their gifts may engage women donors more deeply and connect them more closely to the organization’s cause. Conversations with current donors about why they choose to give of their time, talent, and treasure to the cause, as well as how they benefit from the engagement, may stimulate increased giving.



Gender and income matter in households.

When the wife is involved in making the charitable decisions, life satisfaction is highest. Household income has an effect as well; wife-influenced households with less than \$100,000 in income report greater life satisfaction when they increase their giving to greater than two percent of their income, whereas the higher income households report a lesser increase in life satisfaction. This suggests that fundraisers and nonprofit organizations seeking to increase giving levels among their donors should expand their approach. It is not the families with the most to give that will experience the greatest boost in happiness by giving more. Fundraisers should explore new ways to engage donors across the income spectrum to increase their own happiness by giving a larger percentage of their income.

Focus on the joy of giving.

All donors may appreciate hearing that charitable giving enhances life satisfaction. Open-ended questions about a donor's most meaningful charitable gift or motivations to give to a particular cause can prompt donors to reflect on why and how they give and the extent to which their giving contributes to their happiness. Donors today can enter philanthropy through

“It’s a hell of a start, being able to recognize what makes you happy.”

-Lucille Ball

many portals. Fundraisers can support donors as they search for ways to engage in philanthropy that bring them the greatest satisfaction. This study suggests that the Dalai Lama's statement that “the very purpose of our life is to seek happiness” includes philanthropy. Or, as comedienne Lucille Ball said, “It's a hell of a start, being able to recognize what makes you happy.”





Methodology

The Data

The sample for this report is drawn from the Philanthropy Panel Study (PPS), the generosity module of the Panel Study of Income Dynamics (PSID). As part of the PSID, the PPS tracks the same families' charitable giving biennially. To collect these data, the Indiana University Lilly Family School of Philanthropy partners with the University of Michigan's Institute for Social Research, which directs the PSID. The present study uses four waves of the PPS: 2009, 2011, 2013, and 2015, and includes only the nationally representative SRC sample.

The Sample

The sample for the present study consists of individuals who were heads of households or partners of heads of households in at least one wave of the sample. Because only the respondents of interviews provided life satisfaction scales, the sample is restricted to respondents. The sample size for this study is 10,735 unique people, for whom data is available over multiple years for a total of N = 34,158 person-year observations.

Measuring Charitable Giving

Giving to charitable and nonprofit organizations is measured in gifts of money, assets, and property/goods to organizations whose primary purposes are one or more of the following:

- to religious congregations (e.g., churches, synagogues, mosques) and other organizations (e.g., TV and radio ministries) whose primary purpose is religious activity or spiritual development
- to help people in need
- to provide health care or conduct medical research (e.g., hospitals, cancer charities, telethons)
- to deliver education (e.g., schools, universities, PTAs, libraries)
- to provide youth and family services (e.g., boys' and girls' clubs, Big Brothers or Sisters, sports leagues)
- to promote arts and culture (e.g., museums, theatre, public broadcasting)
- to improve neighborhoods and communities (e.g., community associations, service clubs)
- to preserve the environment or advance sustainability
- to provide international aid (e.g., international children's funds, disaster relief, human rights)
- to engage in civic or social advocacy

All giving amounts are adjusted to 2014 US dollars based on the Consumer Price Index available at the Bureau of Labor Statistics.



Measuring Life Satisfaction

Data on subjective well-being have been used extensively by psychologists interested in defining life satisfaction.³² Survey responses to questions on life satisfaction are fairly reliable, and yield responses that tend to be correlated with alternative indicators of well-being and happiness.³³

In the PSID, an individual's subjective level of life satisfaction is derived from the question: "Please think about your life-as-a-whole. How satisfied are you with it?" This question is asked in each biennial wave of the PSID, and individuals consider their overall well-being in that calendar year. Satisfaction, the well-being level, is coded on a scale from 1 to 5, with 5 originally representing the lowest level in the data. This study uses re-coded data, so that 5 represents the highest and 1 represents the lowest level of life satisfaction (the scale is: 5 – completely satisfied; 4 – very satisfied; 3 – somewhat satisfied; 2 – not very satisfied; and 1 – not at all satisfied). The sample median life satisfaction measure is 3.76; the 25th and the 75th percentiles are 3.0 and 4.0, respectively.

Measuring How Couples Decide About Charitable Giving

In early waves of the PSID, married and cohabiting couples who made charitable donations were asked about each partner's participation in decisions about charitable giving. In this study the decision-making data were drawn from the 2005 wave of the PSID, and applied only to couples who remain married or cohabiting since 2005. Couples' decision making about charitable giving were mapped into four broad categories for the purposes of this study: husband-only, wife-only, joint, and separate. Husband-only and wife-only decision making is defined as the husband or wife, respectively, making most or all decisions. Joint decision making is defined as the husband and wife making most or all decisions together. Separate decision making is defined as the husband and wife making their charitable giving decisions separately. In the sample used in this study, approximately 73 percent of households make charitable giving decisions jointly; 15 percent decide separately; 7 percent are wife-only deciding households; and 5 percent are husband-only deciding households.

Statistical Methods

In Findings 1 through 5, in addition to the charitable giving variables, we also statistically controlled for the following characteristics:

- Age and age-squared of individuals;
- Gender of individuals;
- Race of individuals;
- Number of children (including birth children and/or adopted and foster children) in household;



- Education indicator variables: high school, college;
- Employment (indicator variable);
- Retirement (indicator variable);
- Log of real household income (converted to 2014 US dollars);
- Log of real household wealth excluding housing value (converted to 2014 US dollars);
- Religious preference of individuals; and
- Year and state indicator variables.

In all regression analyses, in parallel with findings 1 through 5, standard errors are clustered at the individual level. In Probit analyses, marginal effects are reported.

A number of analyses use a fixed effects model to allow us to address the role of omitted variables that may reduce greatly (but do not eliminate completely) the chance that a relationship is driven by an omitted variable. Using fixed effects methods can control for characteristics of individuals in the sample, as long as those characteristics do not change over time.³⁴

Women Give 2017 refers to some results as being statistically significant. Statistical significance is a term used to describe results that are unlikely to have occurred by chance. Significance is a statistical term that states the level of certainty that a difference or relationship exists. In *Women Give 2017*, results are described as statistically significant if there was less than either a five percent or one percent probability that the result obtained was due to chance (this varies by finding and is referenced in the notes on each figure).

Health and Wealth

An important concern in the analysis is the role of unobserved heterogeneity. Results are robust to a series of specification checks to address unobserved heterogeneity, including controls for wealth, health status, and other forms of prosocial behavior associated with charitable donations.

One possible source of time-varying unobserved heterogeneity is health status and wealth. Okten, Osili, and Ozer³⁵ examine the strength of the findings when health status, volunteering, private transfers and wealth are included as additional controls; results do not change when additional controls are included.

Because results on charitable giving remain positive and significant after controlling for private transfers, the concern that results are being driven solely by unobserved prosocial traits or prosocial disposition is mitigated. The issue of prosocial traits is revisited by examining the effect of introducing additional controls, such as religious attendance and volunteering, in the baseline specification.



Notes on Findings

Finding 1 | Average life satisfaction is 3.75 for non-donors and 3.95 for donors. In the regression analysis, life satisfaction is regressed on a 1/0 indicator variable indicating donor status and other control variables described above. The regression analysis shows that life satisfaction is 2.6 percent higher for donors compared with non-donors, holding other factors constant.

Finding 2 | In the regression analysis, the key explanatory variable is a 1/0 indicator variable; a value of 1 indicates that the household donated more than 2 percent of income. Other control variables are described above. The regression shows that increasing charitable donations from less than or equal to 2 percent of income to more than 2 percent of income is associated with a 3.5 percent increase in life satisfaction, holding other factors constant.

Finding 3 | The regressions conducted in parallel with Finding 3 include three subsample analyses by income group with specifications similar to that in Finding 2. In the lowest income category (income of less than \$50,000), when a household moves from donating less than or equal to 2 percent of income to more than 2 percent of income to charity, life satisfaction increases by 4.7 percent. For a similarly situated household in the highest income group (income of more than \$100,000), the increase in life satisfaction is 2.7 percent.

Finding 4 | Separate regressions for each household structure (couples, single women, and single men) are conducted in parallel with Finding 4. Specifications are similar to that in Finding 1 except that marital status variables were not included for Finding 1. The regression analysis shows that, for single men, becoming a donor leads to a 4.2 percent increase in life satisfaction, compared to a 2.2 percent increase for married couples, and a 2.1 percent increase for single women (holding other factors constant).

Finding 5 | Separate regressions for each donor household structure (couples, single women, and single men) are conducted in parallel with Finding 5. Specifications are similar to that in Finding 2 except that marital status variables were not included for Finding 2. The regression analysis shows that the impact of giving a greater percentage of income is stronger for single women than for married couples. For single women, moving from giving less than or equal to 2 percent to more than 2 percent of income increases life satisfaction by 4.1 percent; for married couples, this same change leads to a life satisfaction increase of 2.3 percent, holding other factors constant.

Finding 6 | Separate fixed effect regressions for donor households for each decision-making style (husband-only, wife-only, joint, and separate) are conducted for both Finding 6 and Finding 7. The key explanatory variable is a 1/0 indicator variable, where a value of 1 indicates the household donated more than 2 percent of income to charitable organizations. Other control variables are described above. The



regression analysis shows that the impact of giving a greater percentage of income is stronger for wife-only and jointly-deciding households. For wife-deciding households, changing from giving less than or equal to 2 percent to more than 2 percent of income increases life satisfaction by 4.7 percent; for jointly-deciding households, this same change leads to a life satisfaction increase of 3.9 percent, holding other factors constant.

Finding 7 | Methodology for Finding 7 is largely the same as for Finding 6, except that a new “wife-influenced” category is created by combining wife-deciding and jointly-deciding households. For these wife-influenced households, changing from giving less than or equal to 2 percent to more than 2 percent of income increases life satisfaction by 4.0 percent, holding other factors constant.

Finding 8 | Finding 8 uses fixed effect analysis. In addition to the charitable giving variables, statistical controls are included for the following characteristics:

- Age and age-squared of individuals;
- Number of children (including birth children and/or adopted and foster children) in household;
- Education indicator variables: high school, college;
- Employment (indicator variable);
- Retirement (indicator variable)
- Log of real household income (converted to 2014 US dollars);
- Log of real household wealth excluding housing value (converted to 2014 US dollars);
- Year and state indicator variables.

Two fixed effect analyses are conducted for donor households in which the wife influenced charitable decision making. The key explanatory variable is a 1/0 indicator variable where a value of 1 indicates that the household donated more than two percent of their incomes to charitable organizations. Other control variables are described above. For wife-influenced households with less than \$100,000 in income, the switch to giving over 2 percent of income to charitable organizations increases life satisfaction by 2.7 percent, holding other factors constant; in wife-influenced households earning more than \$100,000, this switch increases life satisfaction only by 0.5 percent, holding other factors constant.



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