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SUMMER

Why charitable giving makes us happy





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We step through recent research that shows why giving to others can provide us with a mental boost. Interestingly, we feel happier when we have a choice in how and to who we give, and when we see the results of our generosity.

Australians are generous people, even in difficult economic times – over the 2023 financial year, charitable giving by Australian households rose by 10%. What's more, many Australians associate Christmas with giving and goodwill and typically boost their giving to charity over the festive season. Children's charities, homelessness, medical research and animal welfare are among the causes favoured.

Yet it's not just the receiver who benefits. Research published in *Current Directions in Psychological Science* in 2022 shows that our happiness increases when we give to others. These emotional benefits are particularly likely when:

- ▶ **We have a choice** about whether to give, who we give to and how. If it's our decision whether to give (or not), we're more likely to feel that we've created positive change.
- ▶ **We understand how our generosity makes a difference**, helping us to feel connected to the people we've helped. We're happier when results are tangible, can be measured and we can see or learn about the difference our giving has made to others.

When we give, there can be a positive, cascading effect. The research showed that people who have felt good about giving in the past are more likely to give again and to seek out opportunities to give in the future.

In one experiment, participants learned that they had earned a small windfall of money that they could use to buy a bag full of treats, such as chocolates. Participants had the choice to keep the bag of treats for themselves, receive the cash equivalent of the treats or donate the treats to an anonymous sick child at a local hospital.

After participants decided whether to keep the treats for themselves or give them away to others, the researchers asked questions to gauge the participant's mood. They observed a small but reliable increase in positive mood among the people who gave the treats away. The giving was in private.

This finding is consistent with a 2021 study where 788 participants played and won money in a game, from which some of their earnings could be donated to charity. The results revealed that people who donated money were happier than the people who kept the money for themselves.

These findings are consistent with neuroscience research that suggests that helping others is personally rewarding. The same reward centres in the brain are activated when a person receives a personal reward as when a person acts to benefit others. This is important to note – not everyone is able to give to charity so it's good news that science shows how kind gestures towards others can also bring happiness and life satisfaction benefits.



How we can help

If you'd like to learn more about how to structure your giving or about charitable donations in general, speak to us. We can advise you on how to best plan your giving, taking into account your overall financial goals.