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## Article

# Charitable giving and income: Households with high income donate less than poorer households relative to their disposable income

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## AT A GLANCE

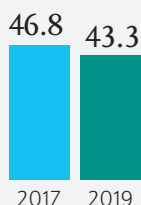
# Charitable giving and income: Households with high income donate less than poorer households relative to their disposable income

By Karsten Schulz-Sandhof and Jürgen Schupp

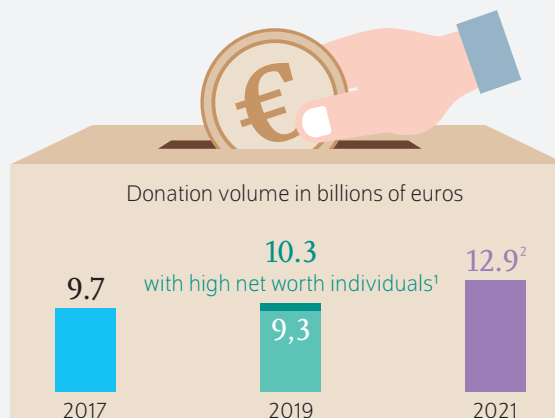
- Study using SOEP data presents new figures on donation behavior and volume in Germany in 2019
- Including high net worth households shows that the top ten percent of highest-income households contribute 37 percent of total donations
- Relative to disposable income, poorer households donate significantly more than richer households
- Lower donation rate in eastern Germany is largely related to a lower church membership rate
- During the pandemic, donation volume increased from ten billion euros in 2019 to 12.9 billion euros in 2021 according to the DZI Donation Index

## Donation volume in Germany increases when high net worth individuals are included

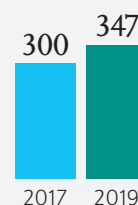
Share of donors  
in the total adult population



Donation volume in billions of euros



Amount donated  
in euros (average)



Sources: SOEP v37; authors' own calculations.

<sup>1</sup> Additional sample of high net worth individuals was surveyed for the first time in 2019.

<sup>2</sup> Development extrapolated using the DZI Donation Index (with high networth individuals).

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## FROM THE AUTHORS

*“Although poorer households in Germany donate a larger share of their disposable income than rich households, they are disadvantaged in tax terms. A uniform deduction could counteract this unequal tax treatment.”*

— Jürgen Schupp —

## MEDIA



**Audio Interview** with Jürgen Schupp (in German)  
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# Charitable giving and income: Households with high income donate less than poorer households relative to their disposable income

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## ABSTRACT

For the first time in 2020, the Socio-Economic Panel (SOEP), an annual survey of private households, surveyed the donation behavior of a random sample of high net worth individuals that had been added in 2019. As a result of this sample, the volume of private donations increased from 9.7 to 10.3 billion euros in 2019, despite the fact that fewer individuals donated and the donation rate was lower (46.8 percent vs. 43.3 percent) than in 2017. The donation volume for 2021 will increase to 12.9 billion euros, its development extrapolated using the DZI Donation Index (*DZI Spenden-Index*). Socio-economic analyses of SOEP data show that income has a clear influence on donation behavior. Although the richest ten percent of households contribute 37 percent of total donations, they donate less than the poorer income groups relative to their disposable income. Despite this, the tax benefit from charitable giving is greater for richer households than for poorer because it is based on the marginal tax rate. Equal tax treatment for donors regardless of income could increase the willingness to donate.

Charitable giving is one of the most important ways to show social solidarity. Socio-Economic Panel (SOEP)<sup>1</sup> respondents are asked at regular intervals if and how much they donated in the previous calendar year.<sup>2</sup> Donations refer to giving money for social, religious, cultural, non-profit, and charitable purposes without receiving anything directly in return. Collection box donations as well as church collections are included. This Weekly Report is the fourth survey on donation behavior<sup>3</sup> and uses information provided by respondents for 2019. The Donation Index (*Spenden-Index*) of the *Deutsches Zentralinstitut für soziale Fragen* (DZI), which consists of the 30 largest charitable organizations with the DZI Seal of Approval by monetary donations, is used to extrapolate the figures to 2021 (Box 1).

## Donations increasing despite decreasing donation rate

In spring 2020, 43.3 percent of respondents indicated that they made a donation in 2019,<sup>4</sup> a 3.5-percentage point decrease in the donation rate compared to 2017. At the same time, however, the average amount donated per year in 2019 increased from 300 to 347 euros. Extrapolated, this leads to an increase in the donation volume from 9.7 to 10.3 billion

<sup>1</sup> The SOEP is an annual representative survey of private households. It began in West Germany in 1984 and expanded its scope to include the new federal states in 1990; cf. Jan Goebel et al., "The German Socio-Economic Panel (SOEP)," *Journal of Economics and Statistics* 239, no. 29 (2022): 345–360 (available online; accessed on November 13, 2022). This applies to all other online sources in this report unless stated otherwise.

<sup>2</sup> Asylum seekers are excluded from the donation survey. Generally, respondents are visited in person at home and interviewed using computers. To see the exact wording of the donation question in the SOEP, see Kantar Public, "SOEP-Core – 2020: Personenfragebogen, Stichproben A-L3, M1-M2 + N-Q," *SOEP Survey Papers 1056: Series A* (2021) (in German; available online).

<sup>3</sup> Cf. the most recent donation report based on SOEP data: Zbignev Gricevic, Karsten Schulz-Sandhof, and Jürgen Schupp, "Das Spendenvolumen in Deutschland betrug im Jahr 2017 rund zehn Milliarden Euro und ist seit 2009 deutlich gestiegen," *DIW Wochenbericht* no. 8, 103–112 (2020a) (in German; available online).

<sup>4</sup> The figures for the donation rate and amount donated are weighted. The weights are used to fine-tune the figures to the population structure and thus increase the representativeness of the survey.

## Box 1

### Extrapolation of the SOEP donation volume using the DZI Donation Index

The *Deutsches Zentralinstitut für soziale Fragen* (DZI) uses its Donation Index to extrapolate the donation volume estimated using the Socio-Economic Panel (SOEP) data. The Donation Index is comprised of the 30 largest charitable organizations in terms of monetary donations that have the DZI Seal of Approval.<sup>1</sup> The organizations in the index received two billion euros in donations in 2021, around 15 percent of the total donation volume in Germany.

The donation volume was extrapolated using the annual rate of change in the amount of monetary donations received by organizations in the index (Figure 5). However, donations for extraordinary disaster relief are deducted from this total beforehand, if necessary. Typically, these are disasters that receive ample media attention with a particularly strong call for donations (on television news, for example) (Figure 6).

Adjusting the index for donations for extraordinary disaster relief is necessary because the organizations in the index receive a large portion of these donations and they are therefore overrepresented in the index. However, these donations are added back in at the end of the calculation process. Donations for disaster relief are determined using surveys conducted by the DZI at all relevant charitable organizations in Germany (regardless whether they have the Seal of Approval or not) during such a disaster.

<sup>1</sup> More information on the DZI Donation Index can be found in Karsten Schulz-Sandhof, "DZI Spendenstatistik," *DZI Spenden-Almanach* 2021 (2021): 286–310 (in German; available online). For more on the Seal of Approval, see the DZI website.

euros despite the lower donation rate (Table 1).<sup>5</sup> This amount is donated by nearly 30 million adults in Germany.<sup>6</sup>

The increase in donation volume is partially due to a methodological effect: For the first time in 2020, a sample of high net worth individuals (Sample P, which was added to the SOEP in 2019) were asked the donation question.<sup>7</sup> Thanks to this additional sample, the SOEP now also includes individuals with net wealth of around three to 250 million euros, a group

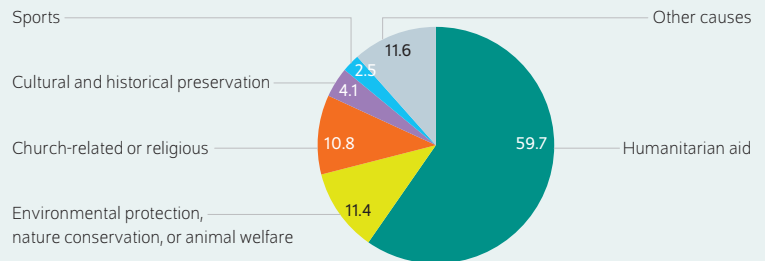
<sup>5</sup> There are various surveys on donation behavior in Germany. While the socio-structural results are similar, the results on the donation rate and volume differ, in some cases significantly, essentially due to methodological reasons. Cf. Zbignev Gricevic, Karsten Schulz-Sandhof, and Jürgen Schupp, "Spenden in Deutschland – Analysen auf Basis des SOEP und Vergleiche mit anderen empirischen Studien," *SOEP Paper* 1074 (2020b) (in German; available online).

<sup>6</sup> The question about charitable giving is directed toward adults. However, because the survey asks about donation behavior in the previous calendar year, a very small share of donors are 17 years old at the time of donation.

<sup>7</sup> Cf. Rainer Siegers, Hans Walter Steinhauer, and Johannes König, "SOEP-Core – 2019: Sampling, Nonresponse, and Weighting in the Sample P," *SOEP Survey Papers* 1080: Series C (2021) (available online).

Figure 1

### Charitable causes donated to in Germany In percent of donation volume



Note: If a respondent indicated donating to two or more charitable causes, the amount donated was divided equally between the specified causes. Amounts donated are with 0.1 percent top coding and weighted. Number of cases: 15,068.

Sources: *Deutscher Freiwilligensurvey 2019* (Version 1.0) data, authors' calculations.

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Over half of the donations made in Germany are for domestic or foreign humanitarian aid.

that is typically either not or barely represented in population surveys.<sup>8</sup> Without this group, the donation volume in 2019 is a billion euros lower (9.3 vs. 10.3 billion euros) and is thus lower than in 2017.

Extrapolated, the volume of donations using SOEP data is about twice as high as the annual volume estimated by the *Deutscher Spendenrat* and the GfK in its *Bilanz des Helfens* (Summary of Charitable Giving) due to the more comprehensive SOEP methodology (Box 2).

### Donations for refugees in decline

While the SOEP inquires if people donate, it does not ask which specific causes they donate to. Data from the *Deutscher Freiwilligensurvey 2019* show that around 60 percent of donors donate to humanitarian causes (Figure 1).<sup>9</sup> As of 2022, the SOEP has only asked if someone has donated money or goods to refugees within the past two years in three survey years.<sup>10</sup> Around 16 percent of the respondents had made this sort of donation in 2020. In 2018, it was over 20 percent, while in 2016, it was 28 percent.<sup>11</sup> Recent studies on aid for Ukrainian refugees in 2022 show that civic engagement

<sup>8</sup> Cf. Schröder et al., "Millionaires under the Microscope: Data Gap on Top Wealth Holders Closed; Wealth Concentration Higher than Presumed," *DIW Weekly Report* 30/31 (2020) (available online).

<sup>9</sup> According to the *Bilanz des Helfens*, which is published by the GfK and the *Deutscher Spendenrat*, around 75 percent of donations are for humanitarian aid. The high share can be attributed to the fact that in the *Bilanz des Helfens*, church-related donations are considered humanitarian aid. Cf. GfK and Deutscher Spendenrat e.V., *Bilanz des Helfens* (2022): 21 ff (in German; available online).

<sup>10</sup> The question asking about monetary and material donations for refugees in the past two years coincides with the question about monetary donations in the previous calendar year only in the 2020 survey year.

<sup>11</sup> See also the analyses by Jannes Jacobsen, Philipp Eisnecker, and Jürgen Schupp, "Rund ein Drittel der Menschen in Deutschland spendete 2016 für Geflüchtete, zehn Prozent halfen vor Ort – Immer mehr äußern aber auch Sorgen," *DIW Wochenbericht*, no. 17 (2017): 347–358 (in German; available online).

Table 1

## Key indicators of charitable giving in Germany

	2009	2014	2017	2019 <sup>1</sup>		
				Not incl. high net worth individuals	Incl. high net worth individuals	High net worth individuals only
Donation rate (in percent)	40,1	46,6	46,8	42,9	43,3	71,0
95% confidence interval, lower bound	39,4	46,0	46,2	42,3	42,7	68,9
95% confidence interval, upper bound	40,9	47,2	47,4	43,6	43,9	73,1
Number of cases	16,648	25,045	25,620	24,036	25,758	1,722
Amount donated (in euros)	205	257	300	316	347	1,642
95% confidence interval, lower bound	193	246	285	300	327	1,359
95% confidence interval, upper bound	217	269	316	331	367	1,924
Median	80	100	100	100	100	500
Number of cases	6,911	11,208	11,344	9,644	10,862	1,218
Number of donors (in millions)	27,6	31,8	32,2	29,6	29,8	–
Lower estimate	27,1	31,4	31,8	29,2	29,4	–
Upper estimate	28,1	32,3	32,6	30,0	30,2	–
For reference: Total population <sup>2</sup>	68,8	68,3	68,8	68,9	68,9	–
Donation volume (in billions of euros)	5,7	8,2	9,7	9,3	10,3	–
Lower estimate	5,2	7,7	9,1	8,8	9,6	–
Upper estimate	6,1	8,7	10,3	9,9	11,1	–

1 Unlike previous survey years, the 2019 SOEP included high net worth individuals (additional sample P).

2 Population includes adults aged 17 and older and does not include asylum seekers (Destatis).

Note: The donation rate and the amount donated are weighted, the amount donated with 0.1 percent top coding. The number of donors was calculated by multiplying the total population by the donation rate and dividing by 100. Further multiplication by the amount donated yields the donation volume. Basis of the lower and upper estimates are the limits of the confidence intervals.

Sources: SOEP v37, authors' calculations.

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for refugees, including monetary donations, is very high.<sup>12</sup> Thus, it is expected that the rate for donations of this kind will be higher in 2022.

### Share of donations over 100 euros increases

Although around one quarter of respondents did not donate in any of the four survey years (2009, 2014, 2017, 2019), 30 percent of respondents donated in one or two of the survey years and around 45 percent in three or four survey years. The amount donated correlates with the donation frequency. Donors who donated in all four SOEP survey years donate the most annually, 525 euros on average. Donors who only donated in one of the survey years donated 132 euros on average (Figure 2).

Broken down by the amount donated, there a striking trend over the four survey years. While the share of individuals who donate up to 50 euros decreases markedly from survey year to survey year, the share of donations between 100 and 500 euros increases, as does the share of donations over

500 euros. The share of donations between 50 and 100 euros, in contrast, remains almost constant.

### Women donate more often, men donate more money

As in previous years, the SOEP data show a statistically significant gender difference in donation behavior. On the one hand, the donation rate for women is 45 percent, around four percentage points higher than the rate for men (Table 2). On the other hand, men donate more money per year (416 euros vs. 286 euros for women). Other studies, such as the *Deutscher Freiwilligensurvey*, have reported this difference as well.<sup>13</sup> According to a field experiment by the Social Science Center Berlin (*Wissenschaftszentrum Berlin für Sozialforschung*), different preferences—fairness is important to women, efficiency and prestige to men<sup>14</sup>—play a role in addition to aspects such as education and income.

<sup>12</sup> Cf. Jörg Dollmann et al., "Weiterhin hohe Unterstützungsbereitschaft für ukrainische Geflüchtete in Deutschland. Eine Längsschnittanalyse des DeZIM.panels," *DeZIM.insights Working Paper* no. 4 (2022) (in German; available online) as well as Gesine Höltmann, Swen Hutter, and Charlotte Rößler-Prokhorenko, "Solidarität und Protest in der Zeitenwende. Reaktionen der Zivilgesellschaft auf den Ukraine-Krieg," *WZB-Discussion Paper* No. ZZ 2022-601 (2022) (in German; available online). For more on the amount that has been donated to emergency relief in Ukraine, see the DZI survey and Figure 6 in this report.

<sup>13</sup> Cf. Corinna Kausmann and Nora Karnick, "Geldspenden und freiwilliges Engagement," in Julia Simonson et al. (eds.), *Freiwilliges Engagement in Deutschland. Empirische Studien zum bürger-schaftlichen Engagement* (Wiesbaden: Springer, 2021): 139–145 (in German; available online).

<sup>14</sup> Maja Adena and Katharina Dorn, "Auch das Spenden hat ein Geschlecht – Frauen und Männer sind unterschiedlich großzügig," *WZB-Mitteilungen* no. 161 (2018): 37–38 (in German; available online).

## Box 2

SOEP donation volume vs. *Bilanz des Helfens*

The Socio-Economic Panel (SOEP) is not the only population survey that focuses on donation behavior in Germany. There is also the *Bilanz des Helfens* (Summary of Charitable Giving), which uses data from the GfK CharityScope Panel and is published annually by the GfK and the *Deutscher Spendenrat*. Compared to the *Bilanz des Helfens*, however, the SOEP data show that the donation volume is about twice as high. While the SOEP indicates a donation volume of 10.3 billion euros in 2019, the *Bilanz des Helfens* only indicates 5.1 billion for the year.<sup>1</sup> The SOEP estimate could be higher due to the following reasons:<sup>2</sup>

- The high number of cases as well as the inclusion of high net worth households in the SOEP make it possible to include even larger donations. In 2019, larger donations are donations of up to 30,000 euros. Donations above this amount were top-coded down to this level, which corresponds to the highest value in the 99.9 percentile. In the *Bilanz des Helfens*, on the other hand, donations over 2,500 euros are not considered. According to the SOEP data, there is a difference of 3.1 billion euros.
- When asking about donations, the SOEP includes donations for social, religious, cultural, non-profit, and charitable purposes. In contrast, the GfK donation question refers exclusively to donations to non-profit aid organizations. Using a survey experiment in the SOEP-IS 2018 that compares both donation questions, an estimated effect of 1.2 billion euros<sup>3</sup> can be derived for 2019.<sup>4</sup>
- Finally, unlike the *Bilanz des Helfens*, the SOEP records donations from people who live in Germany but do not have German citizenship. According to SOEP data, this group donated 600 million euros in 2019.

<sup>1</sup> Cf. *Bilanz des Helfens* 2022 (2022): 11 (in German; available online).

<sup>2</sup> Cf. the preliminary calculations for 2017 by Zbignev Gricevic, Karsten Schulz-Sandhof, and Jürgen Schupp, "Spenden in Deutschland – Analysen auf Basis des SOEP und Vergleiche mit anderen empirischen Studien," *SOEP Paper* no. 1074 (2020b): 12 ff (in German; available online).

<sup>3</sup> In the survey experiment, different groups were asked the donation questions. For 2017, there is a 6.4-percentage-point difference in the donation rate. Converting this difference proportionally to the lower donation rate in 2019, the difference is reduced to 5.2 percentage points. Multiplying this by the average SOEP donation amount (347 euros) and the underlying population size (68.9 million people) yields the volume of 1.2 billion euros.

<sup>4</sup> The *Bilanz des Helfens* indicates both a much lower donation volume as well as a much lower donation rate compared to the SOEP (2019: 29 versus 43 percent). Five percentage points of the 14-percentage-point difference can be attributed to the more narrowly defined GfK question on donations. The cause of the remaining difference is unclear.

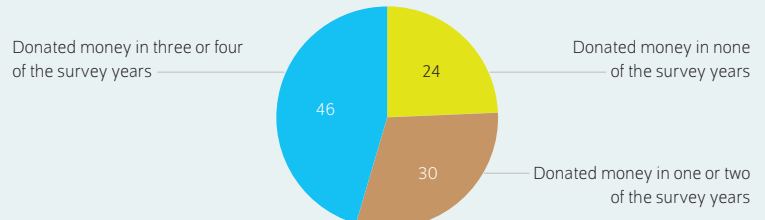
## Happy people or volunteers donate more

Age and level of education are significant influencing factors for donation behavior. Older age and a higher level of education are associated with a significant increase in donations.

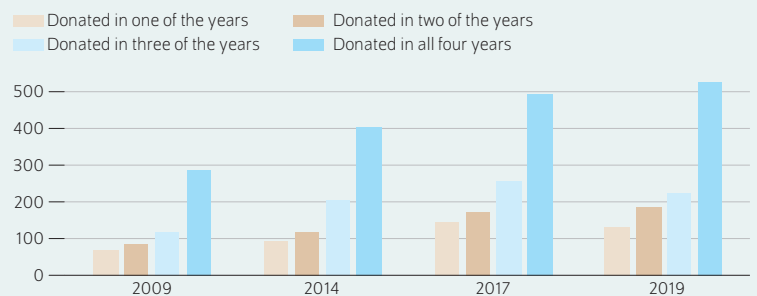
Figure 2

## Donation regularity

Share of respondents in percent



Amount donated in euros



Note: Only individuals who had been surveyed in all four years (number: 6,067), donated amount weighted with 0.1 percent top coding.

Sources: SOEP v37, authors' calculations.

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Nearly half of donors donated money in three or all four survey years. The more often a person donates, the higher the average donation.

There is also a clear, positive correlation between life satisfaction or happiness and charitable giving. Volunteer work, too, influences donation behavior: Over 60 percent of people who volunteer weekly or at least once a month donate, a much higher figure than the average. Weekly volunteers also donate 700 euros per year on average, an exceptionally high amount.

The difference between German citizens and non-citizens is also striking: Both the donation rate and amount are significantly higher among people with German citizenship compared to those who live in Germany but do not have German citizenship.

## The non-religious and residents in eastern Germany donate less frequently

Religious adherence is also an important influencing factor for charitable giving. Evangelical or Catholic Church members have the highest donation rate at 51 and 48 percent, respectively. For people of other denominations, the donation rate is 34 percent on average, while 37 percent of the non-religious donate. However, Catholics, Protestants, and the non-religious all donate a similar amount per year, around 300 euros. For those following other denominations, the amount is significantly higher.

## DONATION BEHAVIOR

Table 2

### Donation behavior by socio-demographic characteristics

Rate as a percentage of the total adult population, average per capita donation amount per year in euros

	Donation rate in percent				Amount donated in euros			
	2009	2014	2017	2019	2009	2014	2017	2019
<b>Total</b>	40	47	47	43	205	257	300	347
<b>Gender</b>								
Women	42	48	49	45	172	216	252	286
Men	38	45	45	41	243	303	355	416
<b>Age</b>								
17 to 29 <sup>1</sup>	21	27	28	23	65	80	128	110
30 to 39	33	39	42	38	167	210	227	228
40 to 49	41	46	48	45	184	272	268	268
50 to 59	42	48	49	45	197	255	318	432
60 to 69	47	54	51	47	235	257	308	401
Over 70	52	61	60	55	265	329	407	420
<b>Level of education</b>								
Low	25	30	30	25	109	155	161	224
Intermediate	38	45	45	41	160	189	231	257
High	57	64	64	61	323	412	458	505
<b>Registered as unemployed</b>								
Yes	16	20	22	19	78	105	121	229
No	42	48	48	45	209	261	305	349
<b>Location</b>								
Eastern Germany	33	36	38	36	131	138	160	221
Western Germany	42	49	49	45	219	277	323	368
<b>Region type (BBSR)</b>								
Urban area	41	48	48	44	226	276	326	381
Rural area	38	45	45	41	159	215	240	270
<b>Citizenship</b>								
German	41	48	48	45	208	260	307	353
Foreign	27	32	36	29	154	213	235	269
<b>Religion</b>								
Protestant	46	53	53	51	200	236	319	347
Catholic	47	52	52	48	206	259	282	312
Other	33	40	41	34	468	579	615	653
No religious affiliation	30	37	40	37	169	216	247	336
<b>Volunteer work</b>								
At least once a week	59	66	68	61	368	460	565	703
At least once a month	58	64	63	63	231	314	401	360
Rarely	52	53	54	52	226	245	259	350
Never	34	40	40	37	161	198	227	252
<b>Life satisfaction (from 0 to 10)</b>								
Very low (0/1)	20	26	17	21	167	110	200	183
Low (2/3)	27	33	33	27	125	230	215	296
Medium (4/6)	33	37	37	35	161	189	224	271
High (7/8)	43	49	48	45	198	254	288	329
Very high (9/10)	45	54	55	48	296	315	383	429

1 A small number of respondents were of age at the time of the survey, but only 17 years old in the reporting year.

Note: The donation rate and the amount donated are weighted, the amount donated with 0.1 percent top coding. 2019 includes high net worth individuals (additional sample P).

Sources: SOEP v37, authors' calculations.

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Donation behavior also differs between western and eastern Germany. With the exception of Mecklenburg-Western Pomerania, the donation rate and amount donated in the eastern states are much lower (Figure 3).<sup>15</sup> The donation

rate in eastern Germany is 36 percent, while it is 45 percent in western Germany; the difference between the average amount donated is almost 150 euros. The donation rate

<sup>15</sup> The state-specific results presented here can also be seen in a very similar form in the statistics on donations made reported by the Federal Statistical Office as part of the wage and income

tax statistics, cf. Statistisches Bundesamt, *Geleistete Spenden, geltend gemachte und abzugsfähige Zuwendungen 2018 (2022)* (in German; available online).



in urban areas is also three percentage points higher than in rural areas.

### Income is a major influencing factor

Disposable income has a significant influence on if and how much money someone donates (Figure 4).<sup>16</sup> On average, around every second household in Germany donated nearly 450 euros in 2019.<sup>17</sup> The donation rate of the households in the lowest income decile<sup>18</sup> is 30 percent. The rate increases nearly continuously over the deciles and reaches over 80 percent in the top decile. The situation is similar for the amount donated: In the first income decile, the amount is around 150 euros, while it is 1,265 euros in the top decile.

The richest ten percent of households contribute 37 percent of the total donation volume. This share has increased markedly compared to previous analyses due to the inclusion of the sample of high net worth households. Without this group, the richest ten percent of households only contribute nearly 30 percent of the total donation volume.

Relative to their disposable annual income, however, high-income households do not donate more than low-income households.<sup>19</sup> In the highest income decile, the share of donations of disposable annual income for donor households is 0.9 percent; in the lowest-income households, it is twice as high at 1.9 percent. The share decreases to 1.0 percent in the second decile before increasing to 1.5 percent in the fourth decile, then decreasing again and remaining around 0.9 percent in the top three deciles. The average is one percent.

Expanding to include non-donor households,<sup>20</sup> the picture changes. The shares are then about twice as high in the top two deciles as in the bottom two. On average, the share of donations of disposable income calculated this way is 0.6 percent.

### Likelihood of donating increases with higher education, older age, and higher income

Using a logistic regression model in which different influencing variables on donation behavior are included, this section investigates how certain variables (gender, level of

<sup>16</sup> Unlike the other analyses in this Weekly Report, which are at the person level, the income analysis is at the household level. The disposable yearly household income (including social transfers) in the year of the donation was used for the income analysis.

<sup>17</sup> A household qualifies as a donor household if at least one household member indicated they donated in the survey. If more than one household member donated, the respective donation amounts are added together. The donation rate and amount are higher for households than for individuals.

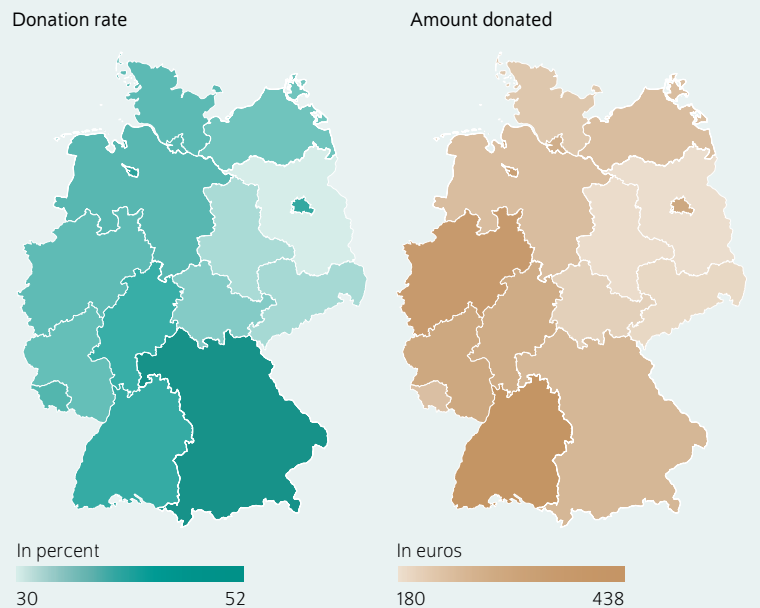
<sup>18</sup> Using the relevant number of cases, disposable household income was ranked by amount and then divided into deciles to form the income deciles.

<sup>19</sup> This finding is evident not only when using disposable household income, but also in the calculation using net household income, which is not presented here. Unlike disposable household income, net household income does not include transfer payments.

<sup>20</sup> In this analysis, a donation of zero euros is implicitly assumed for non-donor households.

Figure 3

### Donation behavior in 2019 by federal state



Donation rate and amount donated are weighted, amount donated is with 0.1 percent top coding.

Sources: SOEP v37, authors' calculations.

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In western Germany, donations tend to be made more frequently and to be larger on average.

education, age, income, etc.) determine the likelihood of making a donation.<sup>21</sup>

All explanatory variables included in the model proved to be highly statistically significant (Table 3). For example, a higher level of education (such as a university degree) leads to a 14-percentage-point higher likelihood to donate compared to the reference category of an intermediate level of education (for example, high school diploma). Individuals with a low level of education (secondary school or lower) are 11 points less likely than the reference category to donate.

The gender effect previously mentioned is confirmed in the model and, furthermore, can be observed across the age spectrum. Compared to men, women are more likely to donate across all age groups.

The correlations regarding income found in the descriptive analyses are also confirmed. Individuals living in households in the top income decile are 21 percentage points more likely to donate than individuals in the middle deciles. The

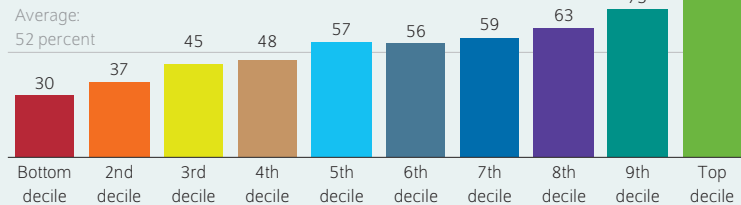
<sup>21</sup> The average marginal effects, which can be interpreted more easily, are presented instead of the regression coefficients (logits). For example, a value of -4.7 for men means that they are about 4.7 percentage points (not percent) on average less likely to donate than women (reference category) (controlling for all other influencing factors included in the model). For the metric-scaled variables (age, life satisfaction, and reciprocities), the average marginal effect refers to the change by one level: For example, the likelihood of donating increases by 0.4 percentage points with each additional year of life.



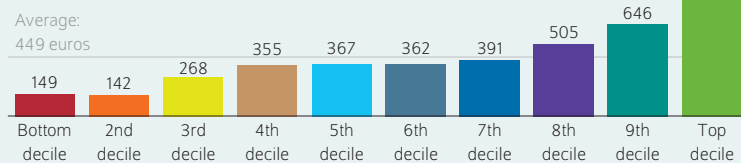
Figure 4

### Donation indicators by income decile 2019 at the household level

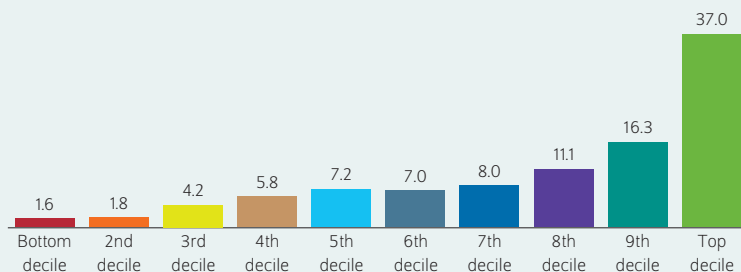
Donation rate of households in percent



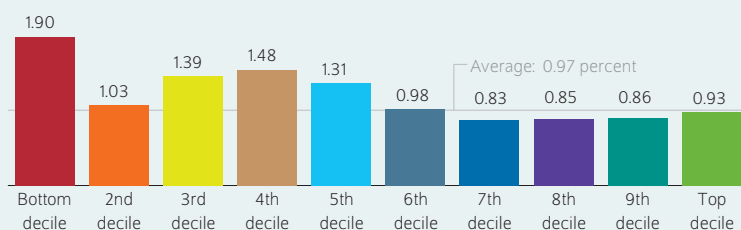
Amount donated by households in euros



Number of donations of total household donations in percent in percent



Share of donations of disposable annual income of donor households in percent



Notes: Calculated at the household level (instead of at the person level as in other parts of this Weekly Report). Disposable annual income (including social transfers) of private households in 2019 (not including collective households). Weighted data. Without an extreme amount donated in the bottom decile. Amount donated with 0.1 percent top coding. Calculation of the shares without top coding (neither for the amount donated or income). In the survey, 136 of 8,405 households for which income data is available indicated that they donate, but did not name a concrete amount. The missing amounts were imputed to calculate the shares using the value of the average amount per income decile. Number of cases (households): donation rate: 16,340, amount: 8,269, calculations of shares: 8,405.

Sources: SOEP v37, authors' calculations.

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While the highest income households donate the largest amounts and the most frequently, poorer households donate the most relative to disposable income.

Table 3

### Effect of various characteristics on donation behavior in context

Deviation from reference value in percentage points

Gender (Reference: women)	
Men	-4.7 ***
Age (in years)	
	0.4 ***
Level of education (Reference: intermediate)	
Low	-10.8 ***
High	14.0 ***
Location (Reference: eastern Germany)	
Western Germany	3.0 ***
Household size (Reference: 1 person)	
2 people	-8.1 ***
3 or more people	-13.7 ***
Household income (Reference: 5th/6th decile)	
Bottom decile	-18.5 ***
2nd decile	-11.6 ***
3rd decile	-7.1 ***
4th decile	-4.8 ***
7th decile	5.3 ***
8th decile	8.0 ***
9th decile	14.3 ***
Top decile	21.4 ***
Citizenship (Reference: foreign)	
German	9.1 ***
Registered unemployed (Reference: no)	
Yes	-7.6 ***
Religion (Reference: no religious affiliation)	
Protestant	11.0 ***
Catholic	9.1 ***
Other	12.2 ***
Volunteer work (Reference: rarely/never)	
Weekly/monthly	15.3 ***
Life satisfaction (0 to 10, increasing)	
	1.4 ***
Positive reciprocity (1 to 7, increasing)	
	1.4 ***
Negative reciprocity (1 to 7, increasing)	
	-0.8 ***
Number of cases (people)	
	20,900
Number of clusters (households)	
	13,843

Notes: Logistic regression model with robust standard errors (households as clusters). Dependent variable: donated money in 2019 (yes/no). Average marginal effects (in percentage points) are shown. Income deciles calculated at a person-level using data on disposable household income (including social transfers) in 2019. The asterisks indicate the significance level. All effects are highly significant and the probability of error is less than 0.1 percent.

Legend: On average, men are 4.7 percentage points less likely to donate than women when controlling for the other explanatory variables included in the model.

Sources: SOEP v37, authors' calculations.

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situation is reversed for individuals in the lowest decile: They are 18 percentage points less likely to donate than the middle decile. This corresponds to a nearly eight percentage point lower likelihood to donate among the registered unemployed. Household size also plays a role: The likelihood that people living in two or more person households donate is significantly lower compared to one-person households.

In regard to geographical differences, people living in eastern Germany are three percentage points less likely to donate

than people in western Germany. Leaving religion out of the model, there is an even higher, statistically significant effect of over seven percentage points.<sup>22</sup> The smaller amount of donations made in eastern Germany is thus clearly related to the lower rate of church affiliation there.<sup>23</sup>

The personality traits included in the analyses show a positive correlation between life satisfaction and enjoying charitable giving, although the causality can go in both directions. Happy people donate more often and the act of donating can also have a positive influence on life satisfaction. Furthermore, the multiple estimate presented here—like the first SOEP study on donation behavior<sup>24</sup>—again shows that reciprocity plays a role. Individuals who self-assess that they are more inclined to respond positively to pleasant experiences are also more likely to donate. Conversely, this also applies in the case of negative reciprocity. The tendency to respond negatively to bad experiences is also reflected in being less likely to donate.

### Extraordinarily high willingness to donate in the initial years of the coronavirus pandemic

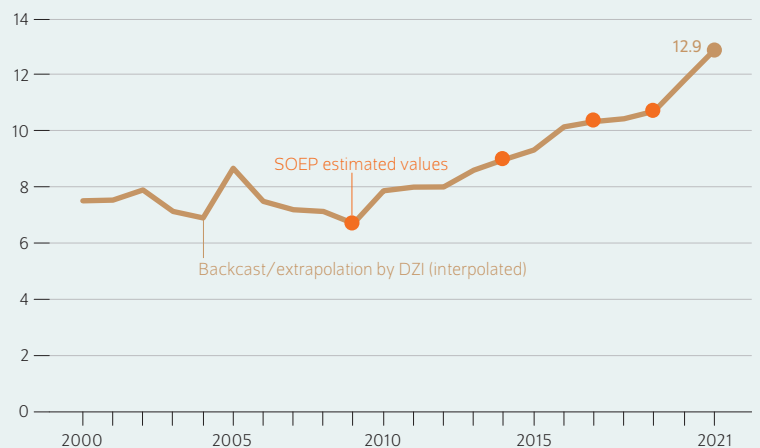
The amount donated increased starkly in 2020 and 2021, either despite or perhaps because of the coronavirus pandemic. According to DZI calculations using their Donation Index, monetary donations increased by over ten percent in both 2020 and 2021, which is significantly greater growth than in previous years. Using the most recent SOEP estimate, the DZI indicates a donation volume of 12.9 billion euros in Germany in 2021 (Figure 5). The sharp rise in the tendency to save<sup>25</sup> and the marked increase in households' financial assets<sup>26</sup> are likely to have played a role. Personal sadness resulting from the pandemic and a feeling of global connection likely also resulted in a general increase in donations.<sup>27</sup> In addition, 655 million euros was donated to those affected by the Ahr valley floods in summer 2020.<sup>28</sup>

### Outlook: Russia-Ukraine war leading to record levels of donations

The German population has also shown solidarity in the ongoing Russian war on Ukraine. According to DZI surveys conducted in 2022, 862 million euros have been donated to

Figure 5

#### Donation volume in Germany In billions of euros, real in 2021 prices<sup>1</sup>



<sup>1</sup> Adjusted for inflation using the consumer price index (Destatis).

Sources: DZI, SOEP v37, authors' calculations.

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The donation volume is estimated to have increased starkly during the pandemic.

war victims<sup>29</sup> in addition to volunteer work and unquantifiable in-kind donations. Nominally, this is the highest amount ever donated in Germany for a specific cause. In real terms, the amount is only slightly exceeded by donations following the tsunami in Southeast Asia in December 2004 (Figure 6).

### Conclusion: Promote charitable giving with equal tax treatment

Including a sample of high net worth individuals in the SOEP has made it possible to refine the data on charitable giving. The updated data show that 37 percent of donations are made by households in the highest income decile. Nevertheless, the analyses confirm that households in the lower income deciles donate similar—and, partially, significantly larger—amounts relative to their average disposable income.<sup>30</sup> This behavior is noteworthy as savings are sparse, especially in the bottom two income deciles. It is possible that, due to the high inflation as of 2022, future donations from these deciles will be reduced or end completely.

In crisis situations, such as the Russian war on Ukraine or the flooding in the Ahr valley, donations and volunteer work are an enormous help. Thus, it is important for the

<sup>22</sup> Cf. Gricevic, Schulz-Sandhof, and Schupp, "Spenden in Deutschland," 25.

<sup>23</sup> Cf. Gert Pickel, *Kirchenbindung und Religiosität in Ost und West* (Bundeszentrale für politische Bildung: 2020) (in German; available online).

<sup>24</sup> Cf. Eckhard Priller and Jürgen Schupp, "Wer spendet was – und wieviel?" *DIW Wochenbericht*, no. 29 (2011) (in German; available online).

<sup>25</sup> According to Federal Statistical Office data, the savings rate in 2020 and 2021 was 16.1 and 15.0 percent, respectively. In previous years, it was between ten and 11 percent. Cf. Federal Statistical Office, *Volkswirtschaftliche Gesamtrechnungen – Private Konsumausgaben und Verfügbares Einkommen, 1. Vierteljahr 2022* (2022): 10 (in German; available online).

<sup>26</sup> Cf. Deutsche Bundesbank, *Monatsbericht Juli* (2022): 56 (in German; available online).

<sup>27</sup> A survey conducted by the *Stiftung Warentest* together with the market research institute GfK in September 2020 came to the conclusion, however, that the coronavirus pandemic barely affected donation behavior, cf. the *Stiftung Warentest* website.

<sup>28</sup> Cf. Deutsches Zentralinstitut für soziale Fragen, "Ein Jahr danach: 655 Millionen Euro Hochwasser-Spenden," press release from July 12, 2022 (in German; available online).

<sup>29</sup> Cf. Deutsches Zentralinstitut für soziale Fragen, "Schon 812 Millionen Euro Geldspenden für die Ukraine-Hilfe," press release from June 14, 2022 (in German; available online). The survey on the amount of money donated for emergency relief in Ukraine was last updated by the DZI on October 14, 2022.

<sup>30</sup> A study using income tax statistics also confirms this. According to these figures, the share of donations as a percentage of total income is higher in the lowest income groups than in the highest. Cf. Ulrike Gerber and Kathrin Kann, "Wer spendet wie viel?" *Wirtschaft und Statistik* 6, no. 80, table 3 (2019) (in German; available online).

Figure 6

**Disaster donations in Germany**

Adjusted for inflation<sup>1</sup> and indexed, Tsunami 2004 = 100, nominal values in millions of euros



<sup>1</sup> Adjusted for inflation using the consumer price index (Destatis).

<sup>2</sup> Last updated October 14, 2022.

Sources: DZI, authors' calculations.

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In nominal terms, the highest amount has been donated to emergency aid in Ukraine. Adjusted for inflation, the amount is almost as much as was donated during the 2004 tsunami.

government to promote charitable giving. They can do so via the Income Tax Law (*Einkommensteuergesetz*), in which donations are deductible as special expenses. However, the deduction depends on income: The higher the taxable income, the higher the income tax rate and thus the higher the tax advantage. For example, a 100-euro donation from a single person with an annual taxable income of 60,000 euros at the current maximum tax rate of 42 percent is subsidized by the state in the amount of 42 euros. However, if a single person with an annual taxable income of only around 11,000 euros donates the same amount, the state, using the marginal tax rate of around 15 percent, only subsidizes the donation by around 15 euros.

This unequal treatment could be eliminated if the state were, for example, to tax each donation at the same percentage rate, using the top tax rate of 42 percent, regardless of the individual's income situation. This could be achieved by a corresponding deduction from tax liability, a regulation that is currently already applied to political party donations. Not only would this change create more equity, but it could also positively influence the willingness to donate across the board and increase the variety of organizations benefiting from charitable giving.<sup>31</sup> Last but not least, using a fixed percentage rate would improve transparency about the tax refund amount, both in terms of one's own refund and that of others.

<sup>31</sup> Cf. similar considerations made by Kausmann and Karnick in "Geldspenden und freiwilliges Engagement," 135f: "Accordingly, if financially better-off individuals make monetary donations that positively benefit their own interests, while financially worse-off individuals make fewer monetary donations for the purpose of their own interests, monetary donations can thus also contribute to an increase in social inequality."

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## LEGAL AND EDITORIAL DETAILS

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