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## Who are Israeli donors?

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*On Purim, which we will celebrate next week, it is customary to give "matanot la-eyyonim" – charity to the poor. As with many other holidays throughout the year, this is an opportunity for Israelis to make donations to the causes they care about. But who are Israeli donors?*



### Modern Israeli philanthropists

In the last few decades, philanthropy in Israeli society has changed and, along with the traditional charitable giving, a new kind of modern philanthropy has emerged. A recent Taub Center study, conducted by Prof. Claude Berrebi and Hanan Yonah, aims to profile modern Israeli philanthropists. The study examines the amount of money donated and the generosity of donors (measured in terms of donation as a percent of income), and explores the links between personal characteristics and the likelihood to donate.

The analysis is based on data collected from the Israeli Tax Authority between 1999 and 2011, and therefore reflects only those individuals who filed tax returns (which is not mandatory for most Israelis).

Total philanthropic donations nearly quadrupled in real terms: from NIS 153 million to NIS 606 million a year. The average annual contribution among philanthropists was NIS 2,776 (about \$790). However, because many individuals do not donate consistently – that is they donate in some years but not in others – in any given year philanthropists who did not donate during that year will be included as having donated zero. When excluding donors who did not contribute in a particular year, the average annual donation was NIS 7,958 (\$2,260).

The researchers found that almost 99% percent of all donors claiming a tax benefit in Israel are Jewish. The average donor's age is 48 and 19% of the donor households are headed by females. About 82% of donors are married and they have 2.89 children on average. About 34% were born outside of Israel, a third originating from Africa and Asia, a third from the Americas, Oceania and Western Europe, and a third from Eastern Europe.

Some 93% of donors report their main income source to be from earned income (i.e., active income) and the most frequently recorded industry category in which donors work was organizations (e.g., NGOs, NPOs, and public organizations).

#### What do we know about the relationship between donor traits and donor characteristics?

The study examines such things as the scope of donations, generosity, and likelihood to donate across a number of personal characteristics.

#### Income and industry:

While donors with higher incomes were found to contribute higher amounts on average, those with lower incomes were found to be more generous on average (donate a larger portion of their salaries). It is interesting to see that as income rises above NIS 500,000 there is a moderate reversal in this relationship, and an increase in generosity.

Philanthropists whose main income source was active income (such as salary or business income) contribute on average NIS 1,285 (\$370) more than those with mostly passive income (such as rent income or capital gains), but are found to be less generous. This may be because, while donors with active income have a higher level of income on average, their earnings tend to be more sensitive to potential fluctuations and risks.

Philanthropists employed in high-tech, manufacturing, banking and finance are the largest donors and are the most generous relative to philanthropists from other industries. On the other hand, only a small minority of employees in the high-tech sector are donors, and it is possible that philanthropic norms have not yet been established in this young industry, as they have been in more traditional sectors.

#### Gender, age, marital status and children:

Households headed by women tend to be more generous in their contributions, in terms of donating a higher percentage of household income. However, households headed by men tend to contribute higher amounts on average.

The study also finds a trend in age that is quite unique in the academic literature – that philanthropists up to 43-years-old decrease their formal giving both in absolute terms and as a percentage of income, and from 43-years-old and on, they increase their charitable giving with each additional year.

With regard to marriage and children, the study shows that marriage is correlated with lower donation levels, and widowed philanthropists are found to be the most generous. In addition, having more children is positively associated with philanthropic behavior. In fact, there is a marginal increase of NIS 542 (about \$155) in charitable giving for each additional child in the household, all else held constant.

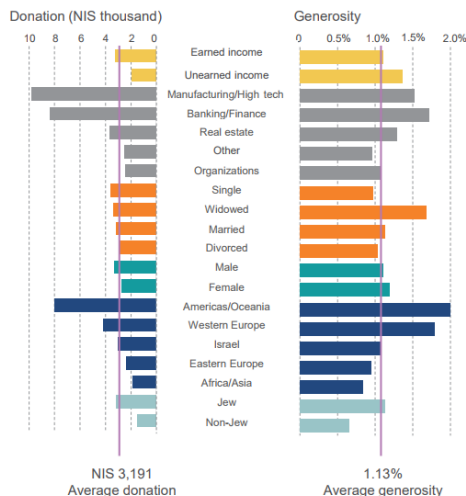
#### Immigrant and minority status:

Philanthropists who immigrated to Israel donate more money than Israeli-born philanthropists, and are also more generous. New immigrants are more generous than veteran immigrants and donate larger sums on average, whereas immigrant philanthropists who have lived in Israel for 21 years or more tend to have similar contribution patterns to

Israeli-born donors. A possible explanation for this is that immigrants bring with them a different giving culture, but this gradually converges over time to the level that is customary in the local culture.

In terms of minority status, there is a significant underrepresentation of Arab Israelis in officially reported philanthropy in Israel – despite the fact that they make up about 20% of the total population in Israel, only 1% of reported philanthropists are Arab Israelis.

**Average donation level and generosity by donor characteristics**  
 Projected values according to multivariate regression analysis



Notes: Marginal values, based on a multivariate regression models (Appendix Table 1) with controls for: income, children, age, gender, marital status, minority status, immigration, ethnic origin, income source, industry, year, and locality.  
 Source: Claude Berrebi and Hanan Yonah, Taub Center  
 Data: CBS, Population and Immigration Authority; Israel Tax Authority

### Likelihood to be a philanthropist

Philanthropist households are different from the general population in virtually every category examined, including annual income, family composition, and occupational classification. Israelis with higher incomes, individuals with earned (active) income, and those employed in real estate or organizations (e.g., NGOs, NPOs, and public organizations) are more likely than others to be philanthropists.

Immigrants from America and Europe are more likely to be donors than those born in Israel, Africa, and Asia. In addition, philanthropists in Israel have more children, on average, than the general population.

Overall, the study findings point to a significant increase in philanthropic giving in Israel, but also to differences in philanthropic behavior between donors across a multitude of socio-demographic and economic variables. As such, the study sheds light on some interesting differences between philanthropists and the general population. Through these distinctions emerges a picture of the “new” modern Israeli philanthropists.