

# Give away your money, feel happier?

January 21 2013, by Kathleen Doheny, Healthday Reporter

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Even on a small scale, being generous creates a sense of wealth, study finds.

(HealthDay)—Having pots of money doesn't necessarily make you happy, study after study has found. But giving away money—even if you're not rich—is likely to make you feel wealthier, and thus happier, new research contends.

It sounds counterintuitive, but it's not, said study author Michael Norton, an associate professor of marketing at Harvard Business School, who presented his findings from a series of new studies Saturday at the annual meeting of the Society for Personality and [Social Psychology](#) in New Orleans.

"One of the ways [people](#) signal they are wealthy is to give [money](#) away," Norton said. So he did the studies to find out what happens when those who aren't rich give money away.

Turns out, giving away money increases what experts call feelings of "subjective wealth," or how well off you feel. The thinking, said Norton,

goes something like this: "If I have so much money that I can give it away, I may not be so bad off."

"We suggest that acts of [generosity](#) can also signal wealth to the givers themselves, making them feel subjectively wealthier even as money leaves their pockets," he and his colleagues wrote.

The donations also seem to increase the donor's sense of power, according to Norton, and that may lead them to feel happier, because the donations "fulfill a deeper desire to signal wealth."

Norton didn't ask people in this new research about pleasure they felt in [helping others](#) by giving money. "But some of our earlier research suggests that people do, in fact, glean [happiness](#) from being pro-social," he said.

For one study, Norton used data from a Gallup World Poll. Participants were asked to report how they had spent a windfall of money in the past year. They were asked what percent they gave to charity and how they felt about their [financial situation](#).

In all, 559 of the more than 2,000 people surveyed had received a windfall. After excluding three "outliers" who received more than \$1 million, the average windfall amount was \$1,500. Of those, 99 said they donated about 3 percent of the money to charity.

Norton asked questions to assess subjective wealth. Even when he compensated for income, donations predicted better feelings of subjective wealth.

Giving \$500, he calculated, has the same effect on feelings of subjective wealth as earning an extra \$10,000 in income.

In related research, Norton found that people who volunteer their time to help sick children or for other charitable pursuits feel they have more time than those who don't volunteer. The thinking, he suspects, is that if they have time to give away, they must have plenty of time.

"To me this is interesting because it is counterintuitive," said James Maddux, professor emeritus in the department of psychology at George Mason University.

The driving force for feeling wealthier after donating, Maddux agreed, is the perception of wealth. "I think it's the sense that if I have enough money to afford to give some away, I must be better off than I thought I was," he said.

"People may feel more satisfied with life when they feel wealthier," he added.

The new research also ties in to other studies finding that people are always measuring themselves against others, Maddux said. "What seems to matter psychologically to people is not objectively what money they have—but what they have, what they own, compared to other people."

Data and conclusions from the studies should be viewed as preliminary until published in a peer-reviewed journal.

**More information:** To learn more about money and happiness, visit the [American Psychological Association](#).

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