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# SPECIAL REPORT

## TD Economics



December 2, 2014

# THE IMPACT OF VOLUNTEERISM AND CHARITABLE GIVING

## Highlights

- Canadians are generous people, giving both time and money to the causes that matter most to them.
- Almost half of Canadians aged 15 or over volunteered in 2010, giving the equivalent of \$51.1 billion in unpaid hours.
- 84% of Canadians donate to charity each year and the value of donations is in excess of \$10 billion.
- Volunteering and direct giving in Canada is significant, with a combined economic value of 3.7% of GDP.
- Charitable giving creates positive, lasting impacts for both our communities and society as a whole. Two examples show these impacts:
  - Programs that provide access to music education for low-income youth result in higher academic achievement and reduced behavioral issues among participants.
  - Youth organizations provide a safe, positive space for at-risk youth. Participation in homework clubs, mentoring programs, and other activities is associated with higher grades, improved self-esteem, and increased high school completion rates.

Year after year, many Canadians volunteer their time for the groups and activities that matter to them. Many more regularly give money to their place of worship, schools, community organizations, and other charities. This special report looks at how and why people give their time and money, and the lasting impact of charitable giving.

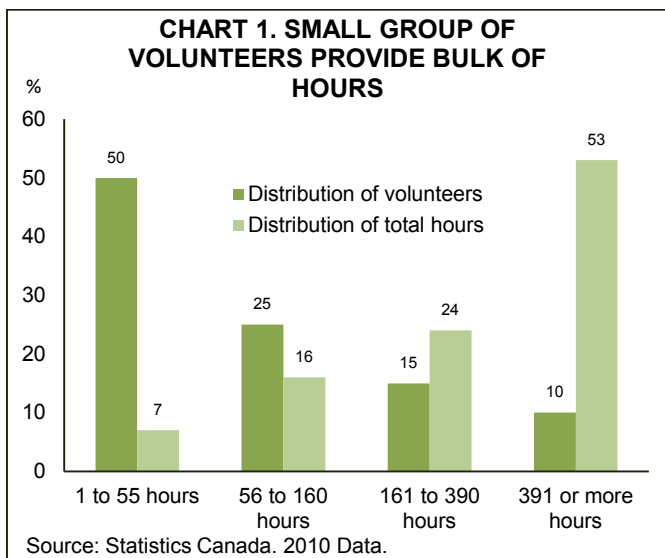
## The State of Giving in Canada

### *Giving Time*

Nearly half of Canadians (47%) aged 15 or over performed volunteer work in 2010, the latest year for which Statistics Canada has data. Canada has one of the highest volunteer rates among the developed world; in the UK, 41% of adults volunteer, while in the United States, just 25.4% of people reported volunteering in 2013.

Moreover, Canadian volunteer rates have been on the rise as the number of volunteers has outpaced population growth. The volunteer rate has risen from 45.2% in 2004, to 47.0% in 2010.<sup>1</sup> The value of volunteering is significant: in 2010, Canadians gave 2.1 billion hours of their time – the equivalent of 1.1 million full time jobs. At the national average hourly wage, the value of this work was \$51.1 billion, or about 3.1% of GDP.

Of the hours given, the majority are accounted for by a small slice of the volunteer population. As Chart 1 shows, just 10% of volunteers dedicate more than 390 hours per year, yet these volunteers are



responsible for 53% of the total hours. In contrast, approximately half of volunteers give less than 56 hours in a year, accounting for just 7% of aggregate hours.

The volunteer rate (the share of the population that volunteers) tends to decline with age, particularly among those over 44 years of age (Chart 2). In contrast, the average number of volunteer hours is lowest among those aged 25 to 34, and rises steadily thereafter, reaching a peak among volunteers aged 65 and older.

Volunteer activities can be quite varied. The most popular volunteer organizations are those involved in sports and recreation (19% of total volunteer hours), and those providing social services (18%). Religious organizations are also popular, receiving 15% of total volunteer hours. Other popular groups include those providing education and research (9%), development and housing (6%), and health services (5%).

Why do Canadians volunteer? The vast majority of volunteers (93%) report wanting to make a contribution to the community. 78% of volunteers report volunteering in part to use their skills and experience. Another factor driving people to volunteer is knowing someone who is already doing it; 43% of volunteers did their work as part of a group project with friends or co-workers, while 25% began to join members of their immediate family. The personal connection is also important: 59% of volunteers report being personally affected by the cause they are working for.

Although altruism is the main motivation, volunteers themselves can also benefit from the experience. 22% of volunteers surveyed in 2010 cited improving job opportunities as a reason for volunteering. A recent American study

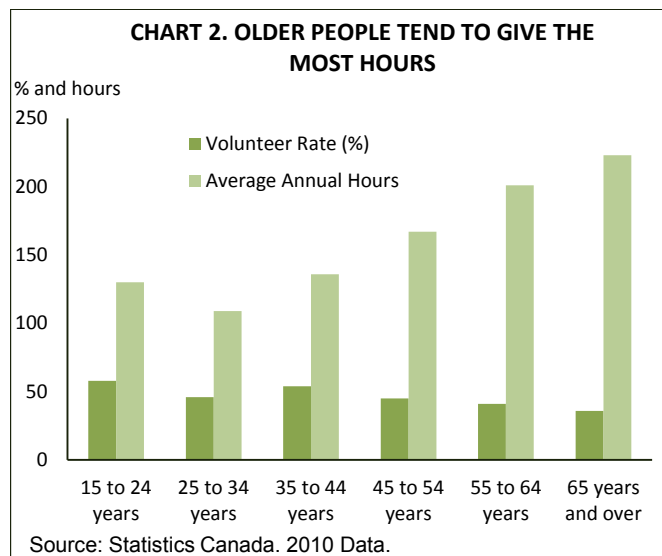
confirmed that volunteering helps create employment opportunities, reporting that volunteering is associated with a 27% higher probability of employment.<sup>2</sup> For the many currently unemployed or underemployed Canadians, volunteering can help keep skills sharp while helping to get them back to work.

### Giving Money

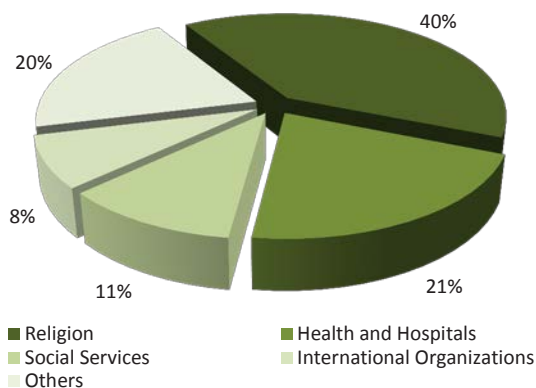
Canada is home to one of the largest charitable/non-profit sectors in the world, second only to the Netherlands. There are over 170,000 charities in Canada, about half of which are run entirely by volunteers. Unsurprisingly then, Canadians are generous when it comes to charitable donations. Although about half of the population volunteers, more than 84% of Canadians donate to charity, giving around \$450 each year on average.

Total charitable giving by individuals was \$10.6 billion in 2010, or about 0.6% of GDP. Charitable giving, as reported in tax forms, has risen by about 1.4% each year since the data was first collected. This suggests that donations were on track to exceed \$11 billion in 2013.<sup>3</sup> However, the size of the charitable sector is much larger, at around \$106 billion (about 6% of GDP), as charities also receive corporate donations, government funding, and other income such as endowments. The charitable sector is also an important employer, with nearly 2 million employees nationwide (about 11% of the economically active population).<sup>4</sup>

Religious organizations are the most popular Canadian charities, receiving approximately 40% of total donations (Chart 3). Health organizations and hospitals are the second most popular group, receiving about 21%. Other popular



**CHART 3. RELIGIOUS ORGANIZATIONS RECEIVE LARGEST SHARE OF DONATIONS**



Source: Statistics Canada. 2010 Data.

groups include those providing social services, and international organizations.

The rate of charitable giving rises quickly early in life, reaching around 89% in the 35 to 44 year age bracket. The volunteer rate remains steady at this level among older Canadians. Conversely, the amount donated rises steadily with age, which correlates to rising income and wealth. The median annual donation among the oldest Canadians is about 7 times larger than that given by 15 to 24 year olds.

### The Legacy Giving Creates

The idea of a “charitable legacy” is typically associated with the charitable trusts and family foundations of the extremely wealthy. But a charitable legacy can also include a life changed, a stomach filled, or a child’s memory of a kind gesture. A basket of food can make a big difference in the lives of a struggling family, while a volunteer coach can leave a lasting impression on one of his or her players. Job training may help an unemployed worker get back on their feet and back into the workforce.

Although there are a vast number of charities and charitable causes, a couple of case studies help to highlight the impact that charities can have:

#### *Music Education and Life Outcomes*

Childhood music lessons are a fond memory for many people, providing a life-long skill, and helping increase our appreciation of the musical arts. There are many benefits that arise from music lessons, beyond learning to play or appreciate an instrument.<sup>5</sup> For pre-school aged children, music training can result in significant gains in non-verbal

IQ and numeracy. School-aged children who participated in after-school music and arts programs have higher school attendance rates, and less behavioral issues. Moreover, among low-income students, participation in an arts and music program was found to eliminate the academic achievement gap relative to higher-income students.

Music education is also associated with improved language abilities, increased empathy and self-confidence, and longer attention spans. However, despite the many lasting benefits of youth music programs, many children are unable to participate due to financial reasons. Renting or buying an instrument for a child is financially out of reach for many low-income families. To fill this gap, many charitable organizations exist dedicated to ensuring that all children are able to reap the benefits of a music program. When you give money or time to one of these organizations, you’re helping ensure that low-income children are able to receive all of the benefits described, making a lasting change in their life.

#### *The Impact of Youth Organizations*

The mission of most youth organizations is to provide a positive space for young people to develop and grow in positive ways, through activities like sports, homework clubs, mentorship, and others. There are countless youth organizations operating across the country, including groups such as the Boys and Girls Club and the YMCA. For many at-risk youth, these organizations provide a safe environment for socialization and development. Participants receive countless lifelong benefits from their involvement. Benefits vary by activity type, but some activities offered by youth organizations, and their impacts include:<sup>6</sup>

- **Mentoring** programs, which have been found to improve attitudes related to drug use, and result in an improved sense of well-being and outlook on school. Participation in these programs is also associated with improved grades.
- **Homework clubs** are linked to higher grades across most academic subjects, with particularly large gains among low-income students.
- Youth who attended **drop-in clubs**, which provide space for sports, games, and other activities in a less-structured environment, were found to have improved school attendance and academic effort.

Participation in one or more youth-club-supported activities clearly has a positive impact on a young person’s

life. The impact can be long-lasting. Improved school attendance and higher grades are both associated with a higher probability of high-school completion. In turn, high school graduates have higher long-term economic productivity, earn more, and are more likely to be employed than those who did not graduate. It is clear that, that giving time or money in support of youth programs creates more than immediate impact, resulting in a brighter future for at-risk youth.

### **Bottom Line**

Canadians are a generous people with both their time and money. Volunteering and direct giving in Canada is significant, with a combined economic value of 3.7% of

GDP. Canada has a robust and significant charitable sector, which is among the largest in the world. The value is more than just dollars and person-hours, however. This report examined two areas that generate significant, positive, lasting change for children and young adults. The activities discussed are just a narrow slice of the volunteer and giving opportunities available in Canada. The wide variety of organizations and activities means that nearly anyone can find a way to give that suits their desires and abilities. The benefits that charitable giving generate have the potential to last a lifetime, meaning that an hour of time or dollar given today can resonate for a lifetime.

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## ENDNOTES

- 1 Definitional changes make comparisons with pre-2000 rates problematic.
- 2 “Volunteering as a Pathway to Employment: Does volunteering increase odds of finding a job for the out of work?” Corporation for National and Community Service, June 2013.
- 3 2010 is the latest year for which Statistics Canada has completed the Canadian Survey of Volunteering and Charitable Giving. The 2013 survey results are due to be published in late January 2015. This data excludes money donated via change collection boxes.
- 4 Source: Imagine Canada, 2014.
- 5 An excellent summary of the benefits can be found in the report “The Arts and Human Development” National Endowment for the Arts, November 2011.
- 6 Source: “The Impact of Youth Development Programs on Student Academic Achievement” National Collaboration for Youth, March 2011.

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