

Does Money Buy Happiness?

One of the most popular courses in America is Psychology and the Good Life. Yale professor Laurie Santos offers a course in "positive psychology" as opposed to psychological dysfunction. Dr. Santos wanted to teach not just the science of happiness but also the practice of happiness. And happiness, it turns out, does take practice. Her students must do a free online survey offered by the University of Pennsylvania titled the "Authentic Happiness Inventory" to establish baseline happiness, and then check in at the end to see how they've progressed.

Professor Santos's course includes 21 lectures of up-to-date findings and proven methods to increase your well-being. Before we get happiness, we have to understand why we often get it wrong. Our minds persuade us to follow intuitions that turn out to be entirely wrong. For example: list the things that you think would make you happier: more money, a new home, vacation, etc. Your mind is constantly telling you that if you just got those things, you'd finally be unequivocally happy. Nearly everything we think will make us happier however doesn't because it is only a circumstantial change.

Many of us assume that circumstances play the biggest role in our happiness; however, research suggests roughly 50% of happiness is determined by genes, 10% by circumstance and the final 40% is determined by

your thoughts, actions, and attitudes (within our control) (Lyubomirsky Sonja, "*The How of Happiness*").

To determine what makes people happy, psychologist found it effect to study the habits of people who already identify as happy which include: devoting time to family and friends, practicing gratitude, practicing optimism and keeping physically active.

What about money? Michael Norton of Harvard Business surveyed millionaires and asked, "How much more money would you need to be a perfect 10 in happiness?" People with \$1 million said \$3 million. People with \$3 million said \$9 million. And so it went all the way up. Money doesn't make people *unhappy*. It's just not the only currency that's important.

Interestingly, there is an income amount that does bring a level of happiness. Nobel Prize-winning economists Daniel Kahneman and Angus Deaton studied 1,000 American households and discovered that well-being rises with income until you hit \$75,000, at which point it levels off. Beyond that, he found no observable increase in happiness with higher income.

Generally, Western society does a terrible job of valuing time and money correctly. Money is theoretically infinite whereas time continuously depletes. Sadly we often associate money and wealth with success and status. For example: Many people would accept a new job with a higher pay if it meant an increased hours or a longer commute.

On the other hand, studies have shown that people derive more happiness from time. One experiment,

participants were offered \$40 to spend it on a time-saving purchase (ordering takeout, hiring a house cleaner, etc.). The same participants were offered another \$40, to spend on a material good. The subjects reported being happier when they spent the money to buy "time" or the alleviation of time pressure.

Some excellent activities to improve one's well-being or "rewire" your brain toward happiness:

- 1) Sleep: get at least seven hours of sleep
- 2) Gratitude: One study found that **taking the time to journal just three things daily over 15 days led to better well-being** in 94% of respondents
- 3) Turn Your Phone Off: the evolution of smartphones has perpetuated electronic stimulation and dependency
- 4) Philanthropy: there three main ways to give back: Time, Talent or Treasure
- 5) Meditate: even as little as ten minutes per day.
- 6) Be Responsible: looking after children, pets or even a garden have shown to increase happiness
- 7) Get Active: In addition to keeping healthy and releasing endorphins, if it is sunny outside, you get some vitamin-D

Those who know me, know I am "Type-A" and a goal chaser. While many of my accomplishments have brought a sense of joy and accomplishment they are not lasting. Honestly, I must work on my own happiness. I somewhat reluctantly completed the Authentic Happiness Inventory and was satisfied with the outcome but I admittedly I can do more of #1,2,4 and 6.

Until next time...
Invest Well. Live Well.



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