

The Beatles sang “Can’t Buy Me Love”... but, can we buy Happiness?

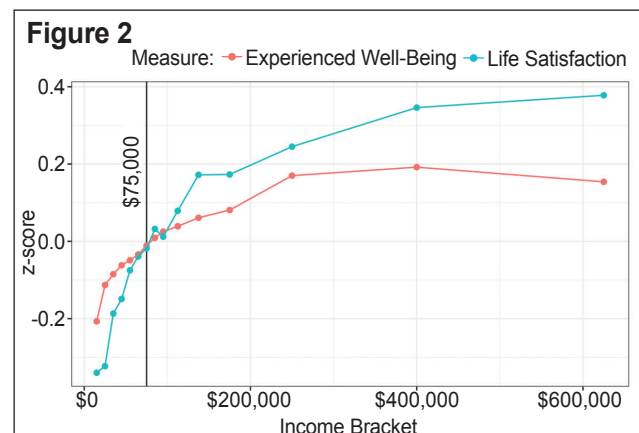
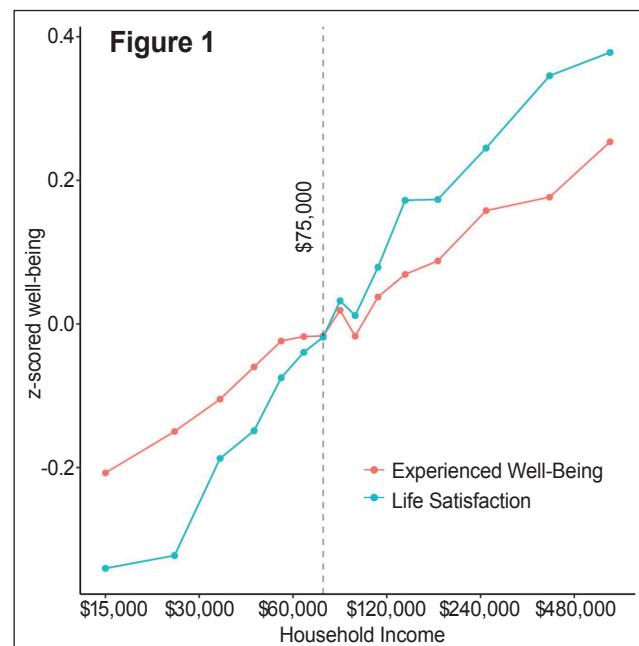
Managing Your Money

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I have a deep curiosity about the impact money has on people, and more specifically, on their happiness and well-being. Having spent more than half my life working in the financial industry, I have seen firsthand the emotions that can be attached to money - fear and greed, despair and exuberance, comfort, and security. Money can move emotions from one end of the spectrum to the other. But, can money really buy happiness?

Some new research on income and well-being contradicts past findings. According to a recent study by PNAS*, it seems yes, money can buy happiness. This report from January 2021 focuses on two kinds of well-being: people’s feelings during certain moments of life, and people’s evaluation of their lives when they pause and reflect. It evaluates how increased income relates to increased happiness. It claims that there is a direct linear relationship between higher income and increased well-being at all income levels (Figure 1).



However, this went against everything I have read on the topic, so I decided to dig deeper into the data. It became clear that there were issues with the way the data was being presented. When the x-axis is shown linearly, we get Figure 2. Remember the data in both these figures is the same, only the x-axis in Figure 2 is shown with more accurate spacing between income levels. So, while the headline was flashy, the presentation of the results seemed questionable.

To be honest, I really don’t want to believe that money buys happiness. I think back to when I was young, with little income and big dreams. Was I less happy than I am now? No, I don’t think so. I’ve always been a pretty “happy” person, and I don’t think money has anything to do with it. Granted I certainly feel more security and freedom and have greater comforts with money. However, I try not to attach happiness and well-being to it. Though I’ll never forget this quote, which as been attributed to various people, including Woody Allen, “I’ve been rich and I’ve been poor, I’d rather be rich”. So, I continue to wonder... can we buy happiness??

According to Dr. Laurie Santos, the answer is no. Money can’t buy happiness past a point of having basic needs met. Dr. Santos, a Yale professor and in my opinion an expert on happiness, is famous for her course “The Science of Wellbeing”. It has become the most popular course in Yale’s history. In her course, she culminates a vast number of scientific studies and research. Some of that research has been going on for over 80 years, and clearly confirms that money can’t buy happiness. It seems that higher incomes can increase well-being, BUT only up to a sweet spot of about \$75,000, where comfortable lifestyle needs can be met, and happiness plateaus. The research presented in the course clearly shows that we do actually have a large degree of control on our happiness, but it’s not by having more money. It’s through things like gratitude, connection, and serving others. Things that anyone can do.

So, I turn this question over to you, my valued readers. CAN money buy happiness? Has money made you happier? If you’ve experienced significant wealth, had it changed you, for the good or bad? What do you observe in those around you? Do your “richer” friends

seem happier? Have you gone from “poor” to “rich”, or vice versa, and if so, how did that change your general level of well-being? What are your thoughts on the relationship between money and happiness?

I want to hear your stories

I am genuinely interested in hearing your stories. Please email me your experiences, thoughts, and stories on money and happiness at Lynn.MacNeil@RichardsonWealth.com. Rest assured that all emails will remain confidential. If there’s one thing I’ve learned over the years, money doesn’t buy happiness but it can buy you comfort, freedom, and security, which makes achieving happiness more easily attainable.

*PNAS – Proceedings of the National Academy of Sciences of the United States of America www.pnas.org/content/118/4/e2016976118

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