

Can Money Buy Happiness?

Sort of at \$75,000 A Year Say Princeton Professors in Study



People's life evaluations rise steadily with income, but their reported quality of emotional daily experience levels off at a certain income level, according to a new study by two Princeton University professors.

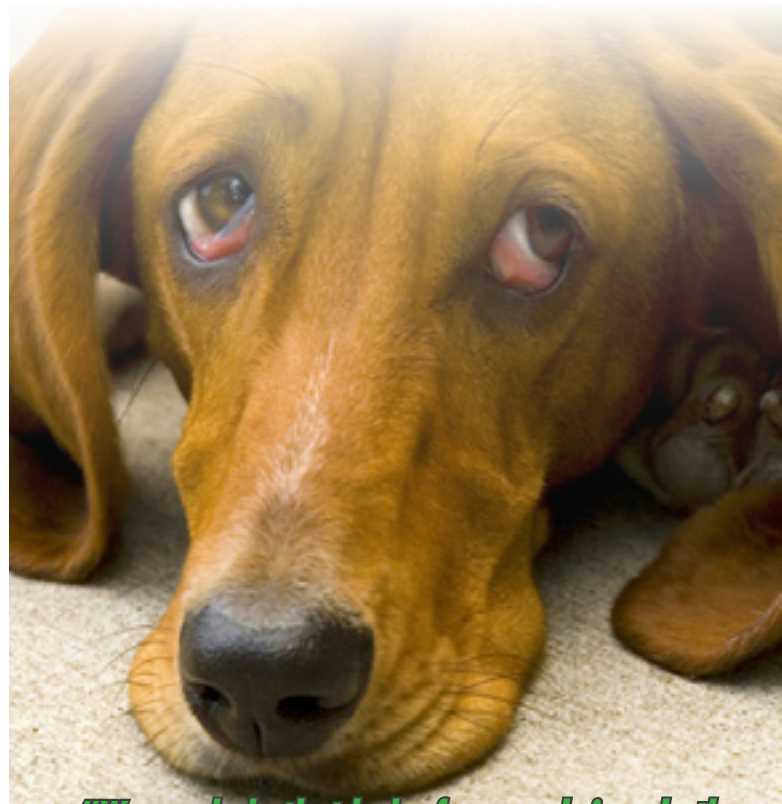
Angus Deaton, the Dwight D. Eisenhower Professor of International Affairs and Professor of Economics and International Affairs, and Daniel Kahneman, the Eugene Higgins Professor of Psychology and Professor of Psychology and Public Affairs (Emeritus), analyzed over 450,000 responses to a daily survey of 1,000 randomly selected U.S. residents and found that while life evaluation rose steadily with annual income, the quality of the respondents' everyday experiences did not improve beyond approximately \$75,000 a year.

As the study suggests, emotional well-being refers to the emotional quality of an individual's everyday experience and is assessed by the respondents' report of the time spent in certain positive and negative emotional states the previous day. Life evaluation refers to a person's thoughts about his or her life and is measured by respondents' rating of their lives on a ladder scale of zero to ten.

"We find that emotional well-being and life evaluation have different correlates in the circumstances of people's lives. In particular, we observe striking differences in the relationship of these aspects of well-being to income," the authors note in the study.

As income decreased from \$75,000, respondents reported decreasing happiness and increasing sadness and stress. The data suggest that the pain of life's misfortunes, including disease, divorce, and being alone, is exacerbated by poverty.

"We conclude that lack of money brings both emotional misery and low life evaluation; similar results were found for anger," write the authors in the report. "Beyond \$75,000 in the contemporary United States, however, higher income is neither the road to experienced happiness nor the road to the relief of unhappiness or stress, although higher income continues to improve individuals' life evaluations."



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The study does not imply that a financial increase will not improve the quality of life, but suggests that above a certain income level, people's emotional wellbeing is constrained by other factors, such as temperament and life circumstances.

The take home message of the study is that high incomes don't bring you happiness, but they do bring you a life that you think is better.

Noted WWS Dean Christina Paxson, "This is a very important study. The findings are robust, based on an incredible data source provided by the Gallup Organization and the Healthways Corporation – a survey of 450,000 people that, for the first time, distinguishes between two important types of subjective well-being, which turned out to be critical for the findings."

Publisher's Note

One reason that 75k is the magic number is that it is theorized at that level of income you have enough money to comfortably deal with life's demands. But do you have to be making \$75,000.00 in order to live this less stressful lifestyle? What if there was a way to prevent or minimize these trials from happening?

One challenge is divorce. Divorce can result in large expenses and erase years of the compounded financial gains that can only be created by the combined efforts of two people. There is a better chance of avoiding this challenge by strategically selecting a partner for marriage, rather than someone who meets only a few of your same values, goals, and beliefs. Also, we know there are things that are going to break down and be expensive to repair or replace. The small things are easy to miss, but like a leaking faucet, all those small, but consistent drips add up into gallons of problems and waste.

Accepting that you will be faced with problems, and then taking proactive steps beforehand, will keep you in a stronger financial position throughout any challenge. Taking care of problems when they are small will allow you to live the same quality of life as someone who may be making much more money, but isn't taking the time to thwart life's bigger, and more expensive, problems.

Original article by Alton Parrish can be found at: **TQR**
http://beforeitsnews.com/story/1651600/Can_Money_Buy_Happiness_Sort_of_at_75,000_A_Year_Say_Princeton_Professors_in_Study.html

The full article can be found at the following link:
http://wvs.princeton.edu/news/Income_Happiness/Happiness_Money_Report.pdf



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