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Can Money Determine *Your* Happiness?



Z E P H Y R
INVESTMENT MANAGEMENT

A Registered Investment Advisor



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In 1964, Paul McCartney and John Lennon of the Beatles co-wrote the hit song “*Money Can’t Buy Me Love*” but, could it bring you happiness?

In 2010, Princeton University conducted a study which found that day-to-day happiness rose as annual income increased, but then tapered off at a yearly income of \$75,000. In 2021, a study directed by the University of Pennsylvania reported that happiness continued to rise steadily with incomes well beyond \$75,000 and it did not plateau at any specific annual income. With such conflicting results, determining which one was more conclusive became a difficult decision.

To reconcile the discrepancy between these contradictory studies, these two reputable universities combined forces and released a report which revealed their collaborative findings in a *Proceedings of the National Academy of Sciences* paper. “In the simplest terms, this [report] suggests that for most people larger incomes are associated with greater happiness,” stated Matthew Killingsworth, a senior fellow at Penn’s Wharton School and lead paper author. “The exception is people who are financially well-off but unhappy. For instance, if you’re rich and miserable, more money won’t help. For everyone else, more money was associated with higher happiness to somewhat varying degrees.”

In other words, this study found that you cannot guarantee that “money can buy happiness” and that one’s emotional well-being and their income status are not connected by a single relationship. One’s income is just one component of many that determine someone’s level of contentment.

Specifically, for the least happy group, happiness rose with income until \$100,000, then shows no further increase as income grows. For those in the middle range of emotional well-being, happiness increases linearly with income, and for the happiest group the association actually accelerates above \$100,000. (Source: penntoday.upenn.edu, 3/2023)

Since 1938 and over three generations, Harvard has conducted the world’s longest study on happiness - the *Harvard Study of Adult Development*. The results have been similar, emphasizing that our relationships with others, and experiences over things, can amplify our happiness. According to Marc Schulz, author of “*The Good Life*” and a psychology professor at Pennsylvania’s Bryn Mawr College, “Money cannot buy you happiness, but it’s a tool that can give us security and safety and a sense of

control over our lives.” He continued, “At the end of the day, life is really about our connection with others. It’s our relationships that keep us happy.” (Source: Reuters, 2/2023)

So, it seems that while money cannot guarantee you happiness, it can be helpful, and is a key component to one’s emotional satisfaction and contentment. Food, shelter, clothing, healthcare – all these basic daily necessities can be purchased with money, and thus, increase our happiness. Beyond these necessities, money can help, but is not the only component of:

- Increased comfort levels.
- More control of overall capabilities and perception of well-being.
- More options and purchasing power.

True friendships, family connections, self-actualization and esteem, personal achievements, a bountiful heart, and a strong sense of purpose – cannot be purchased with money, and all have a deeper, intrinsic determination of our happiness. Money has a diminishing rate of return for these important contributors to our happiness.

American Psychologist Abraham Maslow created the Maslow hierarchy of needs in 1943 that theorized what humans need and put forward that people are motivated by five basic categories of needs: physiological, safety, love, esteem, and self-actualization. Again, as you can see, money can help you acquire the basic necessities and comforts of life, but as you elevate your needs, the abilities of money to help you attain these desires diminishes.



How Do You Measure Happiness?

The answer to this question is different for everyone. It depends on what is meaningful to you, what fuels your life, and nurtures your personal development and satisfaction.

Over the past few years, the pandemic provided everyone an opportunity to reassess their lives and what makes them tick, what isn’t working for them, and what they want to harness for the future. Authenticity in personal lives, fulfilling careers, and meaningful relationships took a front seat.

Have you thought about what helped create a sense of happiness for you this year? Now is a great time of year to take a step back and assess your level of contentment and reflect on the blessings you’ve received. When thinking about this, consider your health, your emotional wealth, and your mental wellbeing.

Did you lose sight of some items that are integral to your overall wealth? Are you healthy? Are you emotionally satisfied? Are you mentally recharged and capable of handling what life throws at you?

Taking the time to sit down and reflect on the positive aspects of your experiences and what you can appreciate this year can help you discover what truly makes you happy.

Have you heard the phrase, “perception is reality?” In other words, something will be exactly as you perceive it to be. Perception is a powerful player in one’s happiness. Those who chose to focus on the negative, will have a negative experience. Those who choose to focus on the positive even in rough situations, tend to be more content in any situation. Do you have a habit of focusing on what happened to you and what went wrong? Or do focus on the “silver lining” of even a bad situation? Even our greatest difficulties provide the seed for equal and greater opportunity. When you change the way you look at things, the things you look at begin to change.

Everyone understands that we cannot choose what happens to us, but we can always choose how we react. The only thing that we continuously have full control over is the power of our own minds. Some people perceive an income of \$75,000 plentiful, while others may feel destitute at even much higher incomes. One person can be a multi-millionaire but live a lonely and unfulfilled life. Another could have a strong family support system, have a career they love but barely pays the bills, but their happiness seems endless. As one of the best NCAA coaches ever, John Wooden, said, “Things turn out best for people who make the best of how things turn out.”



As your wealth manager, one of the major contributors to *our* happiness is the long-term relationships we have with our clients. We understand that having a good financial professional can help make your journey easier and we appreciate your trust and confidence in our services. The joy we receive from helping grow and protect wealth for our clients is abundant!

As always, we are here to help and are available to review your unique situation. We will always consider your goals as well as your feelings about risk and the markets when providing any recommendations.

Our aim is to always provide you first-class service, including:

- consistent and effective communication,
- regular client meetings, and
- continuing education for members of our team on the issues that affect you.

We look forward to serving you in 2024! We hope you have a wonderful holiday season.

In the spirit of the holiday season, we want to express our sincere gratitude for the trust you place in us as stewards of your wealth. We appreciate every one of our clients.

We would like to take this opportunity to say,
Thank you for being our client!

We look forward to serving you in the new year and years to come!

What are you grateful for this year?

Cultivating an attitude of gratitude when it comes to your finances can help you:

- ✓ Feel satisfied and affluent in your current situation.
- ✓ Focus on long-term outcomes.
- ✓ Make sounder financial decisions and reduce panic-driven or impulsive moves.
- ✓ Be content with a well-devised and diversified plan rather than hyper focusing on the latest and greatest trend to make a “fast buck”.
- ✓ Keep your perspective focused on you and your goals. Many people start to realize when you change the way you look at things, the things you look at begin to change.
- ✓ ***Enjoy life more!***

For 2024, let's all intentionally include gratitude as part of our daily lives!

We'd like to expand our family!

**We take pride in the services we offer and
want to help others like you in 2024!**



Do you know someone who could benefit from our services? If so, please contact us so we can offer them a complimentary, one-hour private consultation to explore their financial situation. **To connect us with a friend or family member, please call us at (805) 496-6810.**

We Cannot Direct the Wind, But We Can Adjust the Sails."

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