



## Can Money Buy You Happiness?

Is money the key to happiness? Numerous research reports and studies agree having more money can lead to improved wellbeing, but only up to a point. It seems that once your personal income cruises past roughly the six-figure mark, you can't expect to get any happier from having more. How you spend your money, on the other hand, can have a significant bearing on how you feel and your satisfaction with life.

Shopping for a new car, for example, might be something you get excited about for months in advance as you do your research, take test drives and weigh up options for colours. Once you actually own the car, the happiness hit from your pristine new vehicle might last for a few months. But according to psychologists, it won't be long before a very human condition called hedonic adaptation will make your new car seem less special and satisfying. Once we actually own something, we quickly adjust to the reality of having it, reducing the happiness we experience from our purchase in the medium to long-term.

If you're looking for ways to replace retail therapy with other types of spending to boost your happiness levels, here are four ways to spend money and add to your quality of life for longer.

### **Spend on experiences**

According to a Harvard University psychology professor, switching spending goals from material possessions to experiences is one way to get more happiness from your dollars. In his book *Stumbling on Happiness*, Professor Dan Gilbert reports that 57% of people surveyed felt greater happiness from buying an experience. His view is also backed up by a research study led by Dr Thomas Gilovich, psychology professor at Cornell University. Having investigated the relationship between money and happiness for two decades, Dr Gilovich concludes that spending on experiences makes you happier because they have greater potential to define who you are and connect you with the people who matter to you most.

### **Spend on your relationship**

When it comes to maintaining a strong connection with your spouse or partner, how you spend money can definitely make a difference. For a start, it's important to be honest about your money history so you can trust one another and plan for a financial future based on shared goals. But there may also be smaller and short-term ways for money to ease tensions between you. If you find yourself in conflict over whose turn it is to clean the bathroom or grab groceries on the way home from work, maybe it's worth putting some of your joint budget towards a solution. Footing the bill for a cleaner or having the weekly shop home-delivered could be just what you need to bring a little extra harmony to your life as a couple.

### **Spend on others**

Academic research has also found that spending money on other people – known as ‘prosocial’ spending – is also a path to greater happiness. According to a 2014 research study led by Elizabeth Dunn, professor of psychology at University of British Columbia, “people who spend money on others report more happiness... and the warm glow of giving can be detected even in toddlers.”

### **Spend on peace of mind**

One of the most important ways you can spend money and feel happier is by having a plan for financial security. The latest UBank Know your numbers index reported that more than half of Australians feel stressed and overwhelmed about their financial situation. One important way to get greater peace of mind about your money situation is to seek professional advice from a Financial Planner who is qualified to help you make the best decisions, for your current spending and future financial wellbeing.

So when you’re thinking about how you could bring financial literacy and empowerment to someone you love, the gift of a financial plan is well worth considering. Our Gifts that Give survey found that more than four in five young Australians would like to receive the gift of time with a financial planner.

