



BUDGETING HAPPINESS

depending on the definition. For example, there is a well-being index produced online by Gallup, which measures factors in addition to financial well-being. Socioeconomic status is also used to describe the well-being of households, generally measuring income, education, and occupation.

A study by Daniel Kahneman and Angus Deaton (2010) found that higher income brings a higher level of emotional well-being, which they correlate with happiness, and a higher level of life satisfaction. However, the happiness effect wears off after a certain level of income. In other words, once a household has enough money to meet its needs and have a reasonable standard of living, happiness plateaus, while life satisfaction increases. On the contrary, lower-income households experience both low levels of happiness and life satisfaction. So, not having money brings unhappiness in a more acute way than having money brings happiness.

If you were asked to discuss money, what terms would you use? Security, status, hard to earn, important, controlling, limiting? Each of us holds a perspective on money that is often difficult to describe. Technically, money is a tool. It is part of our economic system that provides a way of exchange to meet our needs. The age-old statement, of course, is that money does not buy happiness. Are we sure?

Certainly, money can become a status symbol, cause jealousy, or create a certain lifestyle, but what does it really do for us? The foundation is the difference between wants and needs. We need water, food, shelter, a warm place to sleep, and some feeling of safety or security according to Maslow's hierarchy. Everything after these needs are met can arguably be called wants. In our advanced society, we often need some form of transportation to get to and from our jobs to earn the money to meet our needs. Whether that is public transport, a bicycle, an average car, or a fancy car begins to cross the line from needs to wants. Also, money can help provide a comfortable retirement, so we are not entirely dependent upon Social Security. Given the current situation, this is an important consideration as well. The Social Security Administration (2010) predicts the exhaustion of Social Security funds in 2037. Unless policy changes are made to the current system, younger generations of Americans need to plan accordingly. In this, money is providing some sense — again — of security.

Money is necessary for these needs, but it is also an external source for bringing satisfaction in life. Often, this is referred to as well-being, and can be measurable

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