# Money matters to happiness—perhaps more than previously thought

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What's the relationship between money and well-being? "It's one of the most studied questions in my field," says Matthew Killingsworth, a senior fellow at Penn's Wharton School who studies human happiness. "I'm very curious about it. Other scientists are curious about it. Laypeople are curious about it. It's something everyone is navigating all the time."

To answer this question, Killingsworth collected 1.7 million data points from more than 33,000 participants who provided in-the-moment snapshots of their feelings during daily life. In a paper in the *Proceedings of the National Academy of Sciences*, Killingsworth confirms that money does influence happiness and, contrary to previous influential research on the subject suggesting that this plateaus above $75,000, there was no dollar value at which it stopped mattering to an individual's well-being.

Killingsworth conducts much of his work using a technique called experience sampling, which asks people to repeatedly fill out short surveys at randomly selected moments during their day. "It tells us what's actually happening in people's real lives as they live them, in millions of moments as they work and chat and eat and watch TV."

Most previous studies of the money-happiness link focused on evaluative well-being, which encompasses overall satisfaction with life. But for this study, Killingsworth aimed to capture both evaluative and experienced well-being, the latter indicating how people feel in the moment.

Through an app he created called Track Your Happiness, people recorded this a few times each day, with check-in times randomized per participant. To measure experienced well-being, each check-in asked them, "How do you feel right now?" on a scale ranging from "very bad" to "very good." At least once during the process, participants also answered the question, "Overall, how satisfied are you with your life?" on a scale of "not at all" to "extremely." This measured evaluative well-being.

Secondary measures of experienced well-being included 12 specific feelings, five positive (confident, good, inspired, interested, and proud) and seven negative (afraid, angry, bad, bored, sad, stressed, and upset). Secondary measures of evaluative well-being included two other measures of life satisfaction collected on an intake survey.

"This process provided repeated snapshots of people's lives, which collectively gives us a composite image, a stop-motion movie of their lives," he says. In total, 33,391 employed, 18- to 65-year-olds in the United States provided 1,725,994 reports of experienced well-being. "Scientists often talk about trying to get a representative sample of the population," he adds. "I was trying to get a representative sample of the moments of people's lives."

Killingsworth then calculated the average level of well-being for each person and analyzed its relationship to people's income. In part, he was trying to confirm the findings of a 2010 paper that suggested that as people earn more money their well-being increases, but experienced well-being plateaus once annual household income hits $75,000.

"It's a compelling possibility, the idea that money stops mattering above that point, at least for how people actually feel moment to moment," he says. "But when I looked across a wide range of income levels, I found that all forms of well-being continued to rise with income. I don't see any sort of kink in the curve, an inflection point where money stops mattering. Instead, it keeps increasing."

Here, "income" refers to a concept known as log(income); rather than each dollar mattering the same to each person, each dollar starts to matter less the more a person earns. "We would expect two people earning $25,000 and $50,000, respectively, to have the same difference in well-being as two people earning $100,000 and $200,000, respectively. In other words, proportional differences in income matter the same to everyone."

Beyond that, Killingsworth's work also provides a deeper understanding of the link between income and happiness.

Higher earners are happier, in part, because of an increased sense of control over life, he says. "When you have more money, you have more choices about how to live your life. You can likely see this in the pandemic. People living paycheck to paycheck who lose their job might need to take the first available job to stay afloat, even if it's one they dislike. People with a financial cushion can wait for one that's a better fit. Across decisions big and small, having more money gives a person more choices and a greater sense of autonomy."

Yet it might be best not to define success in monetary terms, he says. "Although money might be good for happiness, I found that people who equated money and success were less happy than those who didn't. I also found that people who earned more money worked longer hours and felt more pressed for time."

Though the study does show that income matters beyond a previously believed threshold, Killingsworth also doesn't want the takeaway to enforce an idea that people should focus more on money. In fact, he found that, in actuality, income is only a modest determinant of happiness.

"If anything, people probably overemphasize money when they think about how well their life is going," says Killingsworth. "Yes, this is a factor that might matter in a way that we didn't fully realize before, but it's just one of many that people can control and ultimately, it's not one I'm terribly concerned people are undervaluing." Rather, he says he hopes this research can help move forward the conversation in an attempt to find what he calls the "equation for human happiness."

**More information:** Experienced well-being rises with income, even above $75,000 per year, *Proceedings of the National Academy of Sciences*, www.pnas.org/cgi/doi/10.1073/pnas.2016976118

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