

Higher income improves life rating but not emotional well-being

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(PhysOrg.com) -- 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.

People's life evaluations rise steadily with [income](#), but the reported quality of emotional daily experience levels off at a certain income level, according to a new study by two Princeton University professors, published online this week in the [Proceedings of the National Academy of Sciences](#) (*PNAS*).

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.”

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."

More information: High income improves evaluation of life but not emotional well-being, *Proceedings of the National Academy of Sciences*, www.pnas.org/cgi/doi/10.1073/pnas.1011492107

Provided by Princeton University

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