

Money only buys happiness for a certain amount

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Credit: George Hodan/public domain

There is an optimal point to how much money it takes to make an individual happy, and that amount varies worldwide, according to research from Purdue University.

"That might be surprising as what we see on TV and what advertisers tell us we need would indicate that there is no ceiling when it comes to how

much money is needed for happiness, but we now see there are some thresholds," said Andrew T. Jebb, the lead author and [doctoral student](#) in the Department of Psychological Sciences. "It's been debated at what point does money no longer change your level of well-being. We found that the ideal income point is \$95,000 for [life evaluation](#) and \$60,000 to \$75,000 for [emotional well-being](#). Again, this amount is for individuals and would likely be higher for families."

Emotional well-being, or feelings, is about one's day-to-day emotions, such as feeling happy, excited, or sad and angry. Life evaluation, really [life satisfaction](#), is an overall assessment of how one is doing and is likely more influenced by higher goals and comparisons to others.

"And, there was substantial variation across world regions, with satiation occurring later in wealthier regions for life satisfaction," Jebb said. "This could be because evaluations tend to be more influenced by the standards by which individuals compare themselves to other people."

Jebb's area of expertise is in industrial-organizational psychology. The senior author on the paper is Louis Tay, an assistant professor of [psychological sciences](#). The research is published in *Nature Human Behaviour*.

The research is based on data from the Gallup World Poll, which is a representative survey sample of more than 1.7 million individuals from 164 countries, and the estimates were averaged based on purchasing power and questions relating to life satisfaction and well-being. For reporting this study, the amounts are reported in U.S. dollars, and the data is per individual, not family.

The study also found once the threshold was reached, further increases in income tended to be associated with reduced life satisfaction and a lower level of well-being. This may be because money is important for

meeting basic needs, purchasing conveniences, and maybe even loan repayments, but to a point. After the optimal point of needs is met, people may be driven by desires such as pursuing more material gains and engaging in social comparisons, which could, ironically, lower well-being.

"At this point they are asking themselves, 'Overall, how am I doing?' and 'How do I compare to other people?'" Jebb said. "The small decline puts one's level of well-being closer to individuals who make slightly lower incomes, perhaps due to the costs that come with the highest incomes. These findings speak to a broader issue of money and happiness across cultures. Money is only a part of what really makes us happy, and we're learning more about the limits of [money](#)."

The research by Jebb and Tay was supported by Purdue's Department of Psychological Sciences. Also contributing to the study were Ed Diener and Shigehiro Oishi from the Department of Psychology at the University of Virginia.

More information: Andrew T. Jebb et al, Happiness, income satiation and turning points around the world, *Nature Human Behaviour* (2018). [DOI: 10.1038/s41562-017-0277-0](https://doi.org/10.1038/s41562-017-0277-0)

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