

Is it true?

Can money buy happiness?

Popular wisdom says that no matter how rich you are, it is the things that money can't buy that really matter, like health, love and the support of friends and family. But are the best things in life really free?

In Hollywood, "money can't buy happiness" is a mantra that has been communicated for decades – we've seen it as a message in literally hundreds of hit movies, from *It's a Wonderful Life* to *Pretty Woman*. But in Beverly Hills, where millionaires, celebrity divorces, and drug and alcohol rehab centres are thick on the ground, does anyone actually believe it?

The idea that living a good life is more important than riches is a very old one. The Bible tells us that it is easier for a camel (meaning a thick rope used on ships, not the ship of the desert) to pass through the eye of a needle than it is for a rich man to enter the kingdom of Heaven.

Earlier social research seemed to be on the bible's side. A landmark 1974 international study by Easterlin suggested that while the poorest people were happier once they could afford the necessities of life, as soon as this had been achieved, an increase in wealth did not lead to an increase in happiness.

On the other hand, this conclusion has been challenged by several more recent surveys. One of them, "money doesn't buy happiness - or does it?", a 2004 study by the Melbourne Institute of Applied Economic and Social Research, shows that when wealth (including assets - not just income) is measured, the rich are indeed happier than the poor.

Why assets and income, and not income alone? A USA study indicates that income delivers as much misery as happiness – because income is used as a benchmark to compare yourself with your peers. However much you earn, you tend to be dissatisfied if you earn less than your peers.

And what about people who become suddenly rich, like lottery millionaires? We've all read stories of how the windfall led to nothing but misery, but are they true? A 2006 British survey compared the happiness of those who had won the jackpot with those who had not. The conclusion: 96% were as happy or happier after winning the money and only 3% were not. At the same time, 59% of the winners were already satisfied with their lives, compared to only 40% of non-winners.



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The study also found it was not necessarily material possessions that enhanced winners' lives. 44 per cent of winners said that being able to spend more time with their family contributed to their happiness, compared to 26 per cent who said it was the ability to buy or do what they liked. Dr Richard Tunney, one of the authors of the study, said: "The old saying 'money can't buy you happiness' may not be true, but traditional family values, a comfortable home and financial security are clearly key elements to a happy life".

Living in Australia, we do have one very good reason to be happy. A 2005 Roper survey of 30 countries found that Australians regarded themselves the happiest people on earth – the top scores were Australia 46%, U.S.A. 40%, Egypt 36%, India 34%, U.K. 32%. So our advice is to keep on living in Australia, and keep on investing to build up those happiness producing assets.