



American Heritage Financial

Can You Buy Happiness?

In addition to traditional questions concerning how to invest money, advisors at American Heritage are often asked how individuals and families should *spend* their money.

Conventional wisdom says money can't buy happiness and we won't argue with that—at least in the sense of buying material things to gain happiness. However, there is a growing volume of research that indicates money CAN buy happiness—if the money is used to buy experiences or for gifting.

The research shows that while our possessions grow dull with the passing of time, an experience, on the other hand, creates happy memories. A satisfying memory generates happiness over and over. And what's more, an experience usually involves social interaction — a key determinant of most people's happiness.

In *Happy Money: The Science of Smarter Spending*, authors Elizabeth Dunn and Michael Norton also argue that income or assets don't appreciably boost happiness. Here are their tips on how to get the most happiness for your buck.

1. **Buy experiences not products.** Experiences can make you happier and jettison buyer's remorse associated with purchasing items such as homes, automobiles and flat-screen TVs.
2. **Buy some free time.** Use your money to outsource undesirable tasks and free up time so you can pursue passions and activities that promote wellbeing.
3. **Be more generous.** Giving benefits the recipient and the giver. Research shows that buying gifts for friends or donating to a charity provides more happiness than spending it on ourselves.
4. **Limit your spending.** Purchases become a special treat if we consciously reduce the amount and frequency of everything we buy—from lattes and chocolates to wardrobes. Said Norton: "By limiting our access to certain products, we enhance our consumption greatly once we encounter those products again."
5. **Pay now and consume later.** Delaying consumption heightens the pleasure and satisfaction factor. You are less likely to overspend when purchasing up front, leading to lower debt... which is one of the best routes toward increased happiness.

These findings have profound implications for the advisors at American Heritage as we help clients determine the most efficient uses of their money. This is just one of the reasons we are expanding our services to include financial planning and wealth management. Our goal is to not only help you achieve financial freedom but also to enable you to live a happier life.