

# KEEPING YOUR SANITY BY KNOWING HOW MONEY CAN BUY HAPPINESS

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The popular saying is that money can't buy happiness. The Beatles sang back in 1964 that they don't care too much for money, money can't buy them love.

I think the Beatles were mostly right about money and love. But there are ways of spending our money that can actually make us happier.

After a few years of frugal living, Cindy and Jeff had saved enough for a down payment on a house they liked. They bought the house, which they like a lot. Even though the mortgage payment was a bit of a challenge, they could manage it. For years they put all the extra money they had into the house – new appliances, furniture, decorating, repairs...

While they were doing this, they passed up on several travel opportunities with friends, and missed other adventures and opportunities to go out. They avoided spending any extra money on these experiences, which they saw as fleeting moments in time, while they focused on building their house the way they wanted and accumulating the things they thought would bring them a higher quality of life.

Unfortunately, thinking that these more enduring possessions were the prudent things on which to spend their money, they also ended up spending more than they had on some of them, using credit cards and a line of credit they had added to their house.

This debt crept up and caught them by surprise when interest rates began to climb. They found themselves resenting the money they were throwing away servicing this debt, as well as the large mortgage they had on their house; and regretting the time they were spending taking care of all their things.

They also saw some of their friends doing lots of things, going out to dinner, taking trips, having fun adventures together. They missed those things. They missed their friends. And they began to wonder where they went wrong.

George Washington once said, "Government is like fire, a useful servant but a dangerous master."

Money can be like that, too. Money can be a tool in the service of our good life, but for that to happen, we need to be conscious and in charge of how we make and spend our money.

It can also be a dangerous master, when we allow our spending to follow from our impulses and habits, and when we allow debt to pile up.

How we spend our money has the potential to enhance our lives or ruin our lives. The difference comes down to how we choose what we spend our money on.

This is easy to say, harder to do, because our habits are strong and enduring, and compelling emotions and impulses often flow from those habits. Any bad habits we've accumulated with respect to our spending have a well paved road on which to drive us – to the same place where good intentions can take us.

Whereas any new habits we seek to build will start with the equivalent of a wispy, overgrown path through the woods.

This means that we need to purposefully, consciously, train ourselves in the new habits for long enough that that wispy path becomes paved and enticing; while we allow the old road to fall into disrepair

But we also need to know what sort of spending is likely to improve our lives, and what is not.

Paying down debt, particularly high interest debt like credit cards, but also adjustable rate loans (the uncertainty of what you'll be paying in interest can be stressful in itself), can lower our stress levels and improve our lives.

It's also one of the best financial strategies, since the costs are usually far greater than the returns we can get from most investments, the benefits are tax free, and the money it frees up is then available for other things that we actually want or need.

*Spending money on experiences brings much more satisfaction than spending money on things.* We get used to the things we buy, and that can put us on the hedonic treadmill of wanting more things to get the same happiness we felt initially.

Even buying a home isn't the great joy that most people expect, since we grow accustomed to it, so there's very little novelty, and the expense is usually very high.

Experiences, on the other hand, are by their nature novel. Having new experiences actually increases the neural connections in our brains, and allows us to think more broadly, and find different perspectives that in themselves may significantly increase our quality of life.

We also tend to have experiences with other people – and doing things with other people is one of the best things we can do for our happiness.

And speaking of other people... spending money on other people is one of the most satisfying uses of our money. If you want an immediate sense of happiness, doing something kind for somebody else is the most effective thing you can do.

So it's not surprising that spending our money doing kind things for others is one of the best sources of spending satisfaction.

I'm not arguing against owning a home. There can be great satisfaction in that. Knowing you're established somewhere you like, with good neighbors and familiar surroundings, can be a wonderful long-term source of serenity and well-being.

As long as you take all of the expenses – mortgage, insurance, taxes, repairs, utilities – into consideration.

I'm also not saying that you shouldn't ever buy things like furniture, nice clothes or cars. But when you buy things, think about how much you will actually use them.

I have a very comfortable chair in my office. It was pretty expensive, but I spend a lot of time there, and I actually appreciate how comfortable it is most every day. That was money well spent. And repairing the drain in front of our house before these latest California storms was some of the best money I've ever spent in my life.

The important thing is to have all this in perspective, and choose consciously where we spend the fruits of our labor.

I have an acquaintance who found himself a widower in his 60s, living alone in a big house with lots of possessions. One day he realized that he was spending most of his life effectively curating that house and those things for somebody else – whomever would have them after he was gone. What he really wanted to do was travel.

He sold almost everything, bought a nice condo that served his needs, and spent the next several years traveling the world.

Not only does certain spending bring more happiness than others, but the seasons of our lives also change. Our quality of life can improve tremendously when we, from time to time, re-evaluate what we're spending our money on.

But in general, if you think of spending a portion of your money on experiences and other people, while lowering your expectations for great happiness in most possessions, I think you'll find that, to whatever degree money can buy happiness, you'll have a lot more of it over time.

*PS: My course, **Mastering Emotions, Moods and Reactions**, can help you with this part of your life in much greater detail, with deep understanding and practical skills for mastering these systems and living well. And now you can purchase the **Mastering Emotions, Moods and Reactions Workbook** for this course separately for \$29.95 plus shipping. You can still get the online course with the downloadable workbook at a deep discount, for \$99, if you use this code: LB99.*

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