

The Million-Dollar Link Between Wealth and Happiness

Millionaire wealth predicts happiness, so long as it's earned, not given.

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Whether we're Keeping Up With The Kardashians, stalking an updated list of the world's wealthiest people on Forbes, or simply chatting business with our neighbor - money talks. Humans display a natural affinity towards wealth and those who possess it, and often tend to define a person's success by their paystub.

One particular reason we find ourselves fascinated by financial success is the thought of it making us happier. We envision the lives of millionaires as stress-free, blissful versions of our own, and we often attribute life's problems to a lack of financial wiggle room.



Source: Source: Pixabay

Intuitively, it seems rather obvious why we feel this way. More money equals more freedom equals more happiness ... right? But what about the old cliché "money can't buy happiness" - is there nothing to be said of that? In recent years, social psychologists have begun tackling this question by empirically investigating how a person's salary relates to their overall life satisfaction.

Our current stance on happiness and wealth

Past research has demonstrated that overall happiness seems to rise with income until about \$75K US. However, up until now, wealth researchers have focused mainly on average earners in comparison to those who fall below the poverty line, with very little research done on the highest earners.

Another factor that is often overlooked when thinking about wealth and happiness, according to present investigation, is an individual's source of wealth.

Researchers speculate that happiness may not necessarily reflect the amount of wealth someone acquires, but how they acquire it. In other words, would the life satisfaction of someone who inherited their millions differ from someone who earned theirs?

A team of researchers led by Grant E. Donnelly of Harvard Business School aimed to delve deeper into these questions. [Over the course of two studies](#), they looked at how the wealth of high earners (millionaires) corresponds with overall life satisfaction, and whether or not a millionaire's source of wealth plays any role.

The study & results

The researchers analyzed data taken from respondents who had a net worth ranging from \$1.5-\$15+ million US. A 7-point scale was used to assess the overall life satisfaction of the respondents where 1= "strongly agree" and 7="strongly disagree" to the statement "All things considered, I am satisfied with my life." Respondents also indicated the source of their wealth, allowing the researchers to calculate the percentage of earned versus unearned wealth.

Results showed those with a net worth of \$3-\$7.9 million US were no more satisfied with their lives than those with a net worth of \$1.5-\$2.9 million US. It wasn't until net worth climbed to \$8-\$14.9 million US that respondents reported higher life satisfaction. Lastly, those with a net worth of \$15+ million US reported being marginally more satisfied than the lower tier millionaires.



Source: Source: Pixabay

In terms of wealth source, respondents who earned their wealth reported higher ratings of happiness than those whose wealth was unearned. The apparent psychological benefit of earning your wealth seems to align with existing research suggesting there is an [inherent love in labor](#). It's found that the amount of value we place in something corresponds strongly with the work we put into acquiring it.

All together, these findings suggest that wealth makes us happier when it's earned not given. This could explain why Kim Kardashian and her entourage always seem to be fussing about something, despite their heavy pockets.

Implications and future outlooks

Overall, the results of the research conducted by the Harvard Business School team suggest that the low to mid range millionaires (\$1.5-\$7.9 million US) are no different in terms of their reported happiness. Where we see the needle move is with the super rich millionaires: it's the higher levels of wealth (\$8-\$15 + million US) that lead to a bump-up in life satisfaction.

Furthermore, these results expand existing findings that place a \$75 K US cap on the money-happiness link. According to the present research, the relationship between wealth and happiness flattens around the \$75 K mark and then picks up again around \$8 million. The results also go a step further and suggest that an individual's source of income seems to play a large role in whether or not they attribute happiness to wealth.

It is important to acknowledge that these results are strictly correlational and therefore cannot say for certain that higher levels of wealth result in greater levels of happiness. For instance, it could be that happier people are more likely to be financially successful.

For many of us these findings provide new insight into our obsession with following the rich and famous. Many millionaires, in particular those on the high end of the 7-figure income scale, are indeed happier than most of us non millionaires. But what matters, it seems, is how they acquired their wealth.

You may not be longing for Kim Kardashian status after all.

Nick is a behavioral and brain scientist whose work helps people uncover their [peak mental performance and true earning potential](#). Drop by and say hello!