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Time, money, and happiness

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We highlight recent research examining how people should manage their most precious resources — time and money — to maximize their happiness. Contrary to people's intuitions, happiness may be less contingent on the sheer amount of each resource available and more on how people both think about and choose to spend them. Overall, focusing on time leads to greater happiness than focusing on money. Moreover, people enjoy greater happiness from spending money on others rather than themselves and from acquiring experiences instead of possessions. Similarly, people enjoy greater happiness from spending time on or with others and from acquiring experiences — both extraordinary and ordinary.

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Time and money serve as people's two most precious resources. Both are scarce (sometimes painfully so), and both can be saved, budgeted, wasted, or spent in the pursuit of life's necessities and joys. Despite their similarities, time and money have distinct psychological properties with striking effects on human behavior [1–7]. Over the past decade, a growing body of work has examined a seemingly simple question: how should people both think about and spend their time and money to maximize their well-being?

Happiness from money

Although people believe otherwise, most data suggest that after basic needs have been met, additional income is not associated with increases in well-being [8–12]. These correlational data, however, should not be read as evidence that money cannot buy happiness; rather, they may simply reflect that the ways in which people typically spend additional income may not be ideal for increasing happiness. In particular, an emerging body of research

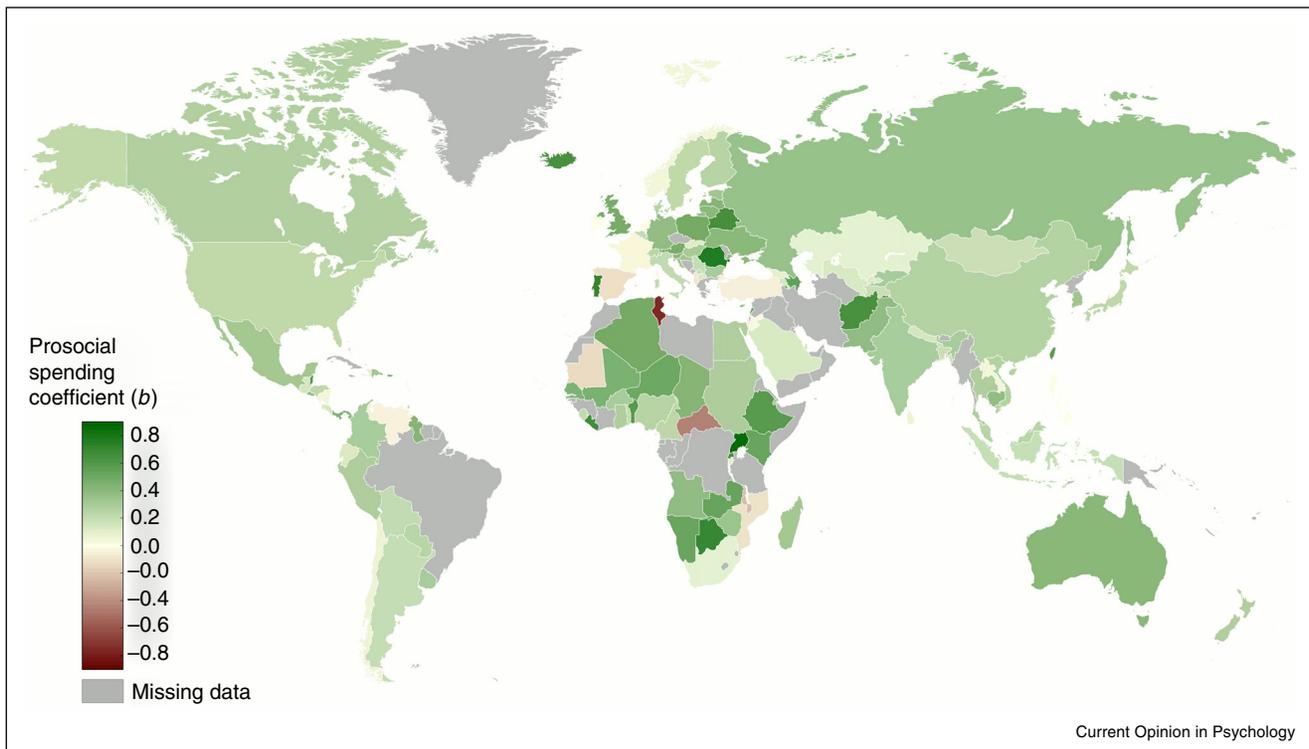
suggests that (a) people spend the vast majority of their income on material goods for themselves — from houses to electronics to cups of coffee — and (b) money spent on 'stuff' for oneself typically fails to pay off in happiness [13]. Recent research highlights two alternative spending targets with greater potential to pay off in increased happiness: prosocial spending and buying experiences.

Prosocial spending

If spending money on material goods for themselves fails to make people happier, could altering the target of that spending from oneself to another be wiser? Despite intuitions to the contrary, an emerging body of research demonstrates that spending on others (*prosocial spending*) is associated with improved well-being: the more people give, the happier they are, controlling for their total income [14]. This relationship is causal: people instructed to spend \$5 on themselves are less happy than those randomly assigned to spend that same \$5 on someone else [15*]. Importantly, the giving-happiness relationship appears to be universal, appearing among both rich and poor people, and in countries all over the world — from India to South Africa, Uganda to Canada (Figure 1; [16*]). Furthermore, feeling happy from giving is not merely driven by social norms: long before becoming concerned with appearing generous to others, 2-year old toddlers enjoy greater happiness from spending resources on others rather than themselves [17].

Of course, not all prosocial spending has the same affective benefits. Research has identified critical moderators of the link between generosity and happiness (see [18]). First, stronger emotional ties between a giver and receiver enhance happiness from prosocial spending: spending on strong ties (compared to weak ties) and spending face-to-face (compared to anonymously) lead to greater boosts in happiness [19,20]. Second, the feeling of having a specific impact on others produces greater well-being, controlling for closeness between the giver and receiver. For example, spending on a charity with a specific purpose — such as Spread the Net, which focuses on buying bed nets to stop the spread of malaria — induces more happiness than spending on a charity that performs many nebulous functions — such as UNICEF, which funds a variety of child health care initiatives [21]. There is also initial evidence of a 'positive feedback loop' whereby the happiness people experience from giving at Time 1 prompts them to be more likely to give at Time 2 [22]. These results offer intriguing support for a path to sustainable happiness: prosocial spending increases happiness, which in turn encourages subsequent prosocial spending — which results in increased happiness.

Figure 1



World map display of prosocial spending coefficients.

Buying experiences

Whereas prosocial spending research encourages a shift in the target of spending from self to other, another body of research offers a different solution to redirect people's hedonically misguided proclivity to spend money on material goods for themselves: a shift from buying 'stuff' to buying experiences (see [23^{*}]). A growing set of studies shows that experiential purchases induce greater happiness than material purchases [24,25]. Even *waiting* for experiences is hedonically superior to waiting for material goods: whereas waiting for experiences is felt as excitement, waiting for 'stuff' is simply felt as impatience [26]. Researchers have begun identifying factors responsible for the happiness from experiential purchases: experiences are more self-defining [27], more unique [28], harder to compare against forgone alternatives [29], and less prone to hedonic adaptation [30] than material possessions. Moreover, experiences are more interpersonally connecting [31,32], which highlights (as with prosocial spending) the hedonic benefits of using money to cultivate social connection.

Happiness from time

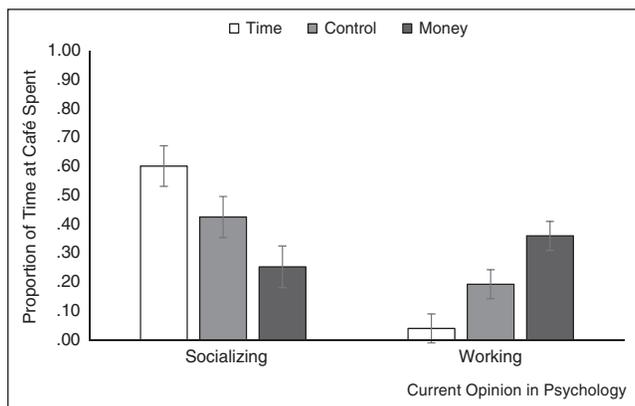
Focusing on time

A look at what people search for on Google reveals a greater focus on money than time [33]. Yet research

suggests that a simple shift in attention toward time can lead people to be happier with the products they consume [34^{*}] and in their lives more generally [35^{*}]. For example, compared to individuals focused on money, individuals focused on time are motivated to socialize more and to work less (both outcomes associated with greater happiness). In one study, people entering a café were asked to complete a questionnaire that involved unscrambling a series of sentences that surreptitiously exposed them to time-related words, money-related words, or neutral words. These participants were then observed to see how they spent their time (i.e., socializing with fellow patrons or doing work), and when exiting were asked to report how happy and satisfied they felt. Those who had been led to think about time spent a greater proportion of their time socializing and left the café happier (Figure 2; [35^{*}]). Drawing attention to time seems to nudge people to view their life as finite, which encourages them to act in ways they can be happy with when reflecting on who they are. As a consequence, focusing on time (instead of money) not only increases happiness, but decreases people's tendencies to cheat [33] and increases charitable giving [36].

Thinking about the broad construct of time influences happiness, as does the amount of time people think they

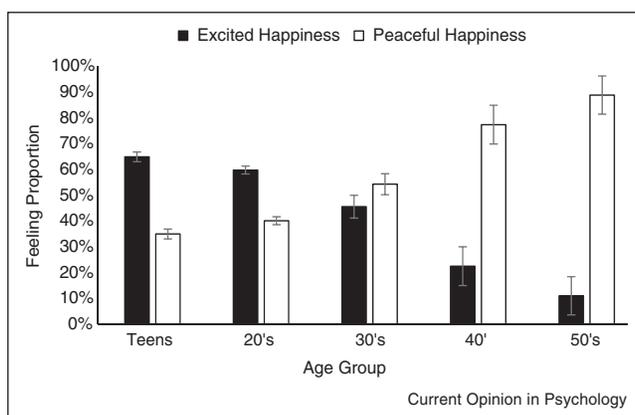
Figure 2



Average proportion of time at the café spent socializing and working (\pm SE) for those who had been led to think about time, money, or neither upon entering the café.

have left in life. In particular, age determines the way happiness is experienced. Researchers studying the emotions expressed on millions of personal blogs identified two primary forms of happiness: one associated with feeling excited, and the other associated with feeling calm. Moreover, these researchers observed a gradual age-based shift such that people in their teens and twenties were more likely to express happiness as excitement, but as people get older, they became more likely to express happiness as calm (Figure 3; [37]). This change in how happiness is experienced determines consumers' choices between exciting options (e.g., the song 'Such Great Heights' by The Postal Service) and calming options (e.g., Iron and Wine's version of the same song) in pursuit of products that will make them happy [38].

Figure 3



The percentage of blog 'I feel' sentences containing the word 'happy' in addition to either an exciting word or a peaceful word across 10-year age groups.

Even though young people generally view the remainder of their lives to be relatively long [39], when asked the question, 'Is life short or long?' the majority of people (irrespective of age) answer that life is short, and also tend to believe that life is hard rather than easy. Unfortunately, endorsing this philosophy is associated with less happiness than the opposite belief — that life is long and easy [40]. Larsen and McKibban [41] investigated another philosophy proposed by Rabbi Hyman Schachtel in 1954: "Happiness is not having what you want, but wanting what you have." To test this maxim, the researchers asked people whether or not they possessed 52 material items, as well as the extent to which they wanted each of these items. Both variables accounted for unique variance in happiness. That is, having what you want and wanting what you have each contribute independently to happiness.

Together these findings suggest that focusing on the broad notion of time increases happiness and that thinking about time in a particular way (as expansive or limited) can influence not only how much happiness people experience, but also how they experience happiness.

Spending time

To complement the principles for happy ways to spend money [13], Aaker, Rudd, and Mogilner [42], proposed some initial principles for happy ways to spend time, including spending time on others. Giving time has the surprising effect of making people feel as though they have more time [43]. Experiments showed that individuals who spent five to thirty minutes on someone else subsequently felt as though they had more time than individuals who had wasted that time, spent that time on themselves, or received that time as a windfall. An increased sense of efficacy and the recognition that much can be accomplished with one's time accounted for the positive effect of giving time on perceived time affluence.

Although people are motivated to collect unusual experiences to build their 'experiential CV' [44] and to protect their memories of special experiences [45], extraordinary experiences do not always produce greater happiness than ordinary experiences. Bhattacharjee and Mogilner [46] measured the happiness produced by hundreds of experiences that people recalled, imagined, or posted on Facebook, and found that the amount of happiness enjoyed from extraordinary and ordinary experiences depends on one's age. Whereas younger people enjoy greater happiness from extraordinary experiences, ordinary experiences become increasingly associated with happiness as people get older, such that ordinary experiences produce as much happiness as extraordinary experiences when people feel they have limited time remaining. Also documenting the potential happiness from ordinary experiences, Zhang, Kim, Brooks, Gino, and Norton [47] asked people to create 'time capsules' of either mundane or

out-of-the-ordinary daily events. When participants viewed their time capsules months later, those who rediscovered ordinary experiences were happier than those who rediscovered extraordinary experiences; people were more likely to have forgotten their mundane experiences, thus feeling greater joy from the chance to remember.

The mere expenditure of time can also serve to boost happiness [34^{*}]. In the case of consumers' happiness with products, for instance, the 'IKEA effect' shows that individuals who built IKEA boxes, folded origami frogs, or constructed sets of Legos were willing to pay more for their finished product than were individuals who had been presented with these same products already assembled by an expert [48^{*}]. It thus seems that people fundamentally value spending time or 'doing.' Indeed, even though people often choose to remain idle, busy people are happier than their idle counterparts [49], and — as reflected by research on the benefits of social interaction [50] — they would perhaps be even happier if they busied themselves with others.

Conclusion

To inform individuals in the fundamental human pursuit of happiness, researchers have begun to investigate optimal ways for people to manage their principle resources — time and money. The emerging work suggests two critical takeaways: happiness may be less contingent on the amount of each resource available and more dependent on the extent to which people focus on each resource — and, perhaps even more so, on how people choose to spend their time and money.

Conflict of interest statement

The authors declared they had no conflicts of interest with respect to their authorship or the publication of this article.

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