

# Time Versus Money and the American Dream

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**Allan Schweyer, Incentive Research Foundation,  
Ashley Whillans, Harvard Business School,  
and Phillip Bryant, Columbus State University**

The exploration of dual-income households in this issue of *Compensation & Benefits Review* is a fascinating and important one. As Lynne Bryant points out in her article, “Bringing Home the Bacon,” two thirds of couples with children under 18 are in dual-income households, as are many couples without kids. In the article “One Size Fits All,” the authors point out that 89% of women who cohabitate (married or otherwise) are in dual-income households. Moreover, a substantial percentage of dual-income couples work for a combined 100 hours or more each week. This may leave little room for a rich family and social life or to address unexpected, yet inevitable life events that invariably require time to resolve (illness, childbirth or otherwise).

These are facts, but they must be assessed in the proper context. The overriding context is choice. First is the question of whether dual-income households *have* any realistic option of reducing their hours and/or becoming single-income households. In our view, the average American family ought to be able to raise a family of four in a middle-class lifestyle on one income. After all, the ability to raise a family and have time to enjoy the experience lies at the heart of the American Dream.

In this issue, Tesa Leonce, author of “The Inevitable Rise in Dual-Income Households and the Intertemporal Effects on Labor Markets,” points out that low-wage earners may earn too little to support their families in a middle-class lifestyle. No doubt, wage stagnation and price inflation have, in part, made dual incomes a necessity for many American families. The U.S. Bureau of Labor Statistics reports that as of 2017 there are 3.9 million

American families that earn less than about \$26,000 per year (classified as “the working poor”).<sup>1</sup> For these families to achieve a middle-class lifestyle, dual incomes may not be enough. Indeed, millions of Americans work two full-time jobs, as may their partner. In these triple- or even quadruple-income homes there is, sadly, no choice but to take up any employment offered—even if full-time employment of both partners does not cover childcare costs—in hopes of finding more lucrative work in the future.

In “Bringing Home the Bacon”—another article in this issue—author Lynne Bryant discusses choice from her own perspective as a middle-to-upper-middle-class careerist through the course of her working life. As Bryant points out, the dual-/single-income choice is rarely a static one; it changes due to planned and unplanned life events. However, Bryant also provides stark contrast to the choices facing America’s poorest, namely, that as a career professional she *has* choices. For example, the opportunity to stay at home with kids for several years and the chance to pursue her profession at other times, all the while having a (mostly) full-time employed partner, were choices that she was able to deliberately make. Making career decisions that enable time (vs. money) during critical life transitions can reduce stress and promote greater happiness.

As one of the authors has pointed out in their work elsewhere,<sup>2</sup> those who choose time

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**Corresponding Author:**

Phillip Bryant, Columbus State University, Columbus, GA 31907, USA.

Email: [bryant\\_phillip1@columbusstate.edu](mailto:bryant_phillip1@columbusstate.edu)

over money, including those who use some of their money to buy back time (housekeeping services, for example), tend to increase their happiness and life satisfaction levels. But for better or worse, among Americans who have a real choice between single- or dual-income lifestyles, most people value money. Perhaps more fairly, they value the things that come with careers and longer hours over the things that come with less emphasis on work/career and more free time. We believe these are, for the most part, rational and thoughtful choices.

However, it is critical to acknowledge that despite the inflation and relatively stagnant incomes that many dual career families are faced with, most white-collar families can choose time over money if they wish. They have the option of becoming single-income families (one full-time career, two part-time careers, etc.) if they are willing to live accordingly. As we pointed out in our call for papers for this issue, many people (and couples) choose jobs and careers with long hours for the status and prestige they confer. Others, especially those who may see their work as a calling, discount the time they spend at work because there is nothing they would more prefer doing, and some may have ambitious career goals or other motivators, but they have a choice. Thus, an open question is how to encourage such choices and help these decisions (and their resulting leisure time) feel legitimate. How do we legitimize time?

The contrast between the working poor, Bryant's experiences in the middle class and the preferences of dual-career high-earning professionals means any discussion of dual-income families has to acknowledge the continuum on which choice exists.

According to the Census Bureau, median household income in the United States stands at just over \$62,000 per year. A family of four, with deductions, will keep about \$51,000 after state and federal taxes or about \$4,250 per month. According to the latest Zillow data, the average U.S. home costs \$200,000 as of 2019. Assuming a couple can save \$20,000 for a down payment, that house will cost \$851 per month with a 30-year mortgage at the prevailing rate of 3.9% for a person with

an average credit rating. Add property taxes, utilities and insurance, and the family incurs housing costs of about \$1,250 per month.

The U.S. Department of Agriculture estimates median food costs for a family of four at between \$146 and \$289 per week. Assuming \$1,000 per month for food, the family's monthly costs rise to \$2,250. According to the Kaiser Family Foundation, the average U.S. family whose employer provides health insurance still spends \$500 per month on out-of-pocket health care. This brings the total to \$2,750. An economic choice of a car, plus gas and insurance, adds another \$500 per month, bringing the family to \$3,250 per month. This leaves \$1,000 per month for clothing, entertainment, savings and perhaps life insurance.

The Pew Research Center defines the middle class as those who earn between 67% and 200% of the median household income (\$62,000/year). This means that at the lower end of the middle-class range (about \$41,500), families probably have no realistic choice. To achieve a middle-class lifestyle they require dual incomes. At the median, however, middle-class families (the average) clearly have a choice. Family vacations might mean long drives and campsites, but if the average American wants more time and is willing to make sacrifices and relocate for work if necessary, they can choose the single-earner option—even while owning their own home in a safe neighborhood with good public schools. Moreover, their income level would qualify them for college loans and grants for their children. Yes, the American Dream (indeed, an even loftier one than was conceived in 1931 by James Adams) is still attainable by the average American (so long as that dream is not inflated to include two cars, vacations abroad and dining out several times a week).<sup>3</sup>

The article "One Size Fits All," authored by William Martin, acknowledges that the majority of employees—either by choice or by necessity—will be part of a dual-income household at least once in their lives. Accordingly, employers should ask themselves what they can do to make life easier for those on the dual-income path and to make recruiting and retention easier for themselves. As Martin

argues, dual-income couples and families require different benefits and more flexibility in the benefits they select.

In his article, Martin makes an important point about “total rewards,” and the fact that the experience of work goes well beyond salary, bonuses, vacation days, free food and health benefits. Experiences of work include work design, learning and development opportunities, flexible work options, an inclusive culture of mutual respect and support, the freedom and autonomy to oversee one’s own work, purpose and meaning, career paths, coaching and the list goes on. Elements of the total rewards of work appeal to different people differently; and—as was explained by Lynne Bryant—to the same people at different stages of their career. Indeed, one size does not fit all.

Authors Reynoso and Verduzzo, in their article titled “Duplicating the Number of Income Earners in Mexico Does Not Reduce Inequity,” provide evidence from 35 years of empirical data that the rise in dual-income families has not reduced inequality measures in Mexico. And we round out this issue with a review of Elizabeth Warren’s and Amelia Warren Tyagi’s 2003 book, *The Two Income Trap*, which highlights that even with the rise in dual-income families, the incidents of bankruptcies and financial difficulties in America are also on the rise.

Virtually every working adult who reads journals like *Compensation & Benefits Review* falls into the category of a person who has a choice between time and money. Fortunately, for employers, most people seem inclined toward money. But that sentiment can easily shift. Wise employers will consider and cater to the total rewards needs of dual-income workers. Wise workers will consider the trade-offs necessary to buy more time, whether that means paying for more personal services or reducing work hours to achieve it.

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### Notes

1. U.S. Bureau of Labor Statistics (2017).
2. Whillans, A., Macchia, L., & Dunn, E. (2019). Valuing time over money predicts happiness after a major life transition: A preregistered longitudinal study of graduating students. *Science Advances*, 5(9), eaax2615. <https://doi.org/10.1126/sciadv.aax2615>
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### Author Biographies

**Allan Schweyer** is the chief academic advisor for the Incentive Research Foundation where he conducts research into workplace motivation and the application of incentives, rewards and recognition. He is a well-known author and speaker on topics of human capital management, including employee engagement, behavioral economics in the workplace and HR technologies. He is the cofounder of the Human Capital Institute and current president of TMLU, an online learning academy.

**Ashley Whillans** obtained her PhD in social psychology at the University of British Columbia. Currently, she is an assistant professor in the Negotiation, Organizations & Markets Unit at the Harvard Business School, teaching the Negotiations course to MBA students. Broadly she studies how people navigate trade-offs between time and money. Her ongoing research investigates whether and how intangible incentives, such as experiential and time-saving rewards, affect employee motivation and well-being. She is also interested in understanding how best to leverage online marketplaces to create positive social change. She consults for private and for-profit organizations.

**Phillip Bryant** earned his PhD in business management from the University of Memphis. An associate professor at Columbus State University’s Turner College of Business, he is cofounder and associate editor of *Servant Leadership: Theory & Practice*. He is also on the editorial board of *The American Business Review* and serves as the editor-in-chief for *Compensation & Business Review*.