

## Money Can Buy Happiness, But You Set the Price

By John F. Wasik | Aug. 6, 2007 (Bloomberg) –

There once was a doctor who wanted to quit medicine to become a rabbi.

There was a snag. During his rabbinical studies he would have to sell his large house in an upscale neighborhood. That would mean uprooting his family, so he consulted his three daughters.

His youngest and oldest daughters both said "go for it." The middle daughter was against it, but said she wouldn't mind if the house was sold after she went to college.

As the doctor went down his spiritual path, he talked with George Kinder, a Cambridge, Massachusetts-based financial planner who is the founder of the Kinder Institute of Life Planning.

"Part of our responsibility is to live life for fulfillment," Kinder says, who has trained more than 1,000 planners through his institute. "If you have a dream, it's hard to execute without someone saying 'you can do it.'"

Contemplating life changes? You will need more than a solid portfolio and income stream during the transition. You may need the skills of a holistic or financial life planner, a person who can listen well, help you plan, ensure your finances are in order and get you motivated to make that jump.

### Happiness Monitoring

Before you engage a life planner, you need to do some self-searching. In recent years, economists who study behavior would call this "subjective well-being" monitoring.

It's not difficult to tell what's not working in your life. It may be your job, working hours, commuting or family frustrations. Yet it's helpful to measure how much time you spend on unpleasant activities.

Psychologist and Nobel Prize winner Daniel Kahnemann and economist Alan Krueger, both of Princeton University, have created what they call a "U Index." It's a way of measuring how much time people spend on things that deliver little or no satisfaction. It's really a "misery index."

For example, they would ask subjects how much time they spent on common tasks such as intimate relations, socializing, exercising, cooking, child care, working and commuting. Then they would ask their subjects to rank their level of satisfaction with these activities.

Meals, social events and relaxing scored highest in their index while commuting, housework, child care, shopping and working were low.

Ranking the displeasure factors of life's daily grind is only part of the picture. Well-being, as the researchers discovered, is far more complex.

### Probing Well-Being

As the more elusive characteristic in the studies on happiness, well-being is intimately connected to health, social status and wealth.

Research has found that although most Americans make double the money they did a generation ago, they report that they aren't any happier.

How we view our well-being is a relative measure and depends on health, family life and education.

“Recent positive changes in circumstances, as well as demographic variables including education and income,” Kahnemann and Krueger write, “are also positively correlated with happiness or satisfaction.”

Healthy empty nesters who are well-educated with a higher income relative to their peers tend to rate themselves better in terms of well-being, the researchers find.

“The lowest life satisfaction is apparently experienced with those who have teenagers at home, and reported satisfaction improves thereafter.”

### **Plenty of Options**

Once you isolate what's not working in your life, where do you go from there? You have plenty of options.

- You can hire a life coach, planner or counselor. Walk in with a set of goals for your new prosperity -- a life you think will be rewarding.
- Find out what it will take to get you to your new prosperity. This is a life stage where you have enough time for family and personal pursuits. Is new training or schooling involved? What will it cost? How will you pay your bills in the interim? What kind of lifestyle changes will you have to make?
- Your goals can be built on the foundation of your dreams, but some guidelines include improved family life, creative pursuits, spiritual work or community service.
- While you are making the transition, you shouldn't be worrying about money. Kinder places his clients in passive, diversified portfolios that don't involve any trading. “My clients are really at peace. Their assets are invested for the long run.”

### **Small Changes**

Sometimes the best decision is to change how you are doing your vocation. That may mean cutting back work hours, telecommuting, consulting part-time or even job sharing.

In the case of the doctor training to become a rabbi, a revealing insight took place two years into his studies.

“One day he woke up, while working part-time as a doctor, and discovered how much he loved healing,” Kinder recalls. “Just as he was stepping into spiritual life, he decided he wanted to teach that knowledge to other doctors.”

While starting a new vocation may be difficult, often the toughest part is finding the emotional leverage for change. There's a lot of resistance, and a coach or planner may fill a key role, Kinder says. “A lot of times, people just need permission.”

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