

Living and Leaving a **Happy** Legacy

A new focus on emotional prosperity

 This article is from *WealthManagement.com's* premium wealth planning channel. For more information, visit wealthmanagement.com/upgrade.

UNDER THE AMERICAN Taxpayer Relief Act of 2012, our clients may be passing on greater amounts of wealth to their loved ones, but are they living and leaving happier legacies? Consider that the United States is nearly three times as rich today as it was in 1970, yet according to nearly every survey, Americans aren't happier today than back then.

So how much money do we need to make to feel reasonably comfortable and happy?

It seems that the magic number that answers this question varies among individuals and across countries, but in the U.S., it falls somewhere around \$75,000. Using Gallup data collected from almost half a million Americans, researchers at Princeton University found that higher household incomes were associated with better moods on a daily basis, but the beneficial effects of money tapered off entirely after the \$75,000 mark. Moreover, for those of us who are particularly focused on making more and more money, the evidence suggests that we tend to be more depressed, anxious and generally less energized.

So, if greater amounts of money have somewhat diminishing marginal returns on our level of happiness, what will make us happy? According to the recent documentary, "Happy" (2011), produced and directed by Academy Award-nominated Roko Belic, our baseline genetic makeup accounts for 50 percent of our happiness quotient.

Focus on **Intentional** Activities

Shockingly, our circumstances such as the job we have, how healthy we are, how much money we have and our status in society account for merely 10 percent of our happiness quotient. The remaining 40 percent is geared toward intentional activities—those things we have the most control over and can do on a regular basis to increase our level of happiness.

Intentional activities include:


- **Physical activity**—Exercise and energizing play raises our levels of dopamine, a neurotransmitter that causes us to feel happier.
- **Being grateful**—For example, the simple act of writing down five things that you're grateful for, once a week, has measurable results toward improving one's happiness.
- **Connecting with friends, family and community**—Individuals who focus their time and energy connecting with friends, family and community are demonstrably happier.
- **Compassion/service to others**—Individuals who focus on helping those in need and trying to make the world a better place report having more happiness.

Money Doesn't **Equal** Happiness

Many of us automatically equate money with security and freedom, but that limited mindset can leave us and our loved ones feeling insecure and restrained. At times, money can be more of an emotional burden than a financial benefit.

The documentary "Born Rich," created by Jamie Johnson of the Johnson & Johnson pharmaceutical fortune, discusses the burdens of inherited wealth by 10 young adults, including Ivanka Trump (the daughter of Donald Trump) and Georgina Bloomberg (the daughter of New York City Mayor Michael Bloomberg). Johnson's motive in making the film was kindled by his concern that those with money refuse to talk about it and often have feelings of guilt and of being overwhelmed.

While money has its blissful limits, does what we spend money on emotionally matter? Current studies of consumption and happiness suggest that people are happier when they spend money on experiences instead of material objects, when they value what they plan to buy before they buy it, and when they stop trying to keep one step "ahead of the Joneses." As such, buying meaningful experiences through vacations or entertainment typically trumps buying material things such as televisions and cars.

We all leave our legacies by the way we choose to live one day at a time. Perhaps the most prudent advice to clients in helping them to make theirs a happy one is to sporadically redirect the conversation from achieving or passing on financial prosperity to realizing emotional prosperity. 



WRITER'S BIO:
Charlie Douglas is the editor of the National Association of Estate Planners and Councils' *Journal of Estate & Tax Planning*. He is a senior vice president and wealth advisor for Wells Fargo Private Bank.