# Spend Well

What the Research Says About Money, Time, Debt and How You Feel

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2026 Edition | Free chapters 1 to 3

# Chapter 1: Two Kinds of Well-Being

People ask whether money buys happiness as if it were one question. It is at least two. One of the most cited papers on the subject separated them.

### THE TWO KINDS

The authors distinguish emotional well-being, which is the emotional quality of everyday experience: how often and how strongly a person feels joy, stress, sadness, anger and affection, and so how pleasant their days are. They distinguish it from life evaluation, which is the thoughts people have about their life when they stop and consider it (Kahneman and Deaton, 2010, Proceedings of the National Academy of Sciences).

### WHAT THEY DID

They analysed more than 450,000 responses to the Gallup-Healthways Well-Being Index, a daily survey of 1,000 US residents. Emotional well-being was measured by questions about emotional experiences the day before. Life evaluation was measured by Cantril's Self-Anchoring Scale.

### WHAT THEY FOUND

The two measures had different correlates. Income and education were more closely related to life evaluation, while health, caring for others, loneliness and smoking were relatively stronger predictors of daily emotions. Plotted against the logarithm of income, which treats each doubling of income as the same step, life evaluation rose steadily. Emotional well-being also rose with log income, but the authors found no further progress beyond an annual income of about $75,000. Low income made the emotional pain of divorce, ill health and being alone worse. The authors concluded that high income buys life satisfaction but not happiness, and that low income goes with both low life evaluation and low emotional well-being.

### WHAT TO TAKE FROM THIS

Two points. First, how you feel day to day and how you judge your life are different things, and they are linked to different factors. Second, in this analysis, loneliness and poor health predicted daily emotion more strongly than income did. Chapter 3

returns to the $75,000 finding, because it was later revisited by some of the same authors.

## LIMITS

The data were US survey responses, and the study shows links, not causes. The abstract gives no figures for the strength of each link. The $75,000 claim is the most quoted result in the paper, and it has since been challenged: see Chapters 2 and 3. This book is general education about research and is not financial advice.

## HABITS TO TRY

These are practical suggestions, not findings from the analysis.

Ask which kind of well-being you mean. Do you want better days, or a better verdict on your life?

Track both. Rate yesterday's mood and your overall satisfaction, from 1 to 10, once a week.

Protect the things that predict daily mood. The study pointed to health, caring for others and connection.

Notice how money worries affect a bad patch. Low income made misfortunes hurt more.

Keep your expectations modest. Income is one factor among several.

## A WORKED EXAMPLE (INVENTED FOR PRACTICE)

A woman keeps a weekly note. One week, her mood is 4 but her life satisfaction is 7: a hard week in a life she values. Another week, mood is 7 and satisfaction 5. Seeing the two scores apart helps her see what she is actually missing. It is her own record, not a study.

## PRACTICE EXERCISE

Today, write two scores from 1 to 10: how your day felt, and how your life is going. Repeat weekly for a month.

## KEY POINTS

An analysis of over 450,000 survey responses separated emotional well-being from life evaluation. Life evaluation kept rising with log income, while emotional well-

being showed no further gain beyond about $75,000 in this analysis, a result later revisited. Health, caring for others and loneliness predicted daily emotion strongly.

# Chapter 2: Does More Income Keep Helping?

The $75,000 finding was influential. A later study used a different way of measuring feelings and got a different answer.

### WHAT THE STUDY DID

The author notes that research distinguishes between how people feel during the moments of life (experienced well-being) and how they evaluate their lives when they pause and reflect (evaluative well-being). The study drew on 1,725,994 experience-sampling reports from 33,391 employed US adults. In experience sampling, people are asked in the moment how they feel, at many times through their days (Killingsworth, 2021, Proceedings of the National Academy of Sciences).

### WHAT IT FOUND

Both experienced and evaluative well-being rose in a straight line with the logarithm of income, with an equally steep slope for higher earners as for lower earners. There was no evidence of a plateau in experienced well-being above $75,000 a year, contrary to some influential past research. There was also no income threshold at which experienced and evaluative well-being split apart. The author concludes that higher incomes go with both feeling better day to day and being more satisfied with life overall.

### WHAT TO TAKE FROM THIS

In this larger set of reports, more income went with better feelings and better life ratings across the whole range studied. Because the scale is logarithmic, each doubling of income went with a similar step up, which means a given extra amount counts for less as income rises.

### LIMITS

The sample was employed US adults who took part in an experience-sampling study, so it may not represent everyone. It shows a link between income and well-being, not that raising someone's income would raise their well-being. The abstract does not give the size of the slope. It differs from the 2010 paper in what it asked and how, a point Chapter 3 takes up.

## HABITS TO TRY

These are practical suggestions, not findings from the study.

Do not treat a number as a finish line. The study found no sudden stopping point.

Remember the log. A raise is worth more to a low income than to a high one.

Look beyond income. Chapter 1 listed health and connection as strong predictors of daily mood.

Ask what an extra amount would buy. Time, security, experiences, giving.

Keep your own record. Compare your mood on weeks of different money stress.

## A WORKED EXAMPLE (INVENTED FOR PRACTICE)

A couple asks whether a raise will change their lives. They list what it would pay for: a shorter commute, fewer money worries and a holiday. They rate how much each matters, from 1 to 5. The time saved on the commute scores highest. The example is a planning exercise and not a study.

## PRACTICE EXERCISE

Write what you would do with an extra 10 percent of income. Next to each item, write how it would change your days, from 1 to 5.

## KEY POINTS

A study of 1,725,994 experience-sampling reports from 33,391 employed US adults found experienced and evaluative well-being both rose in a straight line with log income, with no plateau above $75,000. It is a link in one kind of sample.

# Chapter 3: The Conflict Resolved

Two studies seemed to disagree, and two of their authors had written one each. Rather than argue in print, the researchers worked on it together.

### THE DISAGREEMENT

The authors explain that two of them had published contradictory answers to the question of whether larger incomes make people happier. The first study, using yes-or-no questions about the day before, reported a flattening pattern: happiness rose steadily with log income up to a threshold and then levelled off. The second, using experience sampling with a continuous scale, reported a straight-line pattern in which average happiness rose steadily with log income. They set up an adversarial collaboration, in which people who disagree design the test together, to find a way of reading both (Killingsworth, Kahneman and Mellers, 2023, Proceedings of the National Academy of Sciences).

### WHAT THEY FOUND

A reanalysis of the experience-sampling data confirmed the flattening pattern only for the least happy people. Among happier people, happiness rose steadily with log income, and even sped up in the happiest group. Several curves of different shapes together produced the overall straight-line pattern. The authors explain why the earlier paper overstated the flattening and why the later one did not find it. They suggest the earlier authors might have reached the correct conclusion had they described their results in terms of unhappiness rather than happiness, because their yes-or-no measures could not tell apart degrees of happiness, a ceiling effect. Both studies failed to expect that higher income goes with systematic changes in the shape of the spread of happiness. The authors say that standard practices in social science, such as mislabelling the thing measured and assuming everyone is alike, should be questioned more often, and they point to the benefits of adversarial collaboration.

### WHAT TO TAKE FROM THIS

The main message: for most people, more income went with more happiness, and the flattening applied to the least happy. This is a published correction of a famous claim by the people who made it. The second message is about method: how a question is asked changes the answer.

## LIMITS

The abstract gives no numbers. The reanalysis used one data set of experience-sampling reports. It resolves a disagreement between two analyses, and it does not show that higher income causes higher happiness. The reanalysis found different shapes for different people, so an average does not describe you.

## HABITS TO TRY

These are practical suggestions, not findings from the reanalysis.

Be wary of a single famous number. Check whether it has been tested again.

Ask how the question was asked. Yes-or-no questions can hide differences.

Ask who an average describes. Different people can have different patterns.

Look for corrections. Good researchers publish them.

Think in terms of your own range. What would make your worst days less bad?

## A WORKED EXAMPLE (INVENTED FOR PRACTICE)

A reader hears "money stops buying happiness at $75,000" at a dinner. She says, "I read that the authors of that claim later re-examined it with another team, and found the flattening only for the least happy." She does not claim to know more than that. The example shows how to quote a correction, not a study.

## PRACTICE EXERCISE

Find one claim you often hear about money and happiness. Write who said it, how it was measured, and whether it has been re-tested.

## KEY POINTS

An adversarial collaboration between the authors of two conflicting studies found that happiness rose steadily with log income for most people, with flattening only among the least happy, and that the 2010 yes-or-no measure had a ceiling effect. The abstract gives no figures.

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