

Financial Insights

from Quinn+Cardy Wealth Management
of BMO Nesbitt Burns

For 2023: A Little More Happiness?

We’ve been through a lot lately: a pandemic, ongoing war, high interest rates, inflation and market volatility. As we enter another year, we may all benefit from a bit more happiness.

Studies continue to show that cultivating an optimistic view leads to better outcomes — and this can extend into our financial lives. In fact, the “economics of happiness” has become a recognized field of study, supported by doctoral dissertations and professorships. For years, Harvard, Stanford and Yale have offered business courses devoted to happiness. And, social psychologists continue to actively study the human quest for happiness, so much so that it has become big business.

The Economics of Happiness

There is, indeed, a link between happiness and economic outcomes. Research shows that it can make us more productive, wealthier and nicer.¹ The share price of Fortune’s *100 Best Companies to Work For* posted annual increases of 14 percent, compared to just six percent for the overall market between 1998 to 2005. One study primed people to feel happy and found they were 12 percent more productive than their peers.² Another looked at hundreds of studies on the causal effect of success on happiness and found the reverse: the stronger effect was how happiness engenders success.³ A recent study in China may provide some insight: when web broadcasters who rely on voluntary viewer tips for income showed more positive emotions, their tips increased.⁴

Yet, when it comes to the happiness of society as a whole, we may not be doing a good job. The *World Happiness Report* suggests that worry and sadness have been rising over the past 10 years. It may be particularly telling that Canada has fallen in its global happiness rank: from 5th in 2012 to 15th in 2022. Wealth has increased substantially, but we haven’t increased our happiness. This may not necessarily be a surprise — many studies show that while wealth leads to improved happiness, once it reaches a certain level the effects plateau: Money can buy happiness, but only to a certain extent. As such, many economists now argue that we need a greater focus on increasing societal happiness.⁵ Back in the 1970s, Bhutan began to track happiness through its *Gross National Happiness Index*. Other countries, like New Zealand



and the U.K, have now begun to follow suit by building well-being metrics into their policymaking.

Is happiness the key? Reflecting on the many challenges of today, happiness guru Arthur Brooks believes so: “*You have to start (by) trying to simulate a happiness movement...Then you save the country.*”

1. <https://www.theguardian.com/lifeandstyle/2014/nov/03/why-does-happiness-matter>; 2. https://warwick.ac.uk/newsandevents/pressreleases/new_study_shows; 3. <https://escholarship.org/content/qt1k08m32k/qt1k08m32k.pdf>; 4. <https://www.theatlantic.com/family/archive/2022/10/prioritizing-happiness-before-success/671714/>; 5. <https://www.weforum.org/agenda/2019/02/what-will-succeed-gdp/>

The Secret to Finding Happiness?

Researchers suggest that 50 percent of our happiness is genetic, 40 percent is under our control and 10 percent depends on circumstances. Here are some ideas for finding happiness based on an over-80-year Harvard study:

- Buy more time. Spending money on time-saving purchases can promote greater life satisfaction.
 - Stay connected to family and friends.
 - Volunteer to gain a sense of purpose.
 - Practice gratitude. Perform regular acts of kindness.
 - Find your “inner child.” Revisit activities that provided joy when you were younger.
 - Invest in experiences rather than material objects.
 - Surround yourself with happiness: it can be contagious.
 - Reduce decision-making opportunities for regret or worry.
 - Continue to look forward: don’t second-guess decisions!
- Source: *Health & Happiness Go Hand in Hand*, M. Solan, Harvard Men’s Health, 11/1/21.



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