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Paths to a Rich Life

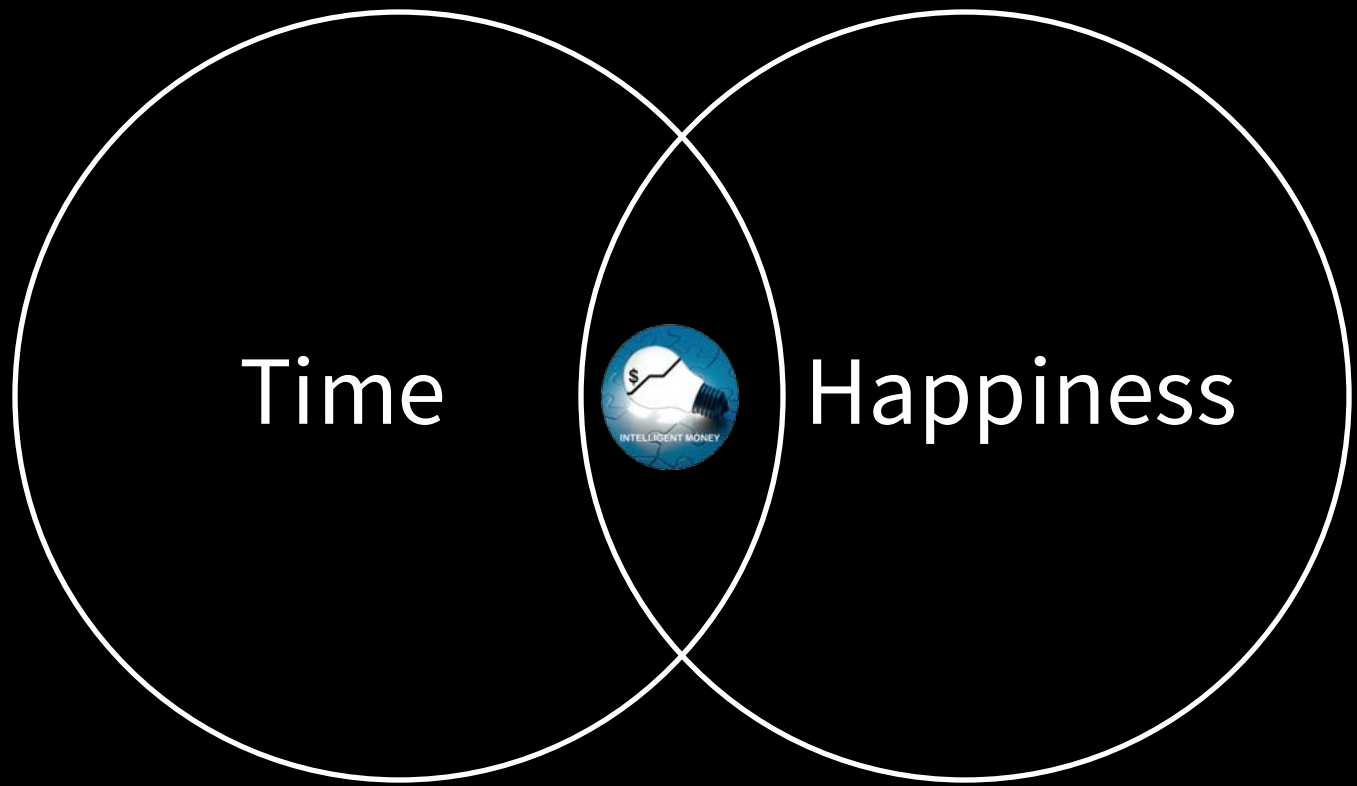
Formula for Happiness and Personal Fulfillment

The 31st Annual Conference on Pacific Basin Finance, Economics,
Accounting, and Management

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Rethink Partners / Intelligent Money

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Focus Of Our Research



Develop and empirically research **a formula for happiness per unit of time**. The decision framework will guide the management and use of time to maximize well-being and fulfillment on a personalized basis.

Preface: Unit of Time is the Building Block for Happiness and Personal Fulfillment

Unit of Time is the “Currency” in our Rich Life Equation:

- The most important and precious personal asset.
- Foundational as the building block for happiness and personal fulfillment.
- Irreplaceable and fleeting.
- Requires thoughtful planning, management and utilization.
- Largely a considered decision but includes impulsive periods and moments.
- Opportunity Cost and properly evaluating the value of different options to make decisions that align with your goals and maximize the value of your choices.
- Conversion of time into our equation elements: Money, Relationships and healthy living.
- Consumption for the moment and investment for the future (education and personal development).
- Sands of time: Value greater when have less available/remaining.



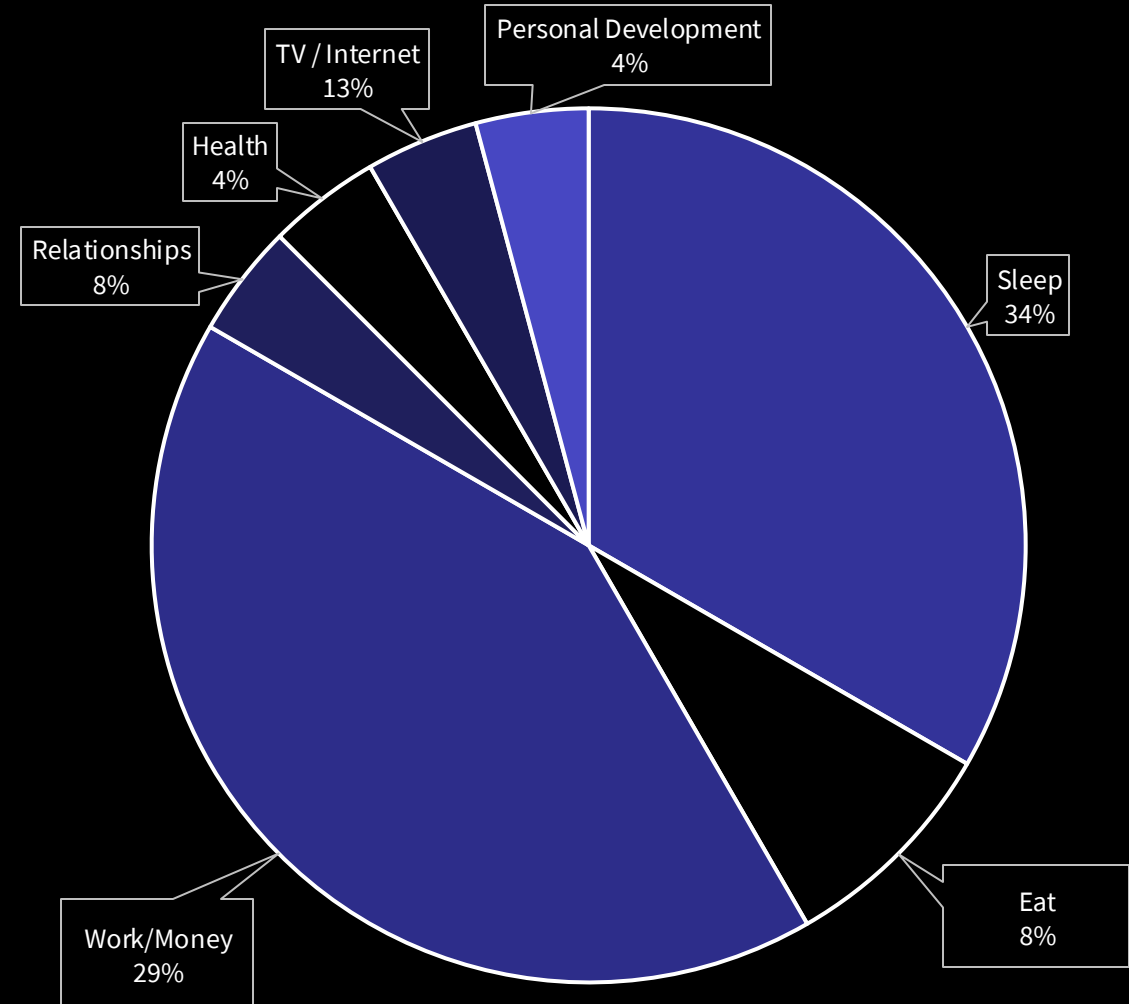
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Example: Time Audit and Management (Includes weekend)

Activity	Hours
Sleep	8
Eat	2
Work/Money	7
Relationships	2
Health	1
TV / Internet	3
Personal Development	1
Total	24

Time Spent Per Day



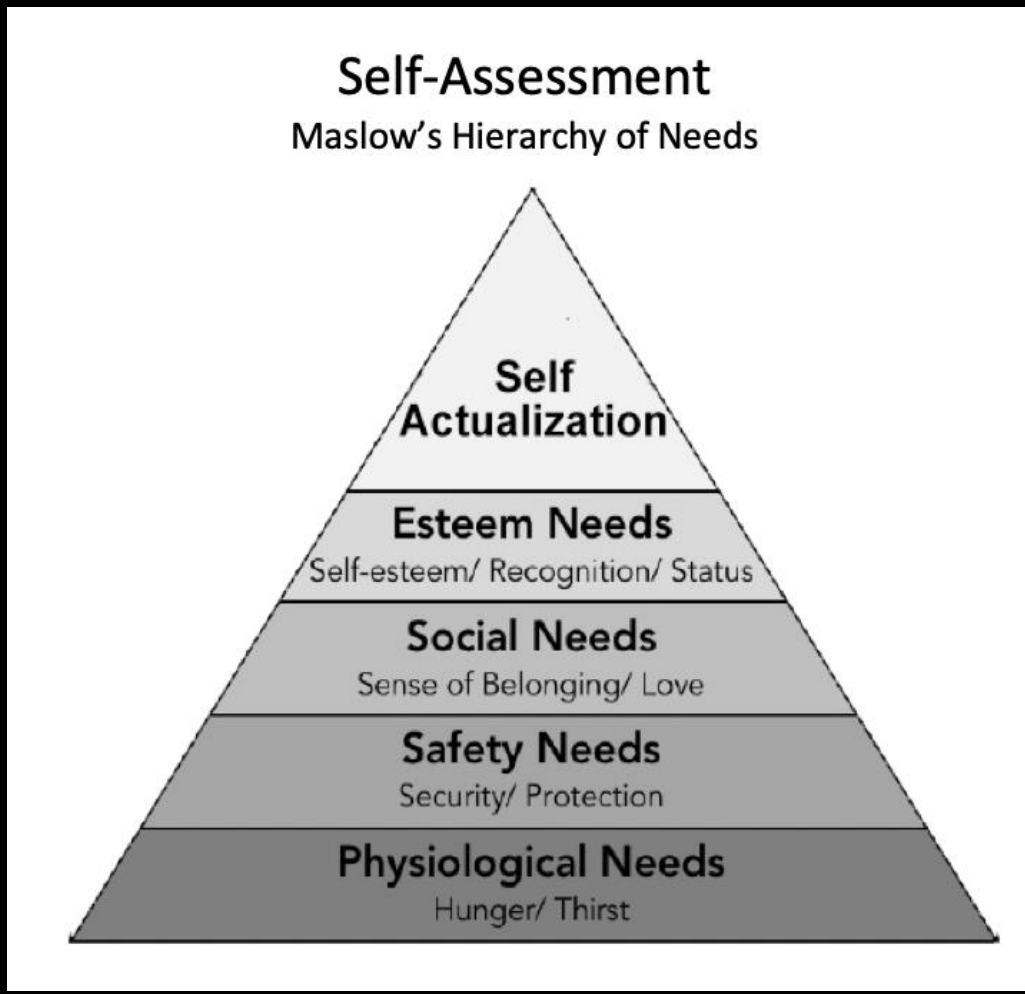
Seminal Research In The Area

- Harvard Study of Adult Development (1938-present)
- Maslow (1943) on Needs Hierarchy
- Csikszentmihalyi (1975) on “flow” or “being in the zone.”
- Kahneman and Deaton (2010) on Money and Happiness Function
- Santos (2018+) Yale Happiness Class / “The Science of Well Being” on Coursera)

Kahneman and Deaton (2010)

- Kahneman and Deaton, both Nobel Laureates from **Princeton University**, examined the money and happiness relationship in their 2010 study.
 - Data Source: 450,000+ responses to the Gallup-Healthways Well-Being Index, a daily survey of 1,000 US residents conducted by the Gallup Organization.
 - **Key Findings:**
 - For the “average” person, day-to-day happiness increased as annual income increased, but above **\$75,000**, happiness levelled off and plateaued.
 - Adjusted for inflation, \$75,000 in America equates to roughly \$100,000 in 2023 and should be further adjusted for cost of living in each geographic region.
 - “Income and education are more closely related to life evaluation, but healthcare, giving, loneliness, and smoking are relatively stronger predictors of daily emotions.”
 - “We conclude that high income buys life satisfaction but not happiness, and that low income is associated both with low life evaluation and low emotional well-being.”
 - “More money, more problems.” (Christopher Wallace)

Maslow (1943): “A Theory of Human Motivation”



Self Actualization:

Full use and exploitation of talents, capabilities, potentialities, etc. Doing the best that they are capable of achieving.

Esteem:

Gain the respect and appreciation of others. The need to accomplish things and efforts recognized,

Love/Belonging/Social:

Friendships, romantic attachments family relationships, social groups community groups, churches and religious organizations,

Security & Safety: Financial security, health and wellness, safety against accidents and injury.

Physiological: food, water, breathing, etc.

Harvard Study of Adult Development (1938-present)

- The No. 1 key to a happy life: “Social fitness”
- Key components of social fitness:
 - Safety and security (overlap with Maslow)
 - Learning and growth
 - Emotional closeness and confiding
 - Identity affirmation and shared experience
 - Romantic intimacy
 - Help (both informational and practical)
 - Fun and relaxation

Csikszentmihalyi (pron. Chick-SENT-Me-High) (1975,1990)

- **Flow:** “Referring to a state of being in which people become so immersed in the joy of their work or activity that nothing else seems to matter.”
 - Similar to athletes “being in the zone” in an athletic contest.
 - Csikszentmihalyi says the concept of **flow can also be applied to mundane tasks**, such as shoveling snow, folding laundry, cleaning, etc.
 - May be achieved via a mindset of **curiosity, persistence, and humility** (i.e, **Autotelic**).
- Studied scientists, athletes, musicians, artists, business executives and others.
- **Components of flow:** "challenge-skill balance, merging of action and awareness, clarity of goals, immediate and unambiguous feedback, concentration on the task at hand, paradox of control, transformation of time, loss of self-consciousness, and autotelic experience."
 - **If the task is too easy or too difficult, flow cannot** occur as both skill level and challenge level must be matched and high; if skill and challenge are low and matched, apathy results.

Santos (2018+)

- Laurie Santos' “[The Science of Well Being](#)” class is the most popular in the history of Yale University.
 - Roughly 4,500,000 have also taken her class on [Coursera](#).
- Key Findings:
 - Making more time for [exercise](#) and [sleep](#).
 - Engaging in more [social connection](#).
 - Perform [random acts of kindness](#).
 - Take time to [savor and experience more gratitude](#).
 - [Mindfulness](#).
 - [Reduce](#) / delete [social media](#) accounts.
 - [Don't focus on comparisons to others](#).

Our Equation for Happiness or Path to a Rich Life

$$\text{Rich Life} = (\text{Self-worth} + \text{Control}) * (\text{Money} + \text{Relationships} + \text{Healthy Living} + \text{Flow})$$

- **Coefficients:** Weightings for each variable calibrated for each person.
- **Self worth:** Gratitude, self-audit, not swayed by comparisons to other's "Inner Scorecard"
- **Control:** Controlling your use and expenditure of time .
- **Money:** Income and wealth, adjusted for cost of living in your region.
- **Relationships:** Love, friendships, work, similar interests, etc.
- **Healthy Living:** Physical and mental health.
- **Flow:** Achieving peak performance and making the best of mundane elements of your life.



Finance Well-being & Happiness

"Wherein consists the happiness of a rational creature? In having a sound mind, a healthy body, **a sufficiency of the necessaries and conveniences of life**, together with the favor of God, and the love of mankind."

Benjamin Franklin, 1732

Sufficiency, not surfeit.

Rich Life Equation: Self-Worth

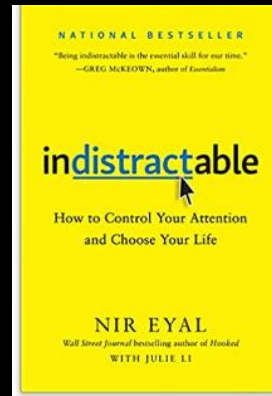
- Emotional Balance (Self to Self & Self to Others)
 - Sense of identity
 - Compassion (for self and others)
 - Gratitude
 - Sense of belonging
 - Self-assured in abilities
 - Confidence
- Self-Audit
 - Goals, Objectives and Priorities
 - Realistic assessment of strengths and weaknesses
- **Buffett: Inner Score Card**
 - Would you prefer to be known as great at activity x, while being bad at it, or being thought of a bad at activity x, while being great at it?
 - The first attribute is related to an Outer Score Card, while the second is related to an Inner

Rich Life Equation: Control

- **Control** and **money** most correlate to **personal and financial freedom**.
- Critical to take control of your **most precious asset – TIME**.
- You may be wealthy but if you have little control over your schedule, job responsibilities, or find the work boring, you may be deeply unhappy.
 - Professions with the highest job satisfaction often exhibit high levels of control or are related to helping others (e.g. Nurse, Professor, Clergy, etc.)
 - Control also may explain why many wealthy people seek political power, as well as the possible desire to serve the public.
- How may we achieve more control over our lives and effectively deal with distracting/negative events outside our control?
 - Lots of research on the topic, but *Flow* by Csikszentmihalyi and *Indistractable* by Eyal are two best sellers on the subject.
- Control is a durable paradigm for success since it eliminates fear making it easier to become one's best self.

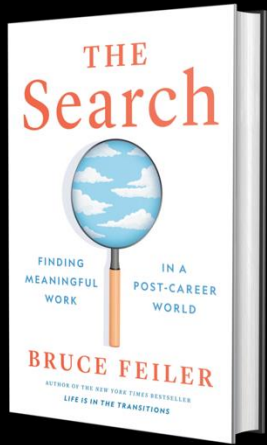
Indistractable Summary / Improving Control

- **Problem:** Our modern gadgets and technology distract us from work and cause real concentration issues, impacting our performance and the quality of our lives.
- **Solutions:**
 - Keep distractions in control by observing them objectively and assessing them.
 - Use timeboxing to set intervals of work and increase productivity.
 - Make little deals with yourself can help you stay on track, as long as you keep them.
- **Aspiration:** “As the world becomes more of a distracting place, it’s going to bifurcate into two kinds of people: people who let their time and attention be manipulated and controlled by others, and people who say no—I will decide how I control my time because I am indistractable.” –Nir Eyal



Rich Life Equation: Money

- Money provides a sense of freedom and accomplishment.
- **Stress may be reduced** if you have sufficient money to pay your (and your family's) expenses due to an unforeseen emergency or work problem (e.g. emergency fund).
- Increased levels of wealth often come with increased levels of responsibility and make you a target for wealth extraction and scrutiny (e.g., lawsuits, lack of privacy, etc.).
- The desired amount of income and assets **varies** substantially **by person, age, and geographic region**.
 - Some people explicitly take a vow of poverty, dramatically lowering their coefficient to this attribute.



Rich Life Equation: Relationships

- Some people enjoy solitude but the Harvard study (and others) finds relationships are very important to most people.
- Relationship Examples:
 - Love (e.g., physical / emotional, family)
 - Friendships (e.g. shared experiences, partner for activities, etc.)
 - Work (e.g., learn from colleagues and achieve mutual success)
 - Similar interests (e.g., sports, music, art, religion, etc.)
 - Experience with similar hardships (health / relationship struggles, etc.)

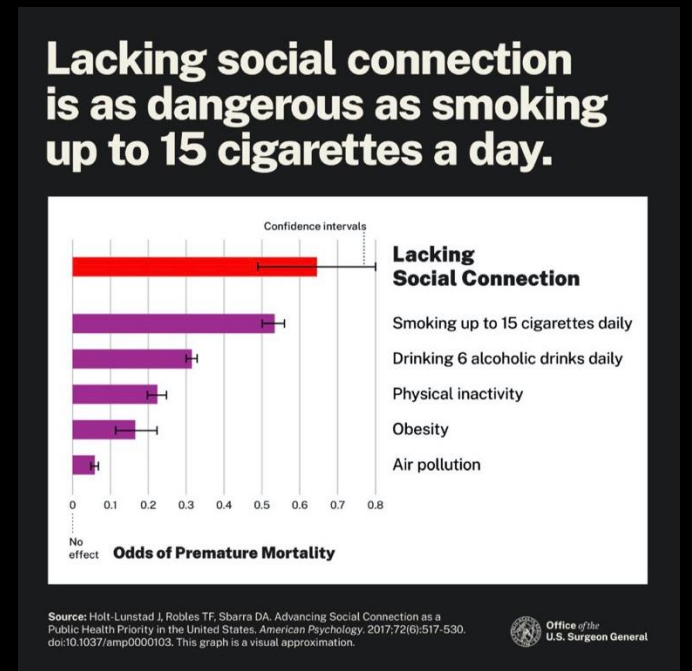
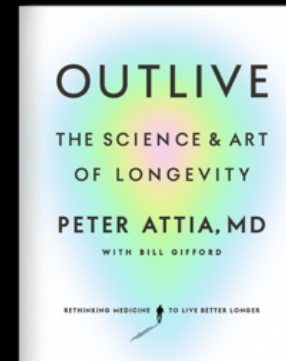


FIGURE 4: Lacking social connection is as dangerous as smoking up to 15 cigarettes a day.

Rich Life Equation: Healthy Living

- Healthy Living
 - Physical Health
 - Strategies for limited vs. unlimited time to focus on health
 - Mental Health
 - Including developing the proper mindset to overcome challenges
 - Personal Development
 - Access to Affordable Healthcare
 - Access to Quality Healthcare

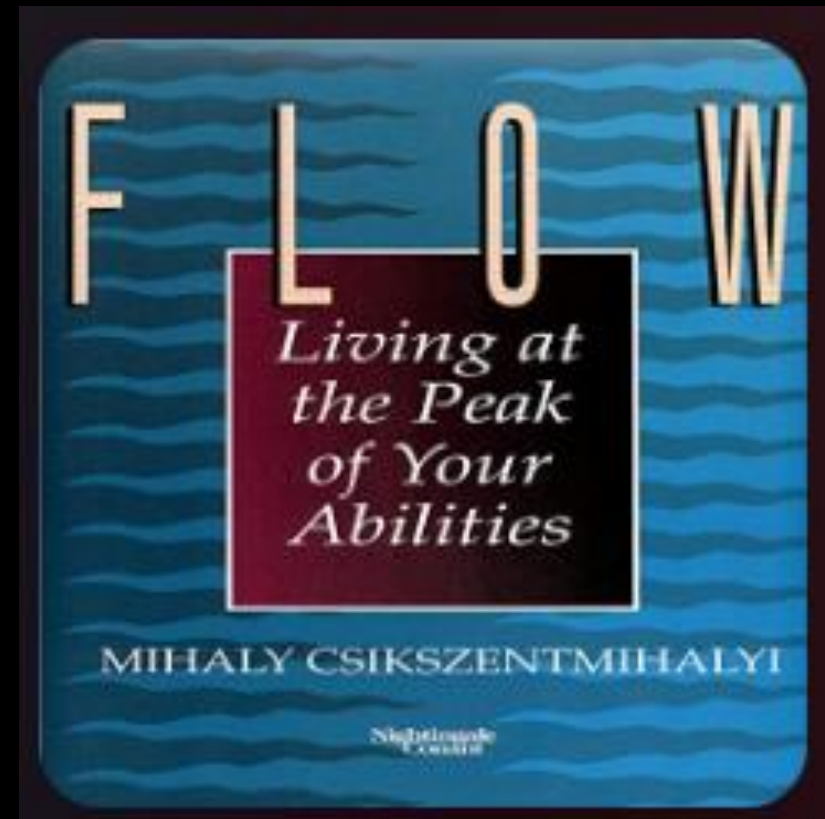


Healthy aging and living better for longer

“When you’re at the end of your life, if your health has failed you, no amount of money is going to buy that back. Health is everything to us. As such, we have to accept the fact that it might take work to get. It right.”

Rich Life Equation: Flow

- Flow relates to achieving your maximum potential and making the best of the mundane.
 - Challenge-skill balance
 - Merging of action and awareness
 - Clarity of goals
 - Immediate and unambiguous feedback
 - Concentration on the task at hand
 - Paradox of control
 - Transformation of time
 - Loss of self-consciousness
 - Autotelic experience



Sample Optimization Problem With Constraints In Excel

- Participants rank each category on scale of 1 – 10 (worst to best), current vs. goal, subject to constraints.

Attribute	Current	Target	Optimal	Change	Notes
Self Worth	7	10	10	3	Unconstrained with proper mindset
Control	8	10	10	2	Short-run constrained, long-run unconstrained
Money	8	10	6	-2	May have limits given education, ability, etc.
Relationships	8	10	10	2	Good relationships may be easier to achieve for some
Healthy Living	5	10	9	4	Starting and peak levels may differ by age, genetics, existing conditions
Flow	5	10	10	5	Unconstrained with proper mindset
Rich Life Value	700				
Max Value	800				
Interaction					Constraints
Money+Health	15				Money + Health \leq 15
Money+Relationships	16				Money + Relationships \leq 16
Money+Control	16				Money + Control \leq 16

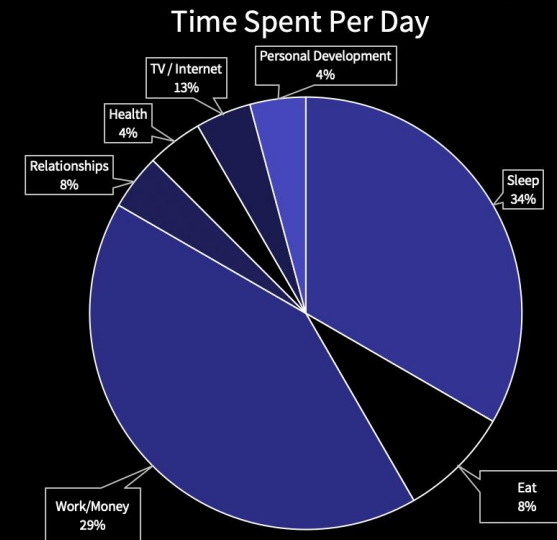
- Must **personalize constraints**
 - Example: For most people, there is a tradeoff between money and health (e.g., too much time spent at work negatively impacts health and relationships), but a fitness person may make more money by optimizing their health and interacting with clients.

Empirical Work / Ongoing Plan Of Study

Theory v. Practice: Achieving Happiness and Personal Fulfillment

- Plan to obtain empirical data for our formula and each of its components via workshops, student surveys, etc.
- Compute weights for average person and outliers
- Examine correlation among proposed factors

Attribute	Optimal	Target	Current	Change	Notes
Self Worth	10	10	7	3	Unconstrained with proper mindset
Control	10	10	8	2	Short-run constrained, long-run unconstrained
Money	6	10	8	-2	May have limits given education, ability, etc.
Relationships	10	10	8	2	Good relationships may be easier to achieve for some
Healthy Living	9	10	5	4	Starting and peak levels may differ by age, genetics, existing conditions
Flow	10	10	5	5	Unconstrained with proper mindset
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In the real world, very few people will love their jobs. They need to look forward to a hobby after work or on weekends. Or getting together with friends, family, or church
You can't just look at happiness with work. Or that work allows you to be self actualized or not.
How many people feel good about desk jobs. With bosses looking over your shoulder? Appears glamorous.
But is not. Compare to trade jobs such as fixing homes, or cars, etc. You can make 2X the \$\$ vs desk jobs.
You can grow and own your all company.

Special Thanks

Jack Gutman : Research Associate who helped research and develop the Happiness Formula approach as well as design the presentation for the academic paper submission and our Intelligent Money online platform.

Tyler Longo: Research Associate who helped research components of Happiness Formula and developing the analytical framework for our empirical studies to test and verify our thesis.

Conrad Pearlman: Research Assistant who compiled articles related to the Happiness Formula and continues to monitor developments in the related fields.

We Welcome Your Feedback and Questions



Source: The Atlantic