

Money can buy happiness but it's costly to bank on that without measuring debt

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Credit: George Hodan/public domain

Yes, money can lead to happiness, but how much debt one has should also be considered in the money-happiness equation, according to a new study from Purdue University.

"There has been a lot of research looking at whether and how income makes people happy in life, but few studies have examined whether debt

can detract from happiness. We found that carrying [student loan debt](#) is almost as important as income in predicting financial worry and [life satisfaction](#)," said Louis Tay, an assistant professor of psychological sciences, who studies the effects of income and money on happiness.

The study's results are published in the *Journal of Happiness Studies*. The survey results are from the Gallup-Purdue Index, which provides a measure of how college graduates are doing on five key dimensions of well-being: purpose, social, physical, financial and community. Tay also is member of the committee evaluating results of the ongoing survey.

An online college alumni sample of 2,781 individuals from the United States was used in Tay's study. On average, these individuals graduated from college in 2008 and had been paying [student loans](#) for at least seven years. In addition to demographic data, Tay's analysis looked at the relationships between [average household income](#), student loan amount, life satisfaction and financial worry.

"We always think about how much income you can earn, but the reality is you can't guarantee what you will earn post-college," Tay said. "There is a lot in the news about reducing, balancing or managing college student debt, and this study shows the burden it can take on one's life for the long term."

Personal and household debt is a concern for many Americans. The Federal Reserve Bank of New York estimates that household debt has increased from \$8.29 trillion in 2004 to \$12.29 trillion in 2016.

Tay said future studies will need to look at other sources of debt as well as the role of "good" debt vs. "bad" debt, among the various kinds of debt, such as a mortgage, student loans or credit cards.

"How student loans are categorized for the long-term would be

interesting," Tay said. "For example, to what extent is it viewed as an investment, and does that vary among careers?"

More information: Louis Tay et al, Debt and Subjective Well-being: The Other Side of the Income-Happiness Coin, *Journal of Happiness Studies* (2016). [DOI: 10.1007/s10902-016-9758-5](https://doi.org/10.1007/s10902-016-9758-5)

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