

How to be Really Rich

After three decades of conspicuous consumption, we're finally falling out of love with stuff and investing in experience instead. TABITHA LASLEY learns the art of intelligent spending.

Illustrations DANIEL TING CHONG

THEY SAY MONEY CAN'T BUY HAPPINESS. Of all the cosy truisms we tell ourselves, this one is perhaps the most enduring. The lonely tycoon is an archetype that crops up in popular culture more frequently than the tearful clown: think of friendless Mark Zuckerberg refreshing his Facebook page in *The Social Network*; Drake mournfully counting a large pile of gold on the cover of *Take Care*; Paul Raymond finding out he's the richest man in Britain the day that his daughter dies in *The Look of Love*. The message is clear: spend a lifetime pursuing material wealth and you'll end up spiritually skint.

Could this really be true? Elizabeth Dunn, professor of psychology at the University of British Columbia in Canada, thinks not. In the new book *Happy Money: The New Science of Smarter Spending*, she and coauthor Michael Norton argue that money can make you very happy indeed, if only you spend it wisely. The pity of it is that most of us don't. 'A high salary is a blank cheque for happiness,' Dunn says, 'but so many people have filled out that blank cheque wrong. People think driving a fancier car will make them happier but it doesn't. There's still an assumption that you need to own a house to be happy. Research shows that's not the case at all.'

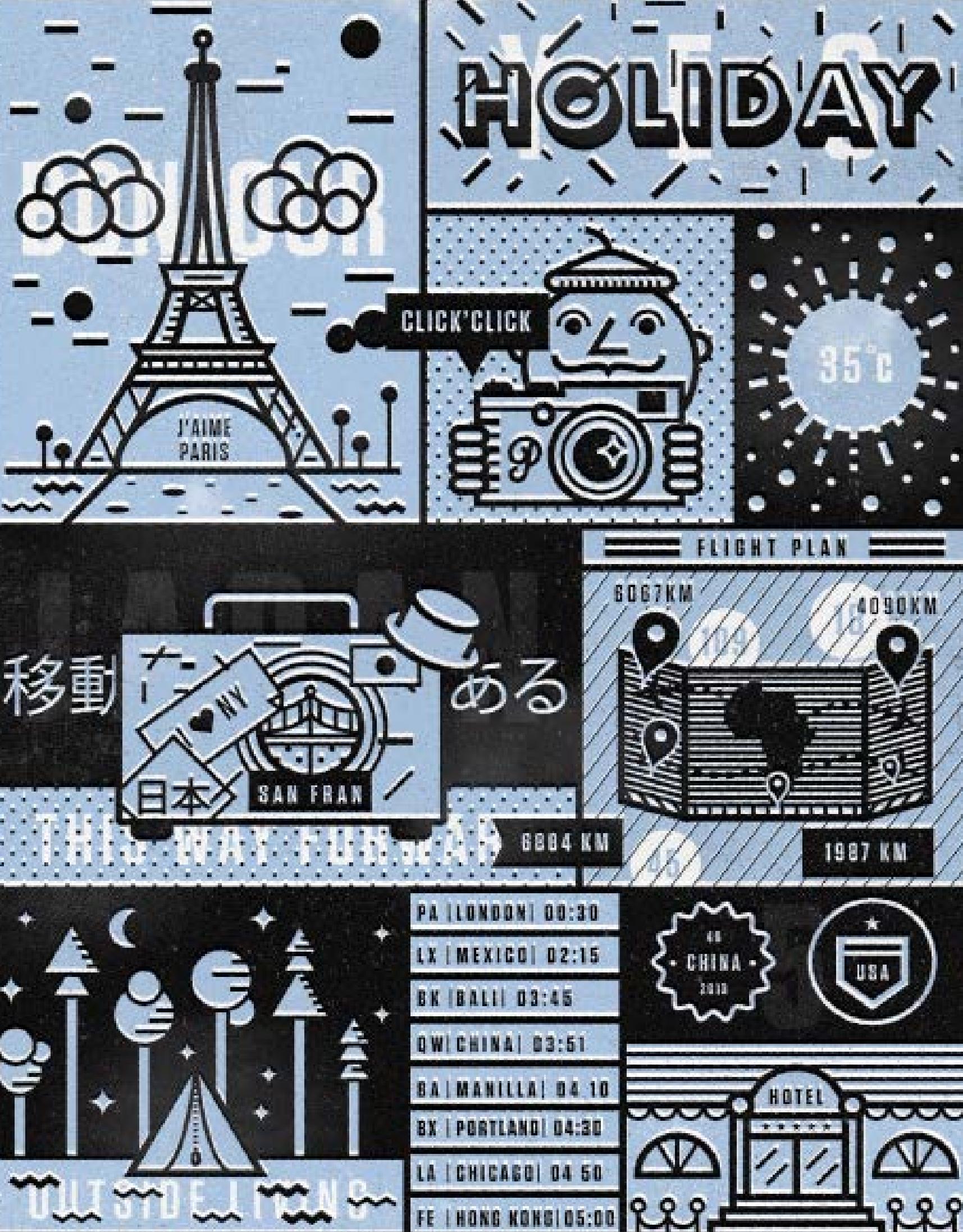
Dunn and Norton lay out five rules for intelligent spending: invest in others; pay now, consume later; make everyday indulgences a treat; buy time; swap material purchases for experiential trips. Of their five tenets, it's this final one that is gaining the most traction. 'This idea really resonates with people,' she says. 'There are some ideas we really have to convince people of – like "invest in others" – but with this one, people say, "Yeah, I think that's true." It makes sense intuitively.'

A quick look at Facebook and Twitter reflects this shift. These days, people are much more likely to be caught bragging about where they've been than what they've bought. For every Instagrammed photo of a new pair of shoes, you'll find 12 wish-you-were-here shots of snow-topped mountains or tropical beaches (and don't let's get started on those who feel the need to slap a flattering filter on their dinner and tweet it every time they step inside a restaurant).

James Wallman, an analyst with UK trends consultancy The Future Laboratory, says stuff is 'the defining problem of our generation'. He's currently working on a book, *Stuffocation* (out later this year), which identifies experience as the new currency. Wallman reckons we're over conspicuous consumption and starting to realise that money spent on travel and leisure is more enriching than money spent on things. In the course of researching his book he met Chris, an IT consultant who writes the minimalist-lifestyle blog Two Less Things. Chris used to have it all. Then he got tired of it and started divesting himself of his possessions.

'I had an extremely good job. I owned a house with five bedrooms, three bathrooms and two garages,' Chris explains. 'In the cul-de-sac where I lived there was a group of 10 houses, and it was "keep up with the Joneses": what car you had parked in your drive, what you'd bought that weekend. It was a show-and-tell. With hindsight you'd look at some of the couples there and realise they were so unhappy.'

Chris now lives in a rented house with few belongings. He has decluttered every area of his life. His father's letters he scanned onto his computer. When his children come round for dinner they eat off paper





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plates. Since embracing minimalism, Chris says he feels 'freer'. Colleagues comment on how relaxed he seems. He spends his time – and money – ticking off his bucket list: 'I always wanted to go to Hawaii, so I went. I always wanted to see the Northern Lights, so I went to Iceland on a photography trip. The children said the other day, "Dad, we've always wanted to stay in a five-star hotel." I said, "Shall we go, then?"'

There is a mounting body of evidence to back up stories like this. As early as 2003, psychologists like Tom Gilovich, a professor at Cornell University, were finding that even just recounting experiential purchases made people happier than talking about buying goods. Gilovich, an expert in the field of wellbeing, says there are three main reasons why accruing experience feels so good: 'One, it contributes to our identity. We are the sum total of our experiences. We might feel attached to material goods but they aren't a part of us in the same way. The second reason is that experience connects us to other people, and we're very social creatures. And while experiences are evaluated on their own merits, we tend to compare material goods with one another. Those kinds of comparisons can undermine the joy we get from them.'

We might have had less fun on our holiday than our neighbours did on theirs, but you can't compare experience as directly as you can possessions, so the shortfall seems less stark. Then there's the human knack for nostalgia. As soon as something's in our rear view we tend to recast it in rosy light, whether it went well or not.

'We romanticise experiences more than possessions,' says Gilovich. 'It's a kind of distortion. We remember things being bad but we can't summon up those bad feelings, so we think of it as cute and endearing. The camping trip from hell becomes, in retrospect, "the hilarious camping trip from hell". Even though it wasn't hilarious at the time.'

But there is another less appealing tendency at play here – our ability to grow used to things. Known as 'hedonic adaptation', this capacity for desensitisation is the reason we fall out of love with our soul mates and grow to hate our dream jobs. It basically makes old women in vinegar bottles of us all.

'Hedonic adaptation is the great barrier to human happiness,' says Dunn. 'We can make ourselves happier

temporarily but something about our minds drives us back to previous levels of [satisfaction]. Material things seem to be particularly susceptible to the adaptation process. If you woke up in 2013 and you'd been living in the '70s, you'd be blown away by the incredible material things we have now. Yet those things don't make us happier on a day-to-day basis.'

It's a lesson many people have had to ingest over the past five years. And having learnt that a life lived with less stuff can be liberating, it's looking increasingly unlikely we'll ever go back to our heady millennial habits.

Lulu Melotte is one person who was forced to reassess her priorities post-recession. For six years she ran a high-end boutique in Barcelona. When the Spanish economy collapsed, the business folded. At the same time, her partner, Nacho, was made redundant. The couple faced a stark choice: try find new jobs as the Spanish unemployment rate hit a record high of 27,2 percent, or pack up and leave. They chose to return to the UK, but before they left they pooled their savings and took their children on a four-month trip to Asia.

'I had some money left over from my business and Nacho had some redundancy pay,' Melotte explains. 'I remember saying, do I put it in a "dirty" bank – because that's how I felt at the time – or do I go and spend it?'

Their trip took in Thailand, Malaysia, Cambodia, Singapore and Indonesia, and cost more than R100 000. Melotte says the memories they made along the way – riding on elephants, making necklaces with shells, learning the seven times table as they splashed about in the sea – were well worth it. The experience may have emptied their bank account but their big adventure has been an invaluable investment. 'I had three friends who died of cancer in their 40s and left young children. I just thought if I'd asked them that one question – what would they want to be doing now? – [the answer] would have been to spend as much time with their family as possible. Life is for living. So, no, I don't regret travelling at all. We had a rucksack each and we had one another. And I was really happy.' □

Happy Money: The New Science of Smarter Spending by Elizabeth Dunn and Michael Norton is available at exclusives.co.za.