Top tips on how to be happier with the money you do have

By Aolfie Kelly

...and we are constantly led to believe more money instantly equals more happiness. However, in their new book, Happy Money: The Science of Smarter Spending, psychologists Elizabeth Dunn and Michael Norton show this is a different story, stating that after a fairly low threshold, more money does not improve our contentment levels.

They claim that if we really want a life full of joy, we should change how we spend the money that we do have, instead of trying to make more of it.

Here are their five steps to help you spend more simply, more wisely, and - of course - more happily:

BUY EXPERIENCES

"It's well documented that people get more happiness from buying experiences, like trips, concerts and special meals, than from buying material things, like clothes and houses," says Dunn.

There are a number of reasons for this. Firstly, we tend to have experiences with other people, material purchases are more often enjoyed alone.

Secondly, we tend to compare our material possessions — homes, cars, clothes — to those of others, making us more likely to regret our purchases. Experiences, however, are unique — we can’t be easy to compare a concert you saw with a film your friend saw.

Finally, the thought of someone else you feel when you buy a new material possession fades quicker than experiences."

"I was in a really bad mood after I bought it, but soon it will just be another thing in my wardrobe. Whereas memories of experiences often become rosier over time, even if they didn’t go too well," says Dunn.

"PUT IT INTO PRACTICE: If you have to choose between buying a new belt and going for a day out with friends, opt for the day out.

MAKE IT A TREAT

"This is essentially an anti-credit card rule, declaring that paying now and consuming later, rather than consuming now and paying later, will make us happier." Dunn explains this is because you have separated the dread of spending from the joy of getting.

"But that’s not the only reason why paying now and consuming later is a good idea. A lot of the pleasure people get from holidays actually occurs before they leave," says Dunn. "Because we can build up our positive expectations about it, we tend to enjoy it more when it happens.

"PUT IT INTO PRACTICE: If you want to buy something, rather than sticking it on the credit card, save up for it and only buy it once you’ve got the money.

Spend on others

"People often think they’d be happier spending more money on themselves, but spending on others is much better," says Dunn.

"It’s not quite as simple as giving your friend a fiver though. Giving money away doesn’t automatically make you happier, how you do it is what counts," says Dunn. "Spending on others in a way that enables you to spend time with that person brings more pleasure.""