



PALM PLANNING GROUP

RETIREMENT & FINANCIAL PLANNING

Buy Experiences, Not Stuff. Here's Why.

When we spend money, we're doing more than simply buying things. We want to create feelings of happiness, satisfaction and well-being.

But are we really spending our money in ways that achieve those results? The answer, unfortunately, is probably not. As one world-famous Japanese "tidying expert" might say, our spending habits don't spark joy.

The good news: We can shift our spending so our purchases deepen our happiness and help us create more meaningful lives.

The key: Focus more on experiences and less on physical stuff. Here's why that makes sense—and how to do it.

The value of experiences

Our culture tells us that buying lots of stuff will make us happy. And that is often true—but only up to a point. Ever notice how quickly that rush from having a new gadget, appliance or even car fades?

That's because acquiring more and more items doesn't really do the trick. Research published in the *Journal of Positive Psychology* reveals that people who spent money on *experiences* rather than material goods were happier and felt the money was better spent.

One major reason: The excitement we often get from purchasing things tends to diminish quickly because we get used to seeing the items every day. In contrast, experiences—and the joy and memories they bring—can give us stronger feelings of satisfaction. That can be true even if the experience is fleeting.

Importantly, the good feelings we derive from our experiences tend to last well beyond when the experience happened—giving us a longer-lasting sense of satisfaction than we might get from an object that quickly blends in with our environment.

Example: Watching an elephant in an African safari park for 10 minutes just might stick with you longer than the feeling you get from upgrading your smartphone.

Other reasons researchers think our brains respond better to experiences, according to research from Cornell University and elsewhere, include:

1. **A better sense of self.** Experiences are more a part of who you are as a person, so they can become a bigger driver of how you self-identify (as a person, a parent, a spouse and so on).
2. **Stronger social relationships.** Because we often participate in experiences with other people, experiences tend to foster and enhance social bonding that may strengthen our mental and physical health.
3. **Greater surprise value.** When we buy a product, we generally know what we're getting. But experiences may be more likely to present surprises—a herd of bighorn sheep suddenly crossing your path in a national park, for example—that stick with you. Such novel experiences can change your perspective in many ways.

BECOMING A SAVVY EXPERIENTIAL SPENDER

Here are four ways to become a savvy buyer and consumer of experiences so that your spending can potentially maximize your happiness and well-being.

- 1. Think small and frequent.** When we think of meaningful experiences, it's easy to think only big and expensive—such as a grand vacation once every year or two. But spending on smaller experiences more frequently could give you more satisfaction and bang for your buck. Small but frequent bursts can help keep our brains from getting bored.
- 2. Give experiential gifts.** Because of our social nature, spending money to benefit others tends to increase our own happiness—sometimes even more than when we spend money on ourselves. And since experiences tend to generate higher and longer-lasting levels of satisfaction than goods, one great way to rack up a win-win is to give experiences for birthdays, at holidays, or whenever you want to show appreciation and love for someone. You can include yourself in these experiences—a spa weekend for two, for example—or you can go the fully altruistic route and give an experience that is entirely focused on the recipient.
- 3. Rent to diversify your experiences.** Consider keeping your experience options open and flexible to stave off mental adjustment. For example, say your goal is to engage in experiential exotic travel. It might make more sense to rent properties in multiple locations rather than own one property that commits you to that single location. Renting can help ensure your vacations remain new and fresh, so you don't adapt to your surroundings in ways that cause you to take them for granted.
- 4. Spend on learning-based experiences.** Many of us are lifelong learners who want to keep expanding our knowledge and giving ourselves new challenges. That can be especially valuable to our cognitive health as we age. So consider targeting your experience dollars on classes that teach you a new hobby or skill set. You might build on existing interests or tackle an entirely new area—ranging from knitting to mountain climbing.

Don't shun the stuff, however

None of this is to say you need to stop buying physical goods that you can hold in your hands. Objects can and do make us happy, too.

That said, one key to getting the most pleasure and happiness from buying stuff may be to focus more on acquiring goods that help facilitate meaningful experiences than on buying goods that don't.

Example: Buying high-end mountain bikes for the family can lead to more outdoor, endorphin-stimulating biking experiences in fun, interesting locations. Even buying a tricked-out television can be rewarding—if, for example, it causes you to binge-watch shows or movies that you end up talking about with friends.

In short, goods that help create happy social experiences can be money very well spent.

Conclusion

You can spend your money in a huge number of ways. But if you truly want to live your best life, consider focusing your spending on the types of purchases that can potentially maximize your happiness—and the happiness of those around you.

ACKNOWLEDGMENT: This article was published by the VFO Inner Circle, a global financial concierge group working with affluent individuals and families and is distributed with its permission. Copyright 2020 by AES Nation, LLC.

This report is intended to be used for educational purposes only and does not constitute a solicitation to purchase any security or advisory services. Past performance is no guarantee of future results. An investment in any security involves significant risks and any investment may lose value. Refer to all risk disclosures related to each security product carefully before investing. Securities offered through J.W. Cole Financial, Inc. (JWC) Member FINRA/SIPC. Advisory services offered through J.W. Cole Advisors, Inc. (JWCA). Palm Planning Group and JWC/JWCA are unaffiliated entities.

Anthony M Lofaso CFP®, CLU®, RICP® ChSNC® 5652 Corporate Way West Palm Beach, FL 33407 Office (561) 689-6775
www.palmplanninggroup.com