

Money in Your Life

Advanced Level



If you were to create a list of things that make you happy what would that list include? Examples on your list might include participating in a sport, shopping with friends, watching a movie, going on a trip, reading a book, or spending time with family members.



What are two things that make you happy?

- 1.
- 2.

A happy person has high well-being. High **well-being** comes from feeling good about one's life. Individuals who have high well-being:

- Are positive – they feel gratitude, joy, love, enthusiasm and satisfaction
- Love what they do – they actively engage in activities such as work and play
- Are in healthy relationships – their relationships are loving and dependable
- Find meaning in life – their activities and relationships are important to themselves, others and often involve giving
- Feel achievement – they feel successful in their activities and relationships

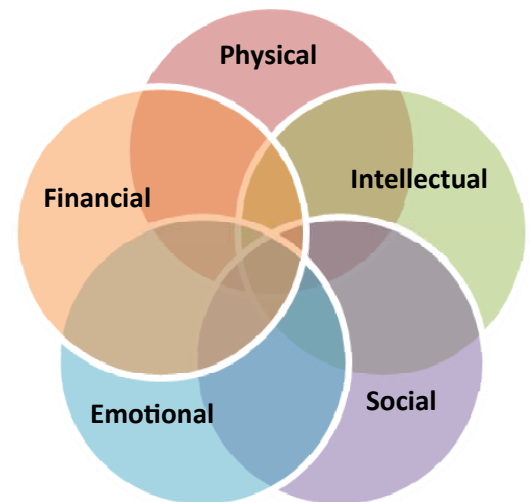
THE WELL-BEING DOMAINS

Well-being can be categorized into five domains (areas of life). The things that make us happy add to our well-being in one or more of these domains. Although the specific things that make us happy differ across individuals, the way that happiness adds to well-being is similar for all.

The five domains are:

- **Physical well-being: Taking care of your body** – eating well, exercising, getting an adequate amount of sleep and receiving regular medical care.
- **Intellectual well-being: Gaining and using knowledge** - learning to solve problems and challenges in school, your job/career and activities in which you are involved (such as extracurricular activities), and in your personal life.
- **Social well-being: Having a network of friends and family** - having loving, supportive, and dependable relationships with family, friends and membership in a community that gives you a sense of belonging.
- **Emotional well-being: How you feel** - feeling a sense of worth and purpose in your life. There will always be ups and downs in life. However, developing strategies for coping with negative life experiences to maintain a healthy outlook helps to create positive emotional well-being.
- **Financial well-being: Your financial outlook** - **financial well-being** is managing money in ways that build a sense of understanding, competence and control.

Well-Being Domains



FINANCIAL WELL-BEING

Imagine how your well-being would be affected if you didn't have money. Financial well-being affects overall well-being. Therefore, it is important to have high financial well-being.

How can you create a sense of high financial well-being for yourself? Having money does matter. However, happiness levels rise fastest as a person moves from being low-income to middle income. After that a person's happiness increases with more money, but at a much slower rate. For example, a person earning \$80,000 per year may be happier than the person earning \$40,000 per year, but the person who earns more is not doubly happy. After a person earns enough money to pay for living necessities, it is not so much the amount of money, but what the person chooses to do with the money that increases well-being. Managing money well is critical to increasing a person's financial well-being.

In addition to managing money well, an individual must understand their feelings about money to achieve high well-being in the financial domain. Think back to the factors that contribute to overall well-being: a positive outlook, loving what you do, a sense of accomplishment, involvement in healthy relationships and finding meaning in life. Let's consider how these factors contribute to high financial well-being:

Do you feel positive about your financial situation compared to others around you?

Feeling as well-off as you perceive the people around you (classmates, friends, family) can impact your financial well-being.

Do you feel positive about having enough money to cover basic needs?

A person who can meet basic needs such as food and shelter without struggling will likely have higher well-being.

Are you in healthy relationships with positive communication about money?

Communication regarding money contributes significantly to well-being especially when monetary resources are shared.

Do you have positive feelings about the way you manage your money?

Whatever the amount of money you have to manage, a sense that you are managing it wisely contributes to your happiness level. Financial capability involves both knowledge about money and the ability to use it to accomplish life goals. Your sense of your financial capability can affect your well-being. Educating yourself about financial concepts is a positive step towards creating high well-being.



Who do you share money with? How can you positively communicate about money with that person?



What are two financial topics you would like to learn more about?

- 1.
- 2.

FINANCIAL WELL-BEING, CONTINUED

Do you find enjoyment and meaning in life by participating in activities you enjoy?

Well-being is enhanced when individuals are happy as a result of having the time and monetary resources to dedicate to activities they enjoy.

Do you feel successful about your present and future financial position?

Consider how your current money management practices make you feel. Are you making decisions that maximize your well-being both today and in the future?

If your choices today are positively impacting your present and future financial position, then you are most likely achieving financial well-being.



What can you do today to create a high sense of financial well-being for yourself?

FINANCIAL PLANNING

What do you want your finances to look like in the future? Your **financial goals** are specific objectives that are accomplished through financial planning. **Financial planning** involves managing money continuously through life in order to reach your financial goals.

Why is it important to practice financial planning throughout your life? If you recognize that financial choices today have an effect on your future then you may be less likely to make poor financial choices. For example, if you make choices that result in debt, a lack of adequate insurance or insufficient savings, then your ability to do things such as rent an apartment, buy a house, pay for unexpected expenses and even get a job can be impacted. Financial planning helps you prepare for those future events.

So, what does successful financial planning look like? How should you plan for your future? Everyone will have a different financial plan. This plan depends on factors unique to that person. Your financial plan will continually change as your life changes. A successful plan begins with an understanding of what makes you happy. Setting financial goals and financial planning is an ongoing process that should be considered and evaluated throughout your entire life.



Let financial planning help you create high financial well-being!

Name a future goal for which financial planning can help you prepare.