



## Wellbeing

In the book *Wellbeing: The Five Essential Elements*<sup>1</sup>, authors Tom Rath and Jim Harter look at the five essential elements that shape our lives: Career Wellbeing, Financial Wellbeing, Physical Wellbeing, Social Wellbeing and Community Wellbeing.

Wellbeing is defined as a good or satisfactory condition of existence; a state characterized by health, happiness and prosperity.<sup>2</sup> The concept of “being in a state of health, happiness and prosperity” can seem somewhat ambiguous, but this book uses research and common sense in helping us define exactly what wellbeing is and how to achieve it. Granted, no two people will define what health, happiness and prosperity are the same way, but the authors, using research from across 150 countries, give the reader a great starting point to define and find their own wellbeing.

In the introduction to the book the authors say, “Wellbeing is about the combination of our love for what we do each day, the quality of our relationships, the security of our finances, the vibrancy of our physical health, and the pride we take in what we have contributed to our communities.”

The following are brief synopses from the book of career, physical, social and community wellbeing, followed by a more in-depth examination of financial wellbeing.

### **Career Wellbeing – liking what you do every day**

“People with high Career Wellbeing wake up every morning with something to look forward to doing that day. They also have the opportunity to do things that fit their strengths and interests. They have a deep purpose in life and a plan to attain their goals. In most cases, they have a leader who motivates them and friends who share their passion.”

### **Social Wellbeing – having strong relationships and love in your life**

“People with high Social Wellbeing have several close relationships that help them achieve, enjoy life, and be healthy. They are surrounded by people who encourage their development and growth, accept them for who they are, and treat them with respect. They deliberately spend time investing in the networks that surround them.”

### **Physical Wellbeing – having good health and enough energy to get things done on a daily basis**

“People with high Physical Wellbeing manage their health well. They exercise regularly, and as a result, they feel better. They make good dietary choices, which keeps their energy high throughout the day and sharpens their thinking. They get enough sleep to process what they have learned the day before and to get a good start on the next day.”

## **Community Wellbeing – the sense of engagement you have with the area where you live**

“People with high Community Wellbeing feel safe and secure where they live. They take pride in their community and feel that it’s headed in the right direction. This often results in their wanting to give back and make a lasting contribution to society. These people have identified the areas where they can contribute based on their own strengths and passions, and they tell others about those interests to connect with the right groups and causes.”

## **Financial Wellbeing – effectively managing your economic life**

The authors note that it is difficult to be happy in any area of life if you cannot meet your basic needs (refer to Maslow’s Hierarchy of Needs), but that the amount of money we have beyond a certain point has less of an impact on our overall wellbeing than the concepts of financial security and effectively managing our finances (see “[Happiness at What Price?](#)” for more details). Of course, financial security is going to mean different things to different people. To one person having \$1,000,000 at retirement would be financial security but another person might need much less or more than that to feel secure.

“People with high Financial Wellbeing manage their personal finances well and spend their money wisely. They buy experiences instead of just material possessions, and they give to others instead of always spending on themselves. At a basic level, they are satisfied with their overall standard of living.”

There are several important concepts in that statement. People with high Financial Wellbeing:

- Manage their personal finances well
- Spend their money wisely
- Buy experiences instead of just material possessions
- Give to others
- Are satisfied with their overall standard of living

Let’s explore a few of those concepts further:

### **Give to others**

The authors cite three studies indicating that spending money on yourself may temporarily make you feel good, but after time that good feeling fades. While spending money on yourself does not boost wellbeing, spending money on others does. When we help others out we feel good, even if it is just a little bit of money.

### **Buy experiences**

While spending on material goods doesn’t increase wellbeing long term, spending on experiences does. Think about some of the material items you purchased over the past year, and then think about some of the experiences you paid for in the last year. Experiences can include trips or something as simple as going out to a nice dinner or

going to a movie. Do the material items or experiences give you the most happiness? Most people would agree that experiences give them the most happiness. With experiences we get to look forward to the event, enjoy the event and have fond memories of it. It is interesting to note that for those that earn less than \$25,000 per year, experiences and material purchases show similar gains in wellbeing; but, for those earning more than \$25,000, experiences provide two to three times the levels of wellbeing when compared to material purchases.

### **Manage personal finances well**

This concept refers to many of the basics of financial security such as budgeting, protecting yourself from identity theft, having a basic estate plan in place, saving for emergencies, investing for the future, etc. The authors also suggest you establish default systems, such as direct deposit, automatic deduction for investments and enrolling in your 401(k) at work so savings is automatic.

As you start to think about the process of wellbeing in your own life it helps to sit down and think about what the best possible future is for you, and what your ideal would look like in each of these five areas. The authors found that 66 percent of people are doing well in at least one area, but only 7 percent are thriving in all five. It is important to remember that all areas of wellbeing work together – you can't just focus on one area and ignore the others.

The authors help put everything into perspective:

“One of the best ways to create more good days is by setting positive defaults...You can intentionally choose to spend more time with people you enjoy most and engage your strengths as much as possible. You can structure your finances to minimize the worry caused by debt. You can make exercise a standard part of your routine. You can make healthier decisions in the supermarket so you don't have to trust yourself when you have a craving a few days later. And you can make commitments to community, religious, or volunteer groups, knowing that you will follow through once you've signed up in advance. Through these daily choices, you create stronger friendships, families, workplaces, and communities.”