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# The value of a purposeful life: Sense of purpose predicts greater income and net worth

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ABSTRACT

Having a sense of purpose in life appears valuable across life domains, though it remains unclear whether purpose also provides financial value to individuals. The current study examined sense of purpose as a predictor of concurrent and longitudinal income and net worth levels, using two waves of the MIDUS sample of adults ($N = 4660$ across both assessments). Participants who reported a higher sense of purpose had higher levels of household income and net worth initially, and were more likely to increase on these financial outcomes over the nine years between assessments. Interaction tests suggested some evidence of age moderation, but gender did not appear to moderate the influence of purpose on economic outcomes.



## 1. Introduction

Having a purpose in life entails having a clear long-term direction toward which to strive, that organizes one's behaviors and sense of self (McKnight & Kashdan, 2009; Ryff, 1989). The value of having a purpose in life has been recognized for centuries as a variable integral to positive health and well-being. Adults with a greater sense of purpose tend to report better emotional well-being (e.g., Zika & Chamberlain, 1992) and physical health (Scheier et al., 2006), experience less risk for cognitive decline later in life (Boyle, Buchman, Barnes, & Bennett, 2010), and even enjoy greater longevity (Hill & Turiano, 2014). However, it remains unclear whether purposeful individuals fare better with respect to economic outcomes; in other words, what is the literal value of having a purpose in life?

Research has demonstrated that individual dispositions can predict individual-level economic outcomes such as personal net worth and income (Judge, Livingston, & Hurst, 2012; Author Citation, under review). For instance, conscientiousness, a proclivity toward being organized and industrious, tends to predict greater financial success concurrently and in the future (Judge et al., 2012; Author Citation, under review). Central to this argument is the notion that our dispositional characteristics influence how we make daily and long-term decisions in ways that either facilitate or hinder our ability to accrue wealth.

Sense of purpose may be one such characteristic, given its potential to influence both building assets and reducing liabilities. For one, if purposeful individuals tend to be physically and psychologically healthier, they will incur fewer health care costs and miss work less frequently. Purposeful individuals also may be more focused on their occupational objectives, as one study suggested that individuals who rated occupational goals as more important during the transition to adulthood reported a greater sense of purpose in adulthood (Hill, Jackson, Roberts, Lapsley, & Brandenberger, 2011). If so, purposeful individuals may strive toward occupational success, which would likely increase personal income.

The possibility that purposeful individuals benefit financially over the long haul is consistent with prevailing theoretical perspectives. McKnight and Kashdan (2009) suggested that purposeful individuals differ in their resource allocation, as they focus on facilitating their efforts to achieve long-term aims. Studies show that purpose correlates positively with more expansive future time perspectives (Hicks, Trent, Davis, & King, 2012; Rappaport, Fossler, Bross, & Gilden, 1993) and with a greater sense that their time is being used effectively to fulfill downstream goals (Bond & Feather, 1988). As such, purposeful people may be more likely to save money or make investments that support downstream goals, and not squander resources based on impulsive decisions.

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However, research is needed with respect to whether purpose prospectively promotes personal wealth, as well as whether these associations are specific to purpose.

The current study examined whether sense of purpose predicts greater financial success, using the MIDUS longitudinal sample of adults (Brim, Ryff, & Kessler, 2004). We considered both household income and net worth as financial outcomes of interest. When predicting net worth (total assets minus debts), we controlled for household income levels to test the unique association purpose held on net worth, which includes incoming income. To identify the unique value of purpose, we examined whether it proved a significant predictor of net worth above and beyond the role of the Big Five personality traits, as well as general well-being (measured as life satisfaction). Furthermore, we examined age and gender as moderators of the purpose associations with economic outcomes. These interactions were tested both with cross-sectional data, as well as for the prospective associations.

## 2. Method

### 2.1. Participants

Data came from participants of the MIDUS study (Brim et al., 2004), which is a sample of 7108 participants first recruited in 1995–96 and followed up in 2004–06. At the first wave (MIDUS 1), participants were residents of the United States, aged 25–74 ($M = 46$, $SD = 13$). The average longitudinal follow-up interval was around 9 years (range: 7.8–10.4 years). At MIDUS 2, 4963 were successfully contacted to participate in another phone interview of about 30 min in length (75% total response rate – adjusting for the 8% too ill to be interviewed or deceased; see Radler & Ryff, 2010). Attrition analysis indicated that participants in the longitudinal sample reported higher purpose in life $t(6289) = 8.14$ ($d = 0.21$), higher life satisfaction $t(7067) = 4.53$ ($d = 0.11$), higher household income $t(6108) = 7.75$ ($d = 0.20$), higher net worth $t(5672) = 6.05$ ($d = 0.16$), higher education $t(7093) = 15.31$ ($d = 0.36$), higher conscientiousness $t(6268) = 6.17$ ($d = 0.16$), lower neuroticism $t(6262) = -2.43$ ($d = -0.06$), lower extraversion $t(6269) = -2.75$ ($d = -0.07$), and lower agreeableness, $t(6269) = -4.61$ ($d = -0.12$), all $p$'s < 0.01. In addition, longitudinal respondents were more likely to be white $\chi^2(6176) = 87.15$, and married $\chi^2(7103) = 61.99$, but less likely to be retired $\chi^2(7058) = 22.79$, all $p$'s < 0.01. There was substantially missing data on economic variables likely because participants refused to provide this information or they did not know. The sample sizes for each individual analysis are provided in Tables 1 and 2. Even with such reductions, as evident in previous work with the MIDUS (Judge et al., 2012; Author Citation, under review), the current sample size is sufficient for detecting significant results when predicting economic variables in multiple regression frameworks. The sex distribution of MIDUS participants was generally balanced (53% female), and most participants were white (approximately 93%). Over two-thirds of participants had more than a high school education, and most MIDUS participants were married at MIDUS 1 (70%).

### 2.2. Measures

#### 2.2.1. Sense of purpose

Participants completed a three-item reduced version of the purpose in life subscale from the psychological well-being scales (Ryff, 1989). Participants reported on a scale from 1 (*Strongly Disagree*) to 7 (*Strongly Agree*) to the items: "Some people wander aimlessly through life, but I am not one of them"; "I live life one day at a time and don't really think about the future" (reversed); and "I sometimes feel as if I've done all there is to do in life" (rev.) ($M = 5.50$; $SD = 1.21$; range = 1–7; $\alpha = 0.36$). Though the reliability was not ideal, this measure has demonstrated predictive validity in previous work with the MIDUS sample for important outcomes such as mortality risk (Hill & Turiano, 2014).[1]

#### 2.2.2. Personality traits

Participants completed short measures of the Big Five traits based on Goldberg's (1992) markers (Lachman & Bertrand, 2001). Respondents were asked whether 25 adjectives described themselves from 1 (*not at all*) to 4 (*a lot*). The Big Five traits were assessed as follows: neuroticism (moody, worrying, nervous, calm (rev.), $\alpha = 0.74$); extraversion (outgoing, friendly, lively, active, talkative, $\alpha = 0.76$); openness (creative, imaginative, intelligent, curious, broad-minded, sophisticated, adventurous, $\alpha = 0.77$); conscientiousness (organized, responsible, hardworking, careless (rev.), $\alpha = 0.58$); agreeableness (helpful, warm, caring, softhearted, sympathetic, $\alpha = 0.80$).

#### 2.2.3. Life satisfaction

Life satisfaction was employed as our measure of general subjective well-being. Life satisfaction was assessed by asking participants, "How satisfied with life are you now?" on a scale from 1 (*Not at all*) to 4 (*A lot*) ($M = 3.53$, $SD = 0.69$).[2]

#### 2.2.4. Household income

At both measurements, household income was computed (in dollars) from several different questions. Total household income included both the respondent and their spouse/partners income from wages over the past month, and over the past 12 months the total household social security, government assistance, and other sources of income. Participants responded to these questions using a rating scale that reflected different ranges of monetary values, and MIDUS used these responses to generate household income variables. Any respondent reporting over $300,000 was capped at 300,000 to reduce the effect of outliers. The MIDUS data files do not contain information on which percentage of respondents were top-truncated to $300,000. At MIDUS 1, mean household income was $71,700 (SD = $61,282), and the median was $55,000. At MIDUS 2, mean household income was $71,363 (SD = $60,463), and the median was $57,500.

#### 2.2.5. Net worth

At both measurements, participants reported the value (in dollars) for six types of assets (stocks/bonds, savings/checking accounts, retirement funds, homes/other real estate, vehicles, businesses/farms), as well as for their debts and liabilities (loans, mortgages, credit card debt) using similar rating scales as for income. Net worth was calculated by subtracting debts from assets, by the participants themselves. Negative net worth values were reset to zero before data release, due to privacy and human subjects concerns. This bottom-truncation occurred for 13% of participants at

[1] Given the low reliability of the three-item purpose in life measure at MIDUS 1, we also conducted supplementary analyses evaluating concurrent relationships between purpose and economic outcomes at MIDUS 2, which allowed us to use the longer and more reliable seven-item measure employed at that measurement occasion ($\alpha = 0.70$). Supplementary Table 1 provides information on this front; in most instances, the results remained similar to those with MIDUS 1 data, though the concurrent association between purpose and MIDUS 2 income was only marginally

[2] We also examined the association between purpose and economic outcomes when positive and negative affect also were included in the regressions, to ensure that our choice of well-being measure did not influence the findings. Though the effect sizes for purpose were reduced when including these predictors, adding these variables did not influence the significance for purpose across models. For instance, the parameter estimate for sense of purpose on MIDUS 1 income changed from B = 2578 (s.e. = 795), $p = 0.001$ (see Table 1) to B = 2419 (s.e. = 805), $p = 0.003$, when including the affect variables.