

“The Significance of Buying Time”

By Tommy Williams, CFP®

Late July left investors with mixed emotions. First, the good news: Thanks to consumer spending and an upturn in federal government spending, the U.S. economy grew faster from April through June this year. Gross domestic product (GDP) grew by 2.6 percent during the period, according to the advance estimate for economic growth. This was an improvement over growth from January through March, when GDP increased by 1.2 percent.



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Now, the bad news: Personal income did not grow as fast from April through June as it did from January through March. Wages and salaries grew at a slower

pace, as did government social benefits and other sources of income. The New York Times wrote:

“Wage growth, however, decelerated despite an unemployment rate that averaged 4.4 percent in the second quarter. Inflation also retreated, appearing to weaken the case for the Federal Reserve to raise interest rates again this year. ‘Although growth is solid, the lack of wage pressure buys the Fed plenty of time, and works with a very ‘gradual’ tightening cycle,’ said Alan Ruskin, global head of G10 FX strategy at Deutsche Bank in New York. ‘There is more here for the Fed doves than the hawks.’”

The Federal Reserve Open Market Committee left rates unchanged at its meeting late last month, commenting, *“The stance of monetary policy remains accommodative, thereby supporting some further strengthening in labor market conditions and a sustained return to 2 percent inflation.”*

While last month delivered mixed messages, Americans are trending toward one message in the culinary world – “takeout”. According to various surveys and news reports, few people today possess the skills required to boil an egg. In 2014, The Seattle Times reported:

“As cooking has been rendered optional – the victim of rising restaurant culture, myriad takeout options, and supermarket sections packed with pre-cut vegetables, shredded cheese, and prepared foods – [cooking instructors] say cooks are increasingly losing touch with skills considered basic, or even essential, just a generation or two ago. And that is changing the way... recipes are developed and written.”

It’s also changing the restaurant industry. An April 2017 survey from Morgan Stanley found demand for online order and delivery from restaurants is growing

rapidly. By 2020, digital food delivery may comprise “...40 percent of total restaurant sales – or \$220 billion...compared with current sales of around \$30 billion.”

Before you lament the ignorance of today’s youth, consider the results of seven surveys, completed by Harvard University and the University of British Columbia, encompassing more than 6,000 respondents in four countries. The Washington Post reported:

“Across all surveys, life satisfaction was typically higher for people who regularly spend money to save time. This was true regardless of household income, hours worked per week, marital status, and number of children living at home...working adults in the United States reported higher life satisfaction if they regularly paid to outsource household tasks such as cooking, shopping, and general maintenance.”

A similar study conducted by the Los Angeles Times suggests,

“...Buying time boosts happiness by mitigating the effects of time stress – the feeling that there aren’t enough hours in the day. The feeling of being pressed for time is typically linked to lower life satisfaction, and we observed this well-established link in the lives of most of the people we surveyed.”

This may be the new math. Spending money to increase ‘free’ time equals improved happiness.

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