The New York Times

MANAGING YOUR MONEY, WORK AND SUCCESS

Spending Well

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Talking Points

JUSTIN SULLIVAN/GETTY IMAGES

Looking to Buy a Home? Here's What You'll Need

With the national median sales price of a home at $240,700, the average homeowner needs to earn $52,699.17 to afford it, according to number-crunching by the National Association of Realtors. Breaking down 27 metropolitan areas around the country, the group calculated that someone buying a median-priced home in San Francisco needed the highest income, $161,947; San Diego was next at $109,440. At the bottom of the list were Cleveland ($34,433) and Pittsburgh ($32,390).

Good Reason to Not Sit Still

A new study finds that fidgeting — the toe-tapping, foot-wagging and other body movements that annoy your co-workers — is good for your health. The research, published in The American Journal of Physiology Heart and Circulatory Physiology, found that occasional foot-tapping increased blood flow in volunteers' legs, causing arteries to respond better to changes in blood pressure.

Where Business Calls Home

When it comes to formation of public companies, the rich states are getting richer while the rest are in slow decline. According to an analysis by Steven Davidoff Solomon of the University of California, Berkeley, one in five companies on the New York Stock Exchange and the Nasdaq stock market are from California. That's nearly twice the percentage that were based there from 1965 through 1979. In contrast, Ohio had 5.58 percent of public listings in the 1965-79 period but just 2.58 percent from 2000 through 2013.

ALEX WROBLEWSKI/THE NEW YORK TIMES

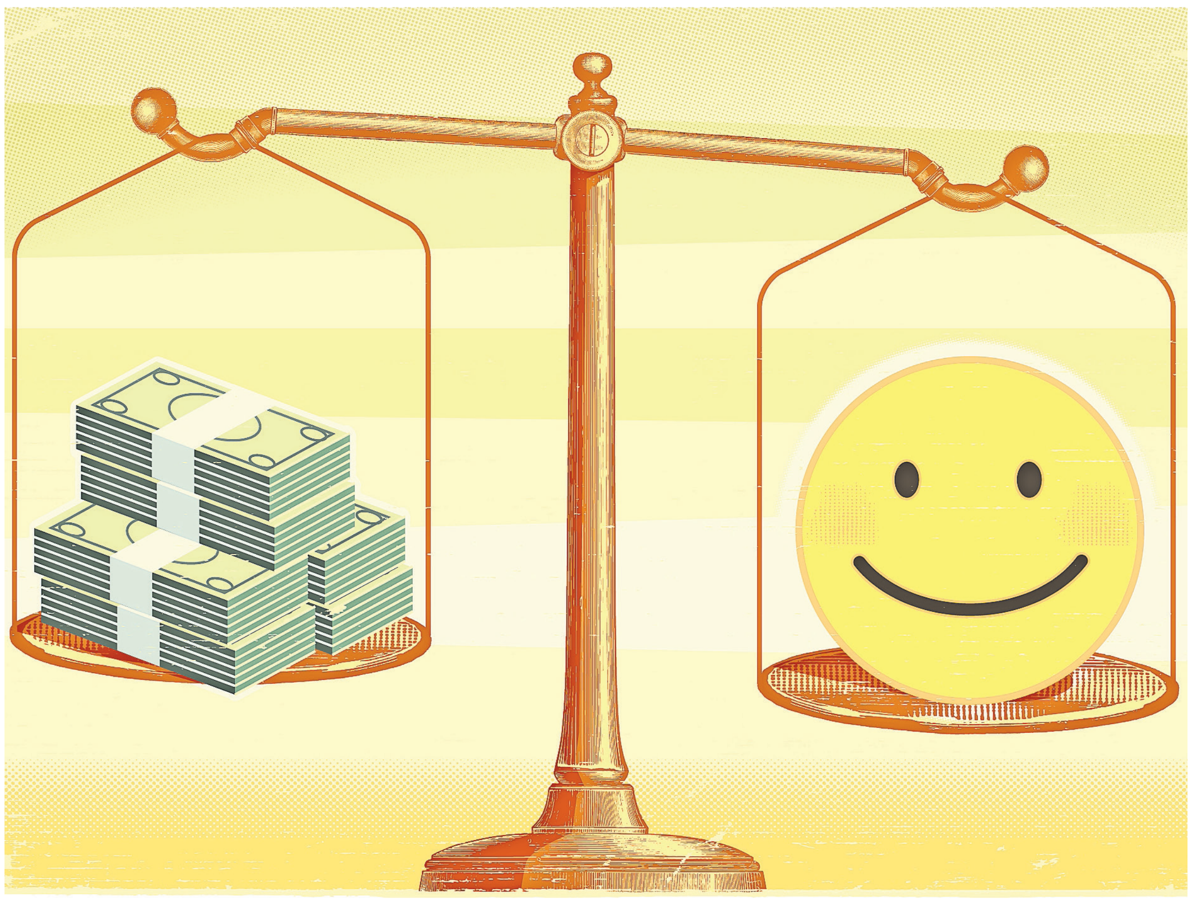
A Low-Priced Rental Option

If you can't afford a median-priced home, consider Jack Leahy's solution after moving to New York from Austin, Tex. He rented a cubbyhole tucked into the ceiling of a performance space in Brooklyn. The vitals: 9 feet long, 4.5 feet wide (40 square feet), $450 a month. Mr. Leahy, a 25-year-old musician, is 6 feet tall, so he and his futon mattress take up most of the space.

Be Happy. Find a Job You Love.

WORKING
ROBERT H. FRANK

Finding satisfaction in a career is more about how you feel than the money.



CARL WIENS

Social scientists have been trying to identify the conditions most likely to promote satisfying human lives. Their findings give some important clues about choosing a career: Money matters, but as the economist Richard Easterlin and others have demonstrated, not always in the ways you may think.

Consider this thought experiment. Suppose you had to choose between two parallel worlds that were alike except that people in one had significantly higher incomes. If you occupied the same position in the income distribution in both — say, as a median earner — there would be compelling reasons for choosing the richer world. After all, societies with higher incomes tend to enjoy cleaner air and water, better schools, less noisy environments, safer working conditions, longer life expectancy and other obvious benefits.

But context also matters. If you faced a choice between being a relatively low earner in a high-income society or being near the top in a society in which your income was lower in absolute terms, the answer would be less clear.

If the income difference was very small, being a top earner in the poorer world would probably be more satisfying. Your house would be smaller in absolute terms, but because it would be bigger than most other people's, you would be more likely to regard it as adequate.

For sufficiently large income differences that conclusion could easily flip. This time you would confront a different kind of difficulty. Although your house in the wealthier world would be larger in absolute terms, its relatively small size in that universe would mean that your children would be more likely to attend schools regarded there as substandard.

It's not just that more money doesn't provide a straightforward increase in happiness. Research also underscores the importance of focusing on the many ways in which jobs differ along dimensions other than pay. As economists have long known, jobs that offer more attractive working conditions — greater autonomy, for example, or better opportunities for learning, or enhanced workplace safety — also tend to pay less.

One of the most important dimensions of job satisfaction is how you feel about your employer's mission. Suppose you're weighing two offers for jobs writing advertising copy: One is for an American Cancer Society campaign to discourage teenage smoking, the other for a tobacco industry campaign to encourage it.

If pay and other working conditions were identical, which job would you choose? I once posed this question to Cornell seniors about to enter the job market, and almost 90 percent said they would pick the American Cancer Society position. And when I asked them how much more the pro-tobacco job would have to pay before they would change their minds, they demanded an average salary premium of more than 80 percent.

When most people leave work, they feel better if they have made the world better in some way, or at least haven't made it worse.

But moral satisfaction alone won't pay the rent. You'll be more likely to land a job that offers attractive working conditions and pays well if you can develop deep expertise at a task that people value highly. As the economist Philip Cook and I have argued, those who become really good at what they do are capturing a much larger share of total income in almost every domain, leaving smaller shares available for others. Moral: Become an expert at something!

The psychologist K. Anders Ericsson and his co-authors have estimated that many thousands of hours of difficult practice are required for true expertise at any task. That's why my first response when students seek advice on how to succeed is to ask whether any activity has ever absorbed them completely. Most say yes. I then suggest that they prepare themselves for a career that entails tasks as similar as possible to that activity, even if it doesn't lead to high financial rewards. I tell them not to worry about the money.

My point is that becoming an expert is so challenging that you are unlikely to expend the necessary effort unless the task is one that you love. If it is, the process will be rewarding apart from whether it leads to high pay.

The happiness literature has identified one of the most deeply satisfying human psychological states to be one called "flow." It occurs when you are so immersed in an activity that you lose track of the passage of time. If you can land a job that enables you to experience substantial periods of flow, you will be among the most fortunate people on the planet.

At that point, even if few people in any one location place high value on what you do, you may find that your services become extremely valuable economically. That's because technology has steadily extended the geographic reach of those who are best at what they do. If even a tiny fraction of a large group of buyers cares about your service, you may be worth a fortune.

There is, of course, no guarantee that you'll become the best at what you choose to do. But by concentrating on a task you love, you'll enjoy the considerable proportion of your life that you spend at work, which is more than billions of others can say.

Again, you'll have bills to pay, so salary matters. But social science findings establish clearly that once you have met your basic obligations, it's possible to live a very satisfying life even if you don't earn a lot of money.

The bottom line: Resist the soul-crushing job's promise of extra money and savor the more satisfying conditions you'll find in one that pays a little less.

Some Advice To Career Fulfillment

- Money matters, but income is relative to the world around you.
- It's important how you feel about your employer's mission.
- Expertise is required for jobs with attractive working conditions.
- Becoming an expert takes time, so spend that time doing something you love.

The Bull Is Still Running. So Why Are Investors Tiptoeing?

INVESTING
PAUL J. LIM

Wall Street seems unable to make up its mind about risk-taking.

The market declined sharply on Sept. 9, yet all three major domestic stock indexes are still near their highs. Shares of speculative small companies have been outpacing blue-chip stocks. And volatile emerging-market equities have shot up more than 16 percent this year.

Many market strategists expect stocks to resume their long move upward but say caution is appropriate at this stage of the seven-year-old bull market. "I would not describe this as a 'risk on' type of environment," said Matt Kadnar of the investment management firm GMO. "I would describe it as cautious, and at the margins, slightly hopeful."

Terri Spath at Sierra Investment Management agrees. For one thing, she said, "in addition to the risk-on rally in small stocks and emerging markets, there's also been a rally in 'risk off' assets lately." Long-term government bonds, for example, have returned double digits since the end of 2015, as have some of the most defensive sectors of the market that aren't economically sensitive, such as utilities. In fact, the outperformance of small stocks and emerging-market shares could be explained just as much by a desire to be cautious as aggressive.

Small-capitalization stocks are known for outperforming the broad market in the early-to-mid stages of an economic expansion, but not in the seventh year of a recovery. They have another advantage: "They are one of the purest ways to invest in the U.S. relative to the rest of the world," said Lewis J. Altfest, a New York financial planner.

Small stocks "are likely to have 80 to 85 percent domestic exposure," said Christopher S. Beck of Delaware Investments. "Midcap stocks are usually around 65 to 70 percent domestic. And large stocks are right around 50 percent."

Why is this important? Despite the underwhelming rate of economic growth domestically, the economy is still growing significantly faster in the United States than in other parts of the developed world. Gross domestic product in the United States is expected to grow 2.4 percent next year, according to I.H.S. Global Insight. By comparison, the economy in the eurozone is projected to advance just 1.2 percent in 2017, while Japan's G.D.P. is forecast to rise 0.7 percent.

MINH UONG/THE NEW YORK TIMES

So a bet on the United States economy could be interpreted as a way to play it safe. Moreover, Mr. Beck said, "When we came into this year, people were expecting anywhere from two to four interest rate hikes." That hasn't happened, and it has worked out well for small-company stocks. One reason is that rising rates in the United States typically prompt demand for the dollar as global investors seek higher yields. A strengthening dollar often makes goods produced in the United States more expensive for foreign buyers.

The Fed's decision to hold off on rate increases helps explain the jump in emerging market equities. Central banks around the world have been lowering rates, "incentivizing investors to seek out risky assets," said Brian D. Singer of the asset manager William Blair. The Fed's delay in raising rates has helped. But Mr. Singer describes the rally in emerging market equities this year as a "reluctant, not euphoric, embrace of risk." He noted that one reason emerging market stocks had done well was that "investors have run out of places to go." Volatile emerging-market shares have been beaten up for several years and trade at relatively cheap valuations compared with American equities. The question is, how will these assets react if the Fed begins to lift rates?

Widespread expectations that the Fed will finally start to move could shift investor psychology, said Jason Brady of Thornburg Investment Management. By keeping short-term rates near zero, the Fed has been suppressing overall market volatility while making assets like emerging-market stocks more desirable. If the market is convinced that the Fed might raise rates, it could hurt riskier asset classes.

"Perhaps things won't evolve the same way as they did in December through January," he said. He was referring to the Fed's 0.25 percentage point increase in the benchmark Fed funds rate last December, which precipitated a 12 percent loss for small stocks and a 13 percent drop for emerging-market shares. The markets have since recovered.

"I suspect," Mr. Brady said, "that at the least, we will continue to learn the lesson that the Fed funds rate matters a lot."