

Get Rich: Quit

by Karen Krossing



If you're a smoker, you know it's an expensive habit. A pack a day can cost you about \$3,000 a year—and don't even think about how much of that is taxes.

So what if you invested that money instead?

According to a study by Dr. Jay Zagorsky, Research Scientist at Ohio State University, you might just find yourself on a path to greater wealth.

"The punchline most people want to know is 'What can people do to improve their wealth?'" Zagorsky's answer: "Stop or reduce their smoking."

Up in smoke

Several studies have found a relationship between low socioeconomic status and smoking. But Zagorsky has found something a bit different: smoking may actually lead to lower wealth.

"While it is impossible to prove that statement without doing randomized studies and forcing some people to smoke and preventing others from smoking against their will, the data clearly indicates to me that the causality runs from smoking to wealth and not the other way around," he says.

In a recent US study of baby boomers, Zagorsky researched the relationship between smoking and wealth. The research was based on information from almost 9,000 people over a period of 15 years.

Zagorsky's analysis shows that those who have never smoked have a much higher net worth than those who have smoked. Among those who smoke, light smokers fare financially better than heavy smokers. "On average the net worth of those who never smoked is roughly 50% higher than individuals who are light smokers and more than twice the level of heavy smokers."

In other words, smokers have a lower financial net worth than nonsmokers—nonsmokers are wealthier than smokers.

Mind the gap

In addition, Zagorsky found that the shortfall between the net worth of smokers and nonsmokers becomes larger every year, widening the wealth gap. Each year a person smokes results in a further net-worth drop of nearly 4%.

Zagorsky also noted that smokers tend to have less education, income and chances of being married. These factors can make it harder to make ends meet, never mind becoming rich. But even when he accounted for these disadvantages and screened out the extremely wealthy, smokers still came up short.