Labour market flexibilisation has long been considered a key policy tool for increasing employment. However, sceptics argue that workers suffer from labour market flexibilisation. While empirically investigating the psychological costs of temporary contracts, we question this argument for one flexibilisation instrument. We test whether temporary contracts are associated with different well-being outcomes and identify those workers who suffer the most. Furthermore, we include the “flexicurity” idea into our analysis. As a policy advice, this concept assumes that labour market flexibilisation is acceptable for workers when it is accompanied by employment security. Most of the research on well-being consequences of fixed-term contracts does not lead to clear results. A comprehensive review of this literature reveals a need for theoretical and methodological clarification. We argue that in contrast to these studies, important aspects such as the honeymoon-hangover effect, the role of job characteristics and personality traits have to be considered. By taking these factors into account and using several opportunities of the German Socio-Economic Panel, our empirical strategy enables us to shed valuable new light on job satisfaction in fixed-term contracts. The empirical results confirm a negative role of temporary contracts depending on personal characteristics: Fixed-term contracts are associated with psychological costs especially for those workers who are most likely to experience unemployment (low skilled workers), suffering most strongly from unemployment (men) or miss financial and emotional stabilizers (singles). With regard to compensatory effects through employment security, our results confirm that the negative impact of fixed-term contracts is significantly weaker when it is easier to find an alternative job. However, there is no full compensation for all of the analysed groups. Altogether, our analysis contributes a new approach and new insights concerning the research on well-being in temporary and “flexicure” jobs.