

## 7 Ways to Reduce Emotional Spending



Spending money on ourselves can make us feel good...for the moment. When we're sad, tired or happy, it's tempting to think that buying something we want will make us feel better.

It is amazing how shopping is used to reduce anxiety, stress and boost our moods. Online shopping makes it even easier to purchase something on your cell phone now and have it shipped to your door tomorrow. *Ebates.com* has found that more than half of Americans admit to engaging in this "retail therapy".

In fact, researchers with *Psychology Today* found that 62% of shoppers have purchased something to cheer themselves up. Some call it "retail therapy" because shopping can make us feel better ... temporarily.

Much of credit card debt is due to emotional spending. The problem escalates when "retail therapy" prevents us from paying our bills on time, destroys our budgets, causes us to lie or hide purchases, avoid opening credit card or bank statements, or be overwhelmed by guilt or shame. Letting our emotions direct our spending decisions can lead us down the wrong path.

Here are 7 ways to help combat emotional spending:

### 1. Know Your Emotional Spending Triggers

The first key to curbing retail therapy is to understand which emotions drive you to spend money. What moods/situations will tempt you to make unplanned purchases? If you know your spending triggers, you can find ways to combat and/or avoid those spending temptations entirely. Common triggers are stress, fatigue, sadness, or even happiness (*I deserve this*). If impulse spending is becoming a problem, uncover the true root of the stress and solve the problem, instead of finding ways to cope with it.

### 2. Monitor Your Spending to Find "Emotional" Purchases

Uncover spending patterns by tracking your daily spending for one month. There are many cell phone apps to track spending. You might notice you are more vulnerable at certain times of the day or certain days of the week to make purchases you don't need.

### 3. Use the 48-Hour Rule

One way to reduce emotional spending is by using the 48-hour rule. Instead of dropping a specific "want" into your shopping basket, write down the item's name and price on a Wish List.

Give yourself 48-hours to think about a specific purchase decision and its impact on your monthly budget. During the 48-hour period, ask yourself if you *really* need the item — and if you need it *now*. Most of the time, the 48-hour rule will give you the emotional distance to be more objective in your spending decisions.

### 4. Make it difficult to buy UNplanned items

The best way to avoid emotional spending is to be less aware of what is *available* to purchase. Avoid going for regular walks through the mall, or if you do, leave your credit cards at home. If your exercise program is walking in the mall, do it before the mall opens, power-walk with music, or with a friend to help you avoid window-shopping.

## Make it difficult to buy UNplanned items (Continued)

Record TV shows, and fast forward through the commercials. When shopping online, avoid distracting “pop-up” ads for similar items. Un-subscribe to shopping websites to reduce your email. By decreasing your exposure to advertising, you can avoid temptations to buy things you don’t need.

Try keeping your credit card in a frozen block of ice, removing shopping and coupon apps from your phone, or even unsubscribing to retailer emails that encourage you to spend. Unfollow Facebook groups that tempt you to spend. Making it more of a challenge to spend money will help you fight the emotional spending urge.

### **5. Reduce Retail Therapy by Sticking to a Spending Plan**

Many people have found sticking to a spending plan a proven way to reduce overspending. You can use **the Envelope Method** to limit your spending in each category (e.g. food, insurance, gas, entertainment). When the money in that envelope is gone, stop spending.

Spend to meet your needs, not your “wants”. Make sure you know the difference!

Consider purchasing a pre-paid credit card for a set dollar amount, then stop spending when it reaches the credit limit. This is also helpful for retirees living on a fixed income.

Decide to stop charging purchases, and *only* spend cash to limit your impulse buying. Research has shown that paying cash is more psychologically *painful* than charging purchases, and people will spend less money if they *only* pay cash.

### **6. Plan to treat yourself** (within your budget)

Create a “fun” category in your budget that allows you to make small purchases with freedom. There is nothing wrong with emotional spending if you have it in your budget to keep your overall financial goals on track. You only get in trouble when you put yourself into debt and lose control.

Consider spending your money on experiences that will enrich your life, connect you with friends or family, or create great memories, rather than buying “stuff”. Save for a family vacation, instead of buying that Starbucks coffee every day.

### **7. Find different ways to deal with stress and/or have fun**

Do an online search for tips on how to reduce stress and emotional spending. You might want to exercise to burn off stress, meet with friends for the social interaction, or develop a hobby that energizes/relaxes you.

When you stop using “retail therapy” as a quick fix for more complex problems, you can increase your savings. Consistently working to build an Emergency Fund and Retirement Savings will help you prepare for your financial *tomorrow* without feeling deprived *today*.

#### *Sources*

<https://www.psychologytoday.com/us/blog/the-why-behind-the-buy/201305/why-retail-therapy-works>

<https://www.makingsenseofcents.com/2015/04/how-to-reduce-stress-and-emotional-spending.html>