

Money Tip Tuesday - Emotional Spending

Today's tip is on emotional spending. What is it? How do you know if you do it? And what can you do to combat it?

I'm Liz, here with Wil and Terri with today's Money Tip.

Most of you have probably heard of emotional spending also known as retail therapy.

It may not come as a shock to most of us that there is a term for when a person spends money on a purely emotional basis.

It may come about when you feel like celebrating a special event or maybe a promotion, so you may find yourself splurging a little bit on something special. Or if you had a bad day and you just need a little emotional boost, you may finally allow yourself that thing you've always wanted but never let yourself buy. That's what emotional spending is and the harsh reality is that it occurs pretty often for many people.

It's usually a way people cope with feelings, good or bad, by purchasing items to either maintain a happy mood or to change a bad mood into a good one.

The problem with emotional spending is that it can be too easy to overspend on things you weren't planning to buy in the first place. Unless you had a budget item for impulse purchases, there's a good chance that your retail therapy items weren't budgeted for at the beginning of the month.

Depending on the items you're purchasing, this could send your budget into a tailspin and add to an already increasing level of stress and possibly even debt.

Emotional spending is something we all probably face every now and then. But what happens when it becomes a problem? When we now have a larger credit card bill than we planned for? Or when we no longer have the amount to cover certain bills because we decided to treat ourselves to a new motorcycle, an expensive pair of shoes, or a brand-new sound system? How do we solve that issue?

Well, the real fix to the spending damage depends on the type of spending you got yourself into, but there are ways to curb your emotional spending habit and keep yourself from making those unplanned purchases in the first place.

Here are some tips on how you can avoid emotional spending.

- The first is to try the 24-hour or 30-day rule – The idea of this rule is to wait some time before you make the purchase. If there is something you have your eye on, don't impulse it. Make a conscious effort to wait a little time before buying it. For some items 24 hours is enough, for others, 30 days may be necessary. This tactic will help you keep your emotions out of your purchasing decision and help you avoid buyer's remorse. If you find that after the waiting time is up, you still want the item, then by all means, purchase it.
- Hide your credit cards. Okay, well I don't actually mean to hide them in a place where you'll lose them, but at least put them in a place where they may not be as accessible. Keeping them at a distance may decrease the convenience and make it a little more difficult for you to make emotional purchases.

- Give yourself a budget item for spontaneous purchases. Allowing yourself some extra money a month is a great way to enjoy the freedom to treat yourself. Set aside an amount of money for those times you just want to go out and buy yourself something nice. It keeps your budget in shape and keeps you in control of your spending.
- Talk to someone about how you're feeling. If you find that you repeatedly go shopping or buying items to cope with emotional or mental stresses, you may be struggling with something deeper. Find a good friend, family member or counselor who can help you sort out your feelings and provide a good sounding board or fresh perspective on how you're feeling. You may find that a deep conversation is satisfactory for your mental health and your wallet will thank you.

Emotional spending is something most of us will face over our lifetimes, but it's important to make sure that our emotions are not driving our purchasing decisions. It can be too easy to lose track of our expenses and our budgets will quickly crumble.

If you want to be the master your money, learn to recognize the signs of emotional spending and use any of our tips mentioned to overcome the temptation to spontaneously spend.

Do you have any additional tips on how to avoid emotional spending that we didn't mention?

Let us know on social media. There may be someone else out there who could use the extra tips.

Thanks for listening to today's Money Tip Tuesday and be sure to check out our other tips and episodes on the Making Money Personal podcast.

Catch you next time!