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MANAGING IN TOUGH TIMES INITIATIVE

FAMILY FINANCIAL MANAGEMENT

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THIS MONTH'S TOPIC: **Plug Your Spending Leaks**

Bad habits can be hard to break, especially if you have poor spending habits. Your shopping habits are learned behaviors, just like any other good or bad habit. A bad habit can be broken by becoming aware of the choices that have most likely become part of your spending routine. Think about your current spending habits. Are you tempted to spend when you have a few extra dollars in your pocket? It is important to realize that stores arrange goods and merchandise to tempt you into making a purchase; stores use sales signs, displays, and salespeople to attract your attention to specific items. The next time you are at the store, try to identify the stimulus that attracts your attention and encourages you to buy, then try to avoid these areas in the future.



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Your shopping habits are learned behaviors

Other tips for breaking bad spending habits, include: limiting the number of trips you make to the store (the less often you shop the less likely you will be tempted to make unnecessary purchases); make certain you have a plan prior to entering the store, know what you want and stick to your shopping list; if you see an item that you would really like to purchase, identify any less expensive alternatives first.

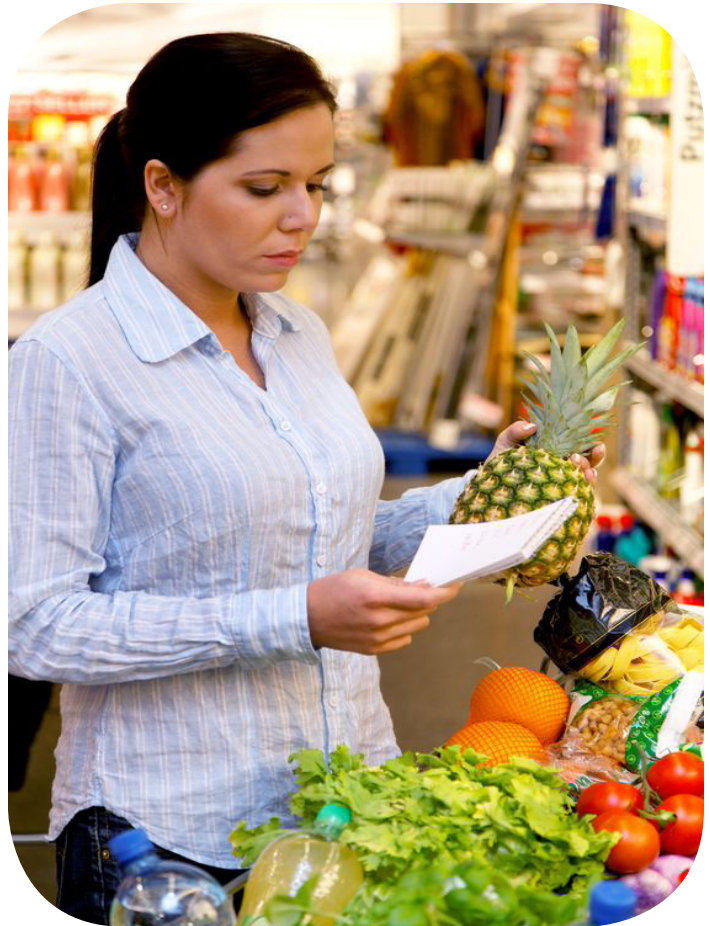
To gain spending self-control, identify your spending leaks. Spending leaks are those purchases that provide some type of immediate gratification but do not help you reach your financial goals. Identifying short and long-term financial goals can help you plug your spending leaks. Before making your next purchase, take a minute to ask yourself three simple questions:

- Is this the best use of my money?
- Am I buying this to satisfy an immediate need?
- Will buying this keep me from reaching my financial goals?

Sometimes you may recognize the purchase is important; however, you may also realize that you are just being tempted by a sale or the latest gadget, and decide to pass on the purchase.

Are you an impulse shopper? Try to never purchase expensive items on impulse. Instead, consider each expensive purchase for at least 24 hours. Acting on this principle will help you have far fewer regrets about impulse purchases, which can put a dent in your finances. One way to establish a savings discipline is save a matching amount in a cookie jar each time you splurge on an item, such as designer coffee. If you can't afford to save the matching amount, you can't afford the \$4 mocha low-fat latte.

If you are often tempted at the store, make a list before you begin shopping. Typically, people who shop with a list, and stick to it, spend much less money than those who decide what to buy once they get to the store. Preplanning can save hundreds of dollars per year.



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