

# Spending Habit Myths

By Sara Hibbs, Psy.D.

The Counseling Team International (TCTI)

Research has shown that financial stress is linked to depression and anxiety, and significantly affects marital relationships, physical health, intimacy, communication, parenting skills, daily living and work productivity. Despite past economic crunches which were concentrated on a select few, the current economic crisis seems to have left no household unscathed. And while past practices such as tightening one's belt or cutting out unnecessary expenses was enough to weather a financial storm, these are proving largely insufficient to survive the category five most people are facing. So we have identified ten dysfunctional money-related behaviors that may be within your ability to change and improve your financial-related stress level.

1. **Spending to improve your mood.** Many of us have exercised this behavior, especially after a bad, stressful or disappointing event. Nothing seems to feel better than soothing an emotional sore by making a purchase- especially an indulgent one. Regardless of the item being purchased or the underlying emotion, this behavior tends to lead to increased financial stress in the long run. Before making a purchase, stop and reflect: Is this item a necessity? Would I still buy it if I had to pay cash? How will this impact my financial stress in the long run? Often, people realize they are unable to cope with stressors in their lives and need help to learn more adaptable problem-solving or communication skills.
2. **"I'll deal with it later."** This type of what-the-heck attitude is a surefire way to increase debt, thus increasing the pressure to earn more, spend less, and on and on. Often, people either adopt this type of fatalistic attitude because they feel incapable of making changes. The fact is, it is never too late to make changes, whether it be about how you spend money, discuss issues with your spouse, or any of the other problems you will tackle in life.
3. **"Hi. My name is \_\_\_\_\_ and I am a shopaholic."** Is the desire to spend beyond your control? The obvious addictions of shopaholicism, porn, internet, gambling and/or drugs are well-known ways to eat up huge amounts of money and destroy relationships and lives in the process.
4. **"Till debt do us part."** When we marry, we enter into a relationship that, through combined efforts, can create wealth or a financial hell-on-earth. Keeping secrets about how money is spent, or earned, can create havoc and erode trust at home. Familial attitudes about money that are brought to the beginnings of a marriage can be a contributing factor too. People differ in their attitudes about budgets, investment style, insurance needs, standard of living, vacations, hobbies, etc. It is important to choose someone from the outset whose values are in sync with yours, or, at the least, have regular discussions about financial priorities and decisions.
5. **Not planning for major purchases or choosing impulsively.** Washing machines, refrigerators, and all major appliances eventually roll over and die. The same could be said about cars. Replacing these items is costly and sometimes our emotions take over what could be a rational process. We may feel a sense of entitlement where "only the

best will do.” Or, our good judgment may be clouded by having to buy the same product a friend or relative just purchased, even if we can’t afford it without great hardship.

6. **Bailing out grown children or other family members.** Parents might do this because a) they feel obligated to, b) they are trying to prevent some sort of catastrophe, or c) they get a kick out of stepping up to control your adult child’s life. However, be aware when you do this you are reinforcing your child’s failure to function as an adult and you are creating a false security that Mom and Dad will always be there to rescue them. Someday you won’t, and they will be older and possibly not wiser. Save your money for your own retirement and teach them how to fish rather than giving them a fish.
7. **It’s not just a river in Egypt.** Do you ignore the warning signs that you have too much debt? Do you only make minimum payments, incur late charges, or not know the total amount of your debts with their corresponding interest rates? Your head-in-the-sand approach is probably costing you more money because, out of your fears about knowing and looking, you may be missing opportunities to undo the damage, or at least do damage control. Once you take the time to know what you are dealing with, it will be scary but you can adopt a plan of action to curtail new spending, take steps with creditors, pay bills on time to avoid those deathly default rates, etc.
8. **“I’m going to win Lotto.”** Having dreams is a fun thing but if your solution to money stress is to score big at Lotto, you might be living in Fantasyland. The reality is that most of us will have to work until we get to retire, and only a tiny percentage of people ever win lotteries. It’s far better to use your wits to plan soundly towards making your retirement dream comfortable. You’ll probably come out ahead anyway, by being a tortoise rather than the hare, since most Lotto winners have lost their winnings within the first five years.
9. **Letting money “burn a hole in your pocket.”** Having money in the pocket is comforting to most people, but for others, it’s an itch that can only get scratched if they are able to spend. Before you spend your tax return money, holiday bonus, or recycling can money, consider letting it “cool off” for awhile, safely parked in a savings account that’s difficult to access. Adopt a time frame where you choose to do nothing. You might find that you actually like saving.