



What Will You Splurge On?

Money splurges, big or small, can be guilt-ridden affairs, especially when they happen impulsively, or fall outside “the spending plan”. But nearly everybody splurges from time to time. Here are some tips on how you can indulge guilt free while building and maintaining your wealth.

“I paid too much for it, but it’s worth it.” – Samuel Goldwyn

Who hasn’t felt that way about a purchase from time to time? When it comes to being in control of money and sticking to a pre-set spending plan, most people feel that splurging is a bad thing.

However, according to Harvard Business School researchers Anat Keinan and Ran Kivetz, splurges are actually good for our mental health for a couple of reasons. Polling both college students and alumni about spring breaks, they found that regret about not having spent more money or traveling increased over time, while regrets about not studying or saving money during the breaks decreased over time. They also found that business people showed a similar pattern when considering their past choices between work and pleasure. Those who continually kept their noses to the grindstone ended up feeling like they’d missed out on the pleasures of life. Those who indulged had some excellent memories to look back on, and perhaps a terrific coat in their closet or TV in their living room.

Given the results of the research, as well as the real-life experience of 99% of the population, it appears that splurging is a part of the human condition that we should embrace, if not with open arms then at least a friendly handshake. So how do you make friends with the urge to spend without letting that impulse run rampant?

The first step is to be very clear about your personal goals and values. If you value education then shelling out for a course might be exactly the right kind of splurge. If you know you are going to be renovating your house, you may opt for a good collection of power tools. These are the kind of splurges that are better seen as investments because they hold their value and support your lifestyle.

The next step is to recognize that you have the ability to control every dollar that leaves your wallet. You can get started on that road by making a written note of every purchase you make for a period of at least 30 days. Do this not to judge them, but to see what your true spending patterns are. You might spend \$3 a day on a coffee and donut with the gang every morning and actually value the

time spent with friends more than the donut. Now it is up to you how much of a splurge you want to make. Perhaps there's a larger purchase you've been putting off for "someday when I have money" and you can use that extra \$3 a day for your purchase fund. Alternately, maybe you'll decide to save your change just for "guilt-free" coffee and donuts. The choice is yours.

A delayed splurge is also just as fun. While saving for the big spend, you'll want to become an informed shopper, and by keeping a shopping list of items you would like to splurge on or that you plan to splurge on, you will be gathering information about price and value. Your 'shopping list' that you create while you're out and about, but not really spending the money, then becomes a tool to help you set goals and prioritize your splurges.

To enjoy your splurge guilt free, it's always best to use cash whether you are enjoying a small splurge (like a mocha frappuccino with whipped cream and chocolate sprinkles) or a large splurge like a last minute trip to Hawaii – there are no rules that forbid paying for your airline ticket with cash. Not only does this practice keep the splurge in real time so there is no 'buyer's remorse' when the credit card statement comes in, but the simple act of handing over a fistful of dollars will totally reinforce the feeling of abundance and control of your money.

If you absolutely have to use a credit or debit card for your splurge then be mindful of the value you receive for your splurge, both now and over time and pay the bill with gratitude when it comes into your mailbox. Gratitude, not guilt, is the overriding factor when we are spending for pleasure.

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