



Steps to Overcoming Compulsive and Impulsive Spending

What is Compulsive Spending?

Compulsive spending can be defined as excessive and out of control spending habits. A compulsive spender continues to spend and shop in the face of adverse consequences. Sometimes referred to as "shopoholism", compulsive shopping can create massive financial, marital, legal and family problems. These consequences can be identical in nature to the consequences created from a drug addiction or alcoholism.

Americans are daily bombarded by advertising messages that attempt to entice us to indulge ourselves with whatever product is being sold. Advertisers play on the insecurities of consumers and give us infinite ways their products will satisfy our needs and dissatisfactions. Consumers in turn can often go out and "spend with a vengeance."

When people do not feel confident in themselves and/or have very low self-esteem, they may look to factors outside themselves as sources of value. Compulsive spending can be a means by which people fill the vacuum in the heart that should be filled with a sense of personal acceptance.

According to the Illinois Institute for Addiction Recovery, four or more of the following money habits indicates a problem with shopping or spending:

- Shopping or spending money as a result of being disappointed, angry or scared.
- Shopping/spending habits causing emotional distress or chaos in one's life.
- Having arguments with others regarding shopping or spending habits.
- Feeling lost without credit cards.
- Buying items on credit that would not be bought with cash.
- Spending money causes a rush of euphoria and anxiety at the same time.
- Spending or shopping feels like a reckless or forbidden act.
- Feeling guilty, ashamed, embarrassed or confused after shopping or spending money.
- Many purchases are never used.
- Lying to others about what was bought or how much money was spent.
- Thinking excessively about money.
- Spending a lot of time juggling accounts and bills to accommodate spending.
- Feeling of powerlessness and helplessness to overcome the compulsion to spend.

What Can I do to Control Compulsive Spending?

Here are six steps you can take now to help to put a stop to compulsive spending:

1. **Cut up your credit cards.** Do it today. Don't say, "But I need them for an emergency." "But I get cash back." "But they're convenient." If you have a problem with compulsive spending, destroy your credit cards *now*. Don't record the card numbers "just in case," get rid of the credit cards completely. (Do not cancel your accounts, however, until you've paid everything you owe.)

2. **Only use cash.** Don't use your checkbook. Don't use your debit card. Inconvenient? Absolutely, but that's the point. If you're a compulsive spender, your goal is to break the habit. To do this, you've got to change your spending patterns. You've also got to begin to make the connection between buying something and actually spending money. Credit cards (and to some degree - checks) don't make this connection as well as cash.

3. **Track every dollar of spending.** Most of the time we're not aware of how much we spend. Lunch every day at the office. Buying coffee at our favorite coffee shop. How much could that possibly cost? (Probably over \$1,000/year.) Once we begin to track our spending, we are amazed at both the cost and our spending patterns. Once we know the patterns, then we are able to act to change them.

4. **Learn to budget.** Once spending has been brought under control, determine how much needs to be spent each month in every area of the budget and stick to the budget. For some people, money can be an emotional issue. For most of us money is more about what's in our minds than it is about math. To help, it can be useful to discipline our mind. What does this mean?
 - Use the 3 day-rule (below) to control impulse spending.
 - Ask yourself: "Is this a want or a need?" Try to focus on purchasing only what you need.
 - Whenever you buy something, train yourself to set aside a set percentage of the purchase as savings.
 - *Establish a "want-to-buy" list.* Then wait seven days and find two additional prices for the same item. If there is still a need or want for the item after a week, go ahead and buy it. Nevertheless, keep only one item on the "want-to-buy" list at a time.

5. **Avoid temptation.** The best way for me to avoid spending money on my favorite items is to stay out of the stores. If your weakness is cars, stay out of the dealerships. If you tend to spend money at big department stores, then stay out of them. Avoid the places where you normally spend.

6. **Be accountable** to someone for a period of time. *"Two are better than one... if either of them falls, the one will lift up his companion."*

Finally, consider seeking professional help. There is no shame getting quality financial counseling for problems that seem bigger than you.

What is Impulse Spending?

Impulse buying of items or purchasing items that a person cannot afford calls into question one's ability, or desire, to wait to supply those needs.

Although self-discipline is the best way to control spending, too many people are caught in a cycle of impulsive spending that seems to have a life of its own.

Impulsive buyers buy on a whim, make unplanned purchases, usually lack self-control in buying situations, and lack clear priorities in spending, which results in overspending, unnecessary additional debt, unused articles, and family arguments.

Most impulsive spenders sabotage their own prosperity with the "I want it now" syndrome, which is characterized by spending beyond their incomes. This in turn leads to persistent fear, unremitting debt, and depression and feeds into a downward cycle of worry, low self-esteem, the need for the instant gratification of impulsive spending, deepening debts, more worry, more spending...

What Can I do to Help Control Impulse Spending?

1. **Never buy on impulse.** Do not buy anything that is over \$10 that is not budgeted. Just because you feel you might be able to afford it does not mean you have to buy it.
2. **Get two or three prices** on anything before you buy it (for many products, the Internet makes it easy to "shop around").
3. Use the **Three Day Rule**: "Sleep on" the purchase decision for three days or more. If the impulse still exists, then continue down this list.
4. **Pay your credit cards off every month.** The very first month you have a credit card bill that you cannot pay in full, destroy the credit card.
5. **Recognize impulses** as they arise. Tolerate the impulses without acting on them
6. **Find healthier ways** to meet emotional needs

When you do go shopping, use these techniques:

1. Always shop with a prepared list.
2. Take only enough money for items on your list, and use only cash.
3. Avoid shopping alone or with persons who encourage you to buy things when you're shopping with them.
4. When facing a buying decision involving two or more choices, discipline yourself to buy only one, no matter how much you like all the options.
5. If you purchase something you do not like or that is unsuitable, take it back immediately.
6. Always show your family your purchases. Avoid hiding any items you buy (except gifts).
7. To help you avoid impulsive buying, set a shopping schedule and do not deviate from it.
8. Join a support group in your community or online.
9. Begin a bill reduction program. Set a goal of paying off all your debts by a certain date.

Discipline is the key to controlling impulse buying for the long term. *"By what one is overcome, by this he is enslaved"*.

