



Impulse Buying

Dear Dr. Per Cap:

How can I control my spending? Last week I blew \$300 on Amazon and now I feel horrible. That's money I need to pay rent.

Signed,

Impulsive

Dear Impulsive

I'm really sorry to hear about your rent money. Here are some ideas and tips to better manage your spending.

Many personal finance wonks recommend taking a moment before making a purchase to ask the question: Is this a want or a need? The logic being that quite often we don't need the stuff we buy so eliminating wants is half the battle. This is a good first step but I challenge you to dig deeper to get in touch with what really drives your overspending. In doing so, ask these questions.

- Why am I here?
- How do I feel?
- Do I need this?
- What if I wait?
- How will I pay for it?
- Where will I put it?

These questions will create space between the impulse and the action. If you can answer these six questions to your satisfaction then it's probably not an impulsive or compulsive purchase.

Impulsive purchases are best described as when the desire for a product outweighs our willpower to resist. It's usually a reaction to a trigger; like seeing an online ad for a nice pair of shoes or catching a whiff of delicious aromas while walking past an Indian taco stand. You know what I'm talking about.

A compulsive purchase, on the other hand, is often linked to a psychological disorder in which an extremely powerful urge to buy cannot be controlled. Like my aunt who once bought every pack of AAA batteries on the rack because That's just it, she didn't know why. Compulsive behavior is much

harder to reign in than impulsive behavior but fortunately much less common. Like I said, dig deep. It all starts with wants and needs.

Ask Dr. Per Cap is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit www.firstnations.org. To send a question to Dr. Per Cap, email askdrpercap@firstnations.org.