



# Understanding Your Spending and Financial Behaviors

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# Why Do We Buy?



- For most people, spending money is just something we do without real thought as to what we're buying and why.
- There are many factors that play a role in our spending and the more aware we become, the more cautious we can be with our finances.

# Spender Personality

- Spending can bring us satisfaction and gratification.
- Frequent spending can lead to financial ruin.
- Ways to curb your frequent spending:
  - Ask yourself, is this necessary? Can I live without it?
  - Withdraw cash to make purchases
  - Prioritize saving
  - Look ahead



# Spending Habits

- Spending behaviors are developed over time which become spending habits that are now second-hand nature to us.
- There are surely some good spending habits such as paying bills on time and saving, but there are also bad spending habits.
- Sometimes these habits are developed when we're in a thriving state with our personal finances, but when things change, those same habits aren't sustainable anymore.
- Track your habit based spending and try limiting these purchases. You will see a large difference in your bank account when you eliminate unnecessary purchases.

# Spending Habits



- Common bad spending habits:
  - Buying coffee everyday
  - Weekday lunches
  - Clothes shopping
  - Unnecessary subscriptions
  - Late fees

# Spending Triggers

- Spending triggers are based off our emotions.
- Typically spending triggers encourage us to spend money to magnify or replace an emotion we're feeling, whether good or bad.
  - Retail therapy
  - Shopping when bored
- Try to find a healthier alternative.



# The Power of Credit



- The power of using credit has a major influence on peoples spending.
- Using a credit card removes that awareness and increases the likelihood that you will overspend.
- Practice using a cash only lifestyle. You'll find yourself spending more mindfully and aware of your purchase avoiding any unnecessary extra expenses.

# Peer Pressure

- A very influential component in understanding how and why we spend money is the peer pressure we face from our friends and family circles.
- Trying to keep up can lead to going off budget, getting into debt and preventing yourself from reaching your financial goals.
- Be honest with yourself and your circle of friends and family.





# Just Don't Do It



- Marketing and advertising plays a significant role in what we purchase.
- Advertisements can be dangerous as they pull on our emotional strings trying to influence our purchasing behavior.
- Be more aware of these ads and see through the marketing, determining if this product is right for you

# Becoming A More Aware Consumer

- The reasons you spend money are specific to you.
- Ask yourself these questions:
  - Do I need this?
  - What financial impact will it have?
  - Do I already have something like this?
  - Is this within my budget?
- We're in charge of our finances and the more we can get control of spending, the more financially stable we will be.





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