How to trick yourself into saving money

Impulse purchases and buyer's remorse often go hand in hand, but if you take a week (or a month) to reflect on your spending, you could see a noticeable boost in the funds accumulating in your savings account. Enter, the Seven-day Rule.

Don't reply to text messages after you've had a glass of wine and take a deep breath before confronting someone when you're upset. These are both common social strategies relied upon to make you think – with reflection and clarity – before making a rash decision that could cost you something you value. Think of the 'Seven-day Rule' as the financial equivalent of pressing pause on your reply, or putting your phone down before hitting send.

Impulse purchases

Most of us have been in a situation where we spot something shiny and expensive that we'd really like to have: a new phone, some make-up, an expensive outfit, or maybe a new pair of skis. In these impulse situations we often spend money based on emotions, rather than our budgeting goals. We get swept up in the excitement of having a new toy.

Many of us go ahead and make the purchase. In fact, 84% of all shoppers have made impulse purchases, with this equating to almost 40 % of all money spent on e-commerce[1]. Research also shows that about half of us regret the purchase almost as soon as we've made it[2].

Delay gratification

The goal of the 'Seven-day Rule' is to stop impulse purchasing and give yourself a 'cooling-off' period to think about how much joy the item will bring to your life. You're not denying yourself – you're just delaying the potential gratification.

The idea is surprisingly simple: If you see something you want to buy, but haven't budgeted for it, walk away for a week.

Over this time, ask yourself if you really need the item. If, after seven days, the answer is yes, you can go back and buy it. If you've forgotten about it, then your time away from the stores has saved you from facing buyer's remorse.

Cooling-off period

When you've put the item back on the shelf (or closed that online shopping browser), do a few things:

- Write what you want to buy on a piece of paper, along with the price, date and store name.
- Stick the note on your fridge, so you can re-address it in a week.
- Do some further research online – chances are you can find significant discounts or better models elsewhere.
- You could then consider transferring the cost of the item from your everyday bank account to your savings account.
- Do you really want to buy that jacket in a week and spend money that is now going toward a larger savings goal, like purchasing a new car?

The '30-day rule'

The Seven-day Rule concept won't work for every purchase you make, so set yourself a financial hurdle – say, walk away if the item in question costs more than $100. Then make this hurdle scalable: if your potential purchase is $300 or more, elevate the cooling-off period to 30 days.

Giving yourself a month to evaluate your spend also means you have the time to set yourself a financial challenge. Say you have your heart set on a pair of shoes that costs $350. Rather than taking the money from your savings account, why not see if you can save that amount from scratch?

Source: AMP

To find out more about budgeting and how we can help, please contact Shaun or Vicky a call at Evans Edwards Financial Advisors | Wealth Creators on **4927 4588**.

We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.

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