

## Spending Decisions

It's common for adults in the family to keep some control over children's money until they are around 18 years old. Sometimes if you receive a money as a gift, you are only able to spend a certain portion of it on a toy or game.

Can you think of a time that you decided not to buy something and save your money instead? Perhaps one of your friends asked your opinion about whether they should buy something. We all have decisions to make when it comes to money.

There are several factors that impact your decisions. Here are a few examples:



**Emotions:** Sometimes we get an inner feeling, called an urge, to go shopping and spend our money. Next time this happens to you, just take some of your money so you don't spend it all!

**Friends:** It's easy to feel influenced by others, especially your friends. If absolutely everybody has something, you don't want to feel left out and want it too! Or, maybe they constantly want to go out to dinner, but you know you shouldn't spend the money to do this repeatedly. It's hard to say no to friends at times.

**Routine/Habits:** It's also easy to fall into a habit of continuing to buy something just because we have all the earlier versions of it or because it's just something you do repeatedly. A good example of this may be paying for an online subscription that you don't really use anymore.

**Family:** Maybe someone in your family encouraged you to purchase something because they really liked it.

**Latest trends:** It can be fun to stay up-to-date with the latest trends or releases. However, it's common for items to cost more money when they are first available for purchase. Wait a bit and you might be able to catch it on sale or at a discount.

**Advertising:** There are two main points to advertising - 1) to tell you about a product/service and 2) to encourage you to buy the product/service. Advertising professionals are trained to say the right things and show the right images that influence or persuade you to act. Be careful!

**Incentives:** When items are discounted or on sale, it's an incentive for you to purchase. It's a great feel when you get good deal. But, once again, did you really *need* the item or merely *want* it?

**Determination:** Sometimes we know exactly what we want when we see it, and there is hardly anything that is going to stop us from purchasing that item! This is especially true if you have been saving for a long time.

Now that we have looked at the factors that influence our decisions, let's take a look at a few steps you can take to make good money decisions.

1. **Stop and think.** Before you make a purchasing decision, step away and think about it for a bit. It's always a good idea to wait for a few days. Then you can decide if the item is something you really want.
2. **Opportunity cost.** Think of opportunity cost as what you are giving up by making this purchase. Perhaps you are using everything in your piggy bank and it will take you a long time to be able to save the same amount of money.
3. **Affordability.** Can you afford the item or is it going to really stretch the amount of money you have? If it is going to take almost all of the money you have, then perhaps it is a good idea to wait a few days and rethink the purchase. Maybe you can wait for the item to go on sale. Or another option might come along down the road.

Instant gratification influences a lot of purchasing decisions. Technology has enabled us to purchase items almost anywhere at any given time. Now, more than ever, it's important to begin practicing delaying a purchase for a few days while you decide if you really and truly want the item.

After all, it's your money. It's a good idea to start controlling it.

