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Know why you spend and you'll spend less

By Brad Klontz

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It's the season to overspend. We know better, but we just can't seem to help it. But responsible financial behavior is no mystery. We all know we shouldn't spend more than we make and we need to save for the future. However, this knowledge is not enough to make the average American do the right thing when it comes to money, and things are just getting worse.

Credit-card debt averages more than \$9,000 per household, and Americans saved a negative 0.5 percent of their income last year. We haven't had a savings rate that low since the Great Depression!

Although we are the wealthiest country in the world, a survey by the American Psychological Association found that two-thirds of us identify money as the No. 1 stressor in our lives. This stress comes at a cost that goes way beyond the money. Financial distress is linked to relationship problems, anxiety, depression, low self-esteem, work problems and health issues.

Unfortunately we engage in some of our most destructive financial behaviors during the holiday season. In the coming weeks, Americans will make one-third of their yearly purchases and spend months trying to pay the bill.

A survey of 895 respondents by the Consolidated Credit Counseling Services last month found that 44 percent of those surveyed were still paying off their debt from last year's holiday spending. If we are not careful, we will receive the unwelcome gift of the holiday hangover in January when we start opening our credit-card bills.

It feels great to give gifts to others. But if you are spending more than is reasonable for the holidays (e.g. buying things you don't have the money in your bank account to cover, or spending money earmarked for necessities) you are hurting yourself, your children and your family's future.

If you are feeling compelled to spend more money than you planned on gifts this holiday season, take some time to examine your beliefs about money. I refer to these as "money script" in my book, *The Financial Wisdom of Ebenezer Scrooge: 5 Principles to Transform Your Relationship with Money*.

Money scripts are those unconscious and often self-limiting beliefs about money we learn early in life that drive our financial behaviors. Many who overspend have money scripts like:

- "Spend it while you got it,"
- "I will never have enough money no matter what I do, so I might as well have fun now,"
- "I deserve to spend money, and my family deserves to have nice things whether we can afford it or not," or
- "You show your love for others by buying them expensive gifts."

These types of money scripts, when left unexamined, can lead to significant overspending during the holiday season and other self-destructive financial behaviors throughout the year.

We come by our distorted beliefs about money honestly. So, begin your holiday shopping by making a different kind of list. Write down all your beliefs about giving gifts. Spend some time examining what you have written and where you might have received these messages. Knowing what your money scripts are and where they come from can help loosen their grip on your life and enable you to make healthy choices around spending.

If you recognize that you need to change your spending habits, don't wait until you have grown your debt by several hundreds or thousands of dollars this holiday season.

Take an important step in changing your relationship with money by making your thinking about money conscious. Set a reasonable spending limit this holiday season and avoid the holiday hangover. When the vacation's over, the toys are broken, and you open your mail in January, you will be happy you did.

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