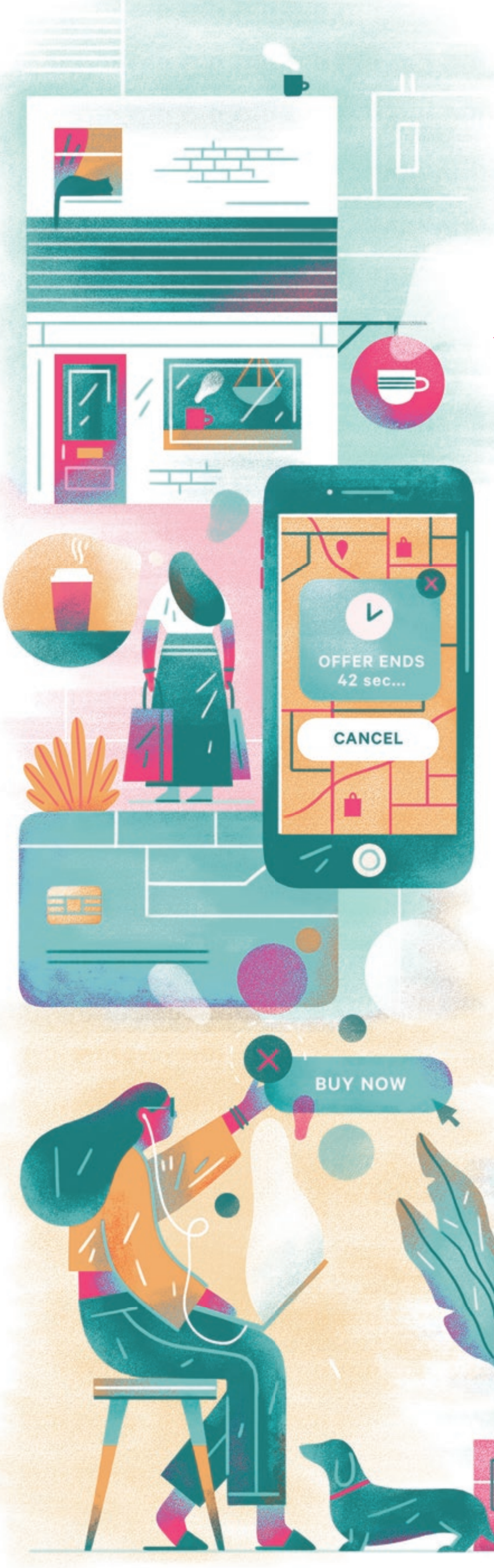

Master the art of slow spending

WORDS Amy Bonifas ILLUSTRATION Brad Cuzen

WITH MANY OF US applying the art of mindfulness in other areas of our lives, here's why we should be spending – and saving – more consciously, too...

On any given day, you're likely to be bombarded with many triggers to spend money. Whether it's an inbox overflowing with discount codes and special offers, targeted adverts on social media, or even the aroma of freshly brewed coffee on your morning commute – there are so many daily temptations to reach for your wallet.

And with contactless payment cards and one-click online purchasing, it has never been quicker or easier to give in to temptation to splash the cash. But fast-paced buying decisions are seldom in the interest of our long-term financial success.

They certainly won't help reverse our poor savings habits. In the UK, a surprising 57% of us have less than £5,000 in cash savings, according to the Financial Conduct Authority's most recent *Financial Lives Survey*.

Psychologists and money experts suggest that a 'slow spending' revolution could be the key to transforming our fortunes. You're probably already familiar with the concept of mindfulness to manage difficult emotions and stress. The same techniques can be applied to make better financial decisions; by becoming more aware of what's driving your actions.

Source: Financial Lives Survey 2017, Financial Conduct Authority

The psychology of spending

In the short term at least, shopping makes us feel good (hence the phrase, "retail therapy"). Research shows that contemplating a much-coveted purchase releases the so-called happy chemical, dopamine, in the brain.

Dr Thomas Richardson, Principal Clinical Psychologist at Solent NHS Trust, has researched spending patterns among people with bipolar disorder. Compulsive buying is a recognised symptom that is often experienced by people living with the mental health condition; but Richardson believes that to a lesser extent we are all susceptible to mood fluctuations that can influence our spending patterns.

"If you receive good news, you might want to celebrate by buying a round of drinks. Or if you're feeling down, you might 'comfort spend'. Similarly, if you're feeling anxious, you might bury your head in the sand and procrastinate over difficult financial decisions, which in the long run might make matters worse," he says.

How to be mindful with money

Retailers strive to make the buying process as fast and frictionless as possible, as the longer we dwell on a purchase the more time we have to change our minds. Some websites pile on pressure with time-limited offers, countdown timers at the check-out and pop-ups that tell us how many people are trying to book the very hotel room we are looking at, or how few tickets are left for a concert. These tactics can encourage us to behave irrationally.

"For anyone who is prone to impulsive spending, not giving in to it is really about putting as much time and distance between the urge to spend and the ability to do so. This is known as 'urge surfing'," says Richardson.

"If you have an urge to spend, or any other kind of compulsion, sit on it long enough and it will decrease," he says.

This is where technology can help. Add the Icebox app to internet browser Chrome and it allows you to place a cooling-off period on your purchases when you're shopping online. When you click on "buy", your items will sit in your online basket for the pre-determined period you have set and you won't be able to complete your purchase until that time has elapsed.

Simonne Gnessen, an author and money coach at Wise Monkey Financial Coaching, suggests similar techniques to her clients who struggle with overspending.

"I talk to clients about widening the gap between stimulus and response, so that emotions don't take over. I advise them to remove their credit card details from websites and to unsubscribe from receiving companies' marketing emails."

Tips for saving

When it comes to spending less and saving more, reframing language is important, says Gnessen.

"Rather than calling it a 'budget', which implies restrictions, I prefer to talk about a 'spending plan', which is more positive."

Similarly, Gnessen believes the word "pension" is off-putting for many people. "I tell clients to think of it as a gift to their future self."

Using budgeting apps – like Yolt, Mint and the many alternatives offered by high street banks – can help you to categorise your spending and see where to cut back, says money and mental health journalist Leah Milner.

She says: "Finding out just how much money you spend on Ubers, takeaway coffees or meals out can be a huge wake-up call. Of course, you don't have to cut out all the luxuries you enjoy, but by reining them in even just a little, you will be surprised how quickly you can build up a rainy-day fund."

When it's put like that, perhaps that daily flat white isn't essential after all...

THE RIGHT PLAN FOR YOU

There are many savings plans to suit different needs, depending on your life stage. Here are three...

IF YOU'RE SETTLING DOWN

When you need to be able to access your money easily and quickly, an Individual Savings Account (ISA) could be a good option. ISAs allow you to save cash or invest in stocks and shares without paying tax on your returns.

IF YOU HAVE KIDS

Consider opening a Junior ISA for your child, who will be able to access the money once they are 18 years old. Relatives can contribute, too.

IF YOU'RE PLANNING RETIREMENT

A pension is typically the best way to save for later life and the earlier you start, the better. You'll receive tax relief on your contributions, making your savings go further. Also, make full use of your workplace pension scheme to ensure you take advantage of the contributions your employer makes on your behalf.

VITALITY BENEFIT

Looking for a new way to invest to help you save sooner, more and for longer?

Turn to p41 for more about Vitality investments