



COMPULSIVE BUYING CAN WRECK FINANCES AND RUIN LIVES *How to Recognize the Problem and Start Gaining Control of Obsessive Spending*

ENGLEWOOD, COLORADO—For most people, a trip to the mall is a harmless excursion. But for an estimated 2 percent to 8 percent of U.S. adults afflicted with “compulsive buying disorder,”¹ overspending at the mall, shopping online or even bargain hunting at a backyard garage sale is an addiction with serious financial and emotional consequences.

“Compulsive buying disorder is not unlike an alcohol, gambling or other addiction,” says Ted Beck, president and CEO of the Colorado-based National Endowment for Financial Education® (NEFE®). “When shopping and spending spin out of control, relationships can be destroyed and financial well-being torpedoed.” NEFE is an independent, nonprofit foundation committed to educating Americans about personal finance and empowering them to make positive and sound decisions to reach financial goals.

The difference between a shopper who jokes about “retail therapy” and the individual for whom shopping has become destructive is one of degree, experts say. “Compulsive buying disorder basically is a preoccupation with shopping for unneeded items and the inability to resist purchasing such items,” Beck explains. “Often, the individual gets an emotional ‘high’ from spending, only to feel guilty and depressed afterwards.”

To determine if you are a shopper who simply enjoys the activity, or are addicted to spending in a way that interferes with your life, ask yourself the following questions:²

- Do you buy things you want, whether or not you can afford them at the moment?
- Do you buy things to cheer yourself up or to reward yourself?
- Do you struggle paying your bills because you always seem to be living on the edge financially?
- Do you tend to keep buying more of your favorite things even if you don’t have a specific need for them?

- If you have to put off buying something you really want, do you feel intensely deprived, angry or upset?

If you answered yes to several of these questions and are concerned that you may have a buying disorder, you may want to consider seeking professional help. Individual or group therapy often helps treat this problem and teaches individuals how they can develop healthier shopping habits. If your spending has gotten you into serious debt, Debtors Anonymous is one organization that provides help and support for free. However, there also are steps one can take on his or her own to start gaining control of obsessive spending. Beck offers the following tips on how to implement and maintain constructive financial behaviors:

1. Acknowledge the problem. Compulsive spenders often lie to their families—and themselves—about their addiction. Talk to a trusted loved one about the problem and enlist his or her support. For example, ask your spouse to go with you to the store and remind you to buy only what's on your shopping list. If you know you still will be tempted to make an unnecessary purchase, make a pact not to get angry if a conflict arises over a desired item.

2. Get a reality check. To get a realistic picture of the extent of your spending, carry a small notebook with you for a month, or even a week. Write down everything you buy. Then, go back and analyze your habits. Do you see repetitive spending for items you don't really need? In addition, take an inventory of your possessions. Do you own items that you've never used? These can serve as clues that you may be overspending.

3. Begin with a single step. Changing behavior is never easy. The idea of overcoming a spending addiction can be so overwhelming that you may be discouraged from taking on the task at all. Instead, think of recovering from a compulsive buying disorder as a process that is undergone one step at a time. Congratulate yourself for each accomplishment, and don't beat yourself up if your progress is slower than you would like or you have occasional relapses. "You don't have to do everything perfectly or at once," Beck says. "Victories often can be defined modestly, giving you self-confidence to continue working toward the goal of a healthy financial future."

4. Examine the past for insights to the future. Think about how you've misspent money up until now and some of the emotional reasons why you might have developed this unhealthy behavior. Next, imagine the financial shape you'll be in 10 years from now if you continue doing the same things. Use that mental picture as motivation to take action.

5. Have financial goals. Write down the most important financial goals that you want to achieve for yourself and your family. Keep the list prominently displayed in your wallet so you will see it every time you remove money or a credit card. Before you spend, think about what you are giving up in terms of reaching your goals.

6. Distinguish between wants and needs. Needs are basic to survival—e.g., food, shelter and clothing—while wants are optional. For example, do you actually *need* five pairs of black shoes or just want them? Try to put your emphasis on real needs rather than temporary wants. A monthly spending and savings plan can help you stay focused on appropriate spending.

7. Take responsibility for your debts. If you've run up credit card debt because of compulsive buying, acknowledge the problem and take steps to repay your obligations. Call your creditors and set up a repayment plan, or work through a nonprofit debt counseling service to negotiate a repayment schedule. You might consider taking a second job to pay your debts, but only if you will use the extra money for debt repayment and not as a green light for more spending. Think twice before you jeopardize your future security by borrowing from retirement accounts, refinancing your home or taking out a home-equity loan to repay debts.

8. Limit your access to money. “Sometimes the best way to curb bad financial habits is to set up roadblocks to help deter the compulsion,” Beck says. For example, have your paycheck deposited directly into the bank rather than cashing it. Consider limiting your access to the money even further by putting it into a separate account in the name of your spouse or other trusted loved one. You also might put yourself on a small weekly cash allowance. Another option is to cut up your credit cards and close the accounts to prevent yourself from racking up more debt. Or, keep just one credit card for emergencies and leave it at home when you go to the store or run errands. Ask someone else in the family to pay household bills so you won't be tempted to spend money on compulsive purchases.

9. Find healthy substitutes. When the buying compulsion hits, experiment with healthier alternatives. For example, declare a “mall-free” weekend and plan a hike with the family instead. Go for a bike ride, dig in the garden, visit the library, volunteer at a community center ... you decide what works best for you.

10. Resist “buy” messages. Advertisers spend millions of dollars researching ways to get us to buy by appealing to deep-seated desires for freedom, status, acceptance and other rewards. We're constantly bombarded with emotionally charged images of wealth and extravagance that imply success or spark envy. “The more you recognize advertising for what it is—an attempt to manipulate behavior—the better you'll be able to resist the message of ‘buy, buy, buy,’” Beck says. If it's difficult to ignore advertising, turn off or mute the television during commercials, and throw away mail-order catalogs and newspaper advertising inserts without looking at them. Avoid TV shopping channels and Internet retail sites.

As you recover from compulsive buying, a positive reward awaits you—the satisfaction gained from simple living. Remember the inventory of your possessions? Donate or sell items that you don't use. Clear the clutter from your home and consider how less “stuff”

can help the environment. “Everyone wants a rewarding, balanced life,” Beck says. “The path to recovery from compulsive buying will help you find that balance.”

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1 RJ Faber and TC O’Guinn, “A Clinical Screener for Compulsive Buying,” *J Consumer Research* 19, pp. 459-469, 1992.

2 Olivia Mellan with Sherry Christie, “Overcoming Overspending: A Winning Plan for Spenders and Their Partners,” Barnes and Noble Books, revised and updated, 2004.

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