



COVID Change How You Think About Spending?

Four simple steps to align your spending with exactly what you value

The COVID-19 pandemic has reshaped our lives in unprecedented ways, forcing us to stay at home more, adjust our spending habits and even reevaluate our retirement hopes and dreams.

And as we enter the dog days of August when we would normally be preparing for kids to go back to school, we're reminded that many of our schools are still closed and businesses are still shut down – bringing untold financial stress to millions of Americans.

But let's take a moment and examine how COVID has changed our relationship with spending money. And imbedded in our answer lies the often-uncomfortable topic of whether we have a healthy relationship with money or not.

In our quest to understand our relationship with money, we need to be careful that we don't develop a fear of spending. To conquer this unhealthy fear, align your spending with what you value.

Money & Spending Fears

As a financial advisor, I cannot emphasize enough the importance of saving, but if you cover the basics, like having an emergency fund and saving consistently for retirement, spending money on yourself sometimes is no crime. Ultimately, money is a tool that helps us to do things and enjoy life. There is no reason to deny

yourself happiness because you're paralyzed by money fears.

As long as you are not up to your eyeballs in debt, you can allow yourself a little fun here and there. The key is to do it responsibly by creating a comprehensive financial plan and identifying what truly makes you happy.

If you have a fear of spending, take these following four steps:

Create a Plan

It should outline how much you bring in, your expenses and savings. Knowing what you can afford can alleviate your stress when you're concerned about cost.

Identify Your Values

What makes you the happiest? Money can create happiness if you use it wisely. A general rule of thumb is to choose experiences over things. Material possessions tend to lose their luster shortly after you purchase them, whereas memories of a fun trip with family or friends last for years.

Prioritize Your Spending

What's more important to you? You must prioritize your spending so that you can enjoy your discretionary income fully.

For example, if a vacation with your old friends is your top priority, you can skip a happy hour out with coworkers. Conversely, if building good relationships with coworkers is more important, then allow yourself to spend money on events that bring you closer to your goal.

Spend Your Time

If you can't think of anything you'd rather spend your money on, maybe it's not about the money.

Think about a cause that means a lot to you and offer your time and skills to it. For example, most animal shelters need volunteers to walk dogs or clean up the facilities, and other causes might need your help to fundraise. Be open to whatever they want you to do.

Sometimes, what makes you happy costs very little, but sometimes, you have to spend more to realize your goals.

By determining what is important to you, you can enjoy life and take care of your future at the same time.