

WHAT'S YOUR SPENDING STYLE?



We are all different when it comes to managing our personal finances. IWONA TOKC-WILDE finds out what triggers cause us to part with our cash to see if you can curb your natural instincts – and save yourself some money too!

When it comes to money, most of us don't always make decisions based on our bank balance. In fact, our approach to spending and saving is often emotional rather than rational. So what gives one person the urge to splurge and makes

another go weak at the knees every time they have to hand over their credit card? Find out which of these five spending types reflects your own traits – and then learn how you can play to your strengths and overcome your weaknesses to improve the state of your finances.

THE SPLURGER

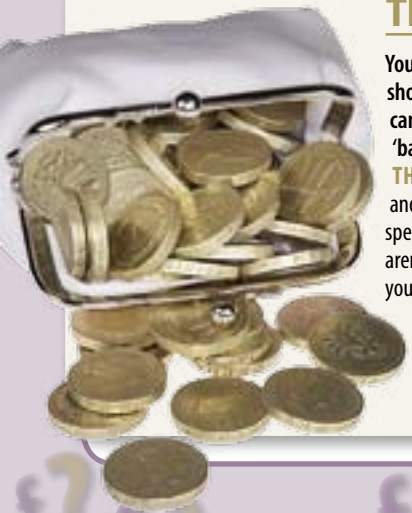
You say no to daily £2.50 shop-bought sandwiches, but can't resist that last-minute 'bargain' holiday to Florida.

THE PROS: You're good at saving and can keep your everyday spending under control. Yet you aren't so tight with money that you can't enjoy spending it.

THE CONS: When you get the itch to indulge, you sabotage your saving efforts by making a purchase that empties your

bank account. Your 'Everyone deserves a treat every now and then' mantra feeds the cycle.

BE MORE SAVVY: "If you know you're likely to blow your savings on indulgent purchases, stop yourself from sabotaging your hard work and lock them away in a fixed-rate savings account," says Tara Evans, of thisismoney.com. "You'll also get a better interest rate – and the longer you fix, the better interest rate you'll get, but beware as if you need to access the cash early, you will pay a penalty."



THE SQUIRREL

You love anything that comes with a BOGOF label and don't think checking your bank statement is a chore – you love knowing how much money you haven't spent. You squirrel your money away and see it as a security against leaner times.

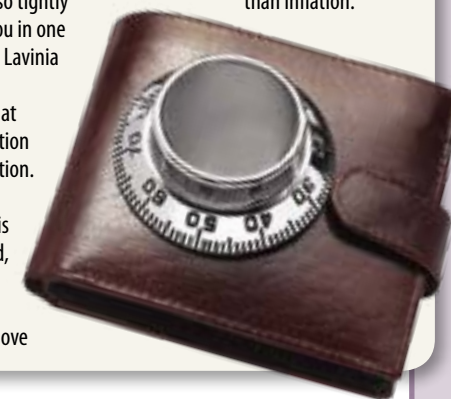
THE PROS: You know how to live within your means. Sticking to a budget is easy and you never waste a penny on credit card interest or overdraft charges. You're a seasoned bargain hunter who can dress and feed the family on a shoestring.

THE CONS: Focusing on a secure tomorrow you often fail to enjoy

today. Your natural caution may see you being a little too conservative with your savings, choosing to put your money in safe but low-interest-paying bank accounts.

BE MORE SAVVY: "Money flows, so don't hold on to it so tightly – it'll come back to you in one form or another," says Lavinia Osbourne, financial empowerment coach at Butterfly Wealth Creation (butterflywealthcreation.com). "One way of ensuring that it does is to use a cashback card, which allows you to earn as you spend." Then indulge in your love

of saving by investing the cashback in a long-term high-interest account. "A great investment for you would be an index-linked account," says Lavinia. "It's low risk but the returns are higher than inflation."



THE BIG SPENDER

Who cares if you have 100 handbags or more gadgets than you actually need? And surely you deserve another holiday whether or not you can afford it. You love showering friends with gifts, but like to show off your gorgeous home and new car even more. If yet another credit card offer comes your way, it would be rude not to accept, after all, they've offered it to you! You feel pleasure when you buy something new and love the glow you get when you give a gift that's appreciated.

THE PROS: You know how to enjoy life and live in the moment. And you know exactly which gift to pick to make each of your friends feel special. In return friends appreciate your kind and thoughtful gifts.

THE CONS: You often overindulge and live beyond your means. The joy of spending hides

the huge pool of credit card debt you're probably hiding from yourself. It's unlikely that you have savings or even give a thought towards your retirement or how on earth you'd cope in a financial emergency.

BE MORE SAVVY: "A price tag can feel like a small price to pay to make your friends and family feel appreciated," says Gill Stephens, savings expert at National Savings & Investments (nsandi.com). "But to ensure you don't end up stretching your finances trying using the four-day rule – if you're about to buy something which isn't a necessity, wait four days to give yourself time to make sure you really want it," says Gill. Ideally aim to pay back all credit card debts by setting yourself repayment goals. Research shows that setting a goal increases your success at paying debt off by 44 per cent. Once debts are under control you can continue to stash away the equivalent amount in a saving account.



THE WORRIER

You lie awake most nights fretting that you won't be able to meet this month's bills. You buy a car, then agonise over the



running costs. Everyone worries about their finances from time to time, but you've made stressing over them an art form, no matter how much money you have.

THE PROS: You never forget to pay those bills or get overdrawn by accident. You know how much you've got at any given time and are more likely than average to avoid money trouble by budgeting and planning for bigger purchases months in advance.

THE CONS: You lack confidence in handling money matters and micromanage every penny – often going over and over your bank balance more than once a day. Having to make financial decisions can paralyse you, even when just choosing a new energy tariff. You take so long to make a decision

that you can miss opportunities in the form of discounts and offers.

BE MORE SAVVY: "Try channeling worry into financial precaution – use it to ensure that you put enough away each month into savings," says Mark Pearson, chairman of discount site MyVoucherCodes.co.uk. "Saving is the best possible way to ease financial worry as it will put your mind at rest if you know you have financial back-up should any unexpected costs crop up." Watching the savings pot grow rather than a bank balance reduce will reset the brain's view of money as a positive rather than negative experience. "Worriers can also channel their tendency to check into finding the best deals for what they need online," Mark adds.

THE MONEY MAVEN

You pay off the balance on your credit card each month and put a percentage of your salary into savings. You research your investment options, but don't lose sleep over whether you've picked the best deal. To you, cash is a practical tool for living.

THE PROS: You save and invest for long-term goals, but also treat yourself without overspending. You're not averse to upgrading your lifestyle but only when your income allows.

THE CONS: You cannot understand why others make such a hash of their finances, as it's something you find so easy. This can make you insensitive to other's situations and a bit of a bore when it comes to lecturing friends or family on what they're doing wrong!

BE MORE SAVVY: "You're financially savvy and you know it! But don't discount advice from others who

may have pointers that could benefit you, too," says Tara Evans. Not keen on discussing your financial affairs with friends? "Go online," says Tara. "There are thousands of forums and social networking groups where like-minded people share ideas about how to maximise their money."

