



Spending Patterns



Did you know that the way you spend money could be genetic? According to Scott Rick, a PhD candidate at Carnegie Mellon University, your spending patterns are largely emotional, and those cues—whether they tell you to fork over the cash or not—come from your brain.

Scott recently participated in a study that compared tightwads with spendthrifts. Which category do you fall in, and more importantly, how do you shake your genes to find a balance?

- You may think it's better to be a tightwad (we're always telling you to save money, right?), but in fact it's best to fall somewhere in the middle. These people tend to be happiest, Scott says.
- If you're a spendthrift and you want to start pulling back, try to pay for everything in cash. Scott and his colleagues found that paying for things upfront, as opposed to using credit, is more painful and will cause you to think twice about your purchases.
- If you have to borrow, it's better to borrow a line of credit instead of using a card. That way, Scott says you can turn that loan into cash and it will disappear at a slower pace.
- If you're a tightwad, it's important to assess what dollar amounts mean to you. Scott found that tightwads were willing to fork over \$5 if it was described as a "small fee" rather than a "fee." How much will \$5 affect your overall financial picture?

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