



FRUGAL FAN:
Randall Eisenberg
shows off his
stack of coupons.

[FIELD GUIDE TO THE TIGHTWAD]

Saving Spree

Money changes everything, except frugality. **By Gail Eisenberg**

SPEND THE DAY running errands with Randall Eisenberg (no relation to me), and there's a good chance you'll find yourself bargain hunting at Loehmann's and picking up discounted Broadway tickets from the box office to avoid processing fees. Along the way, he might purchase a few store-brand items, unless, of course, it's something that goes on his face. For that, you'll go to Bed Bath & Beyond, where Eisenberg has discovered top-of-the-line moisturizers at much cheaper prices than those at Duane Reade. But just how did a 38-year-old single male, pulling in a six-figure salary at CBS, become a tightwad?

"Now it's fashionable to be frugal, but I've been cheap for years! I definitely got it from my mother. She's been looking for bargains my whole life." Scott Rick of the University of Michigan sees several ways parents can influence their children's spending

habits. Scolding children for being wasteful with their allowance can engender guilt. Fighting over household finances can create anxiety about cash reserves.

Though both of Eisenberg's parents grew up poor, Eisenberg senior became a successful lawyer, which allowed him and his coupon-clipping wife to raise Randall (and their thrifty daughter) in an upper-middle class neighborhood in West Bloomfield, Michigan. They also own a condo in Jupiter, Florida.

Income, you see, has no bearing on cheapness. A lawyer making \$500,000 a year is just as likely to be a tightwad as a waiter making \$20,000 a year, says Lauren Weber, cheapskate offspring of an excessively frugal father and author of *In Cheap We Trust*.

Weber believes that a frugal mindset, like many behaviors, is ultimately determined by how one's personality interacts with early formative experiences such as parental influences. George Loewenstein of Carnegie Mellon asserts that spending tendencies are developed early and are difficult to change, similar to other behavioral traits like shyness. Genes may play a role. Those who are more anxiety-prone will likely find reason to worry about money. And one twins study, by Itamar Simonson and Aner Sela of Stanford, found that attitudes toward hedonistic as opposed to utilitarian spending were significantly hereditary.

"I get a feeling in my stomach when I have to spend money on something I don't want to," Eisenberg says. Tightwads feel a "pain of paying" when they open their wallets, but until recently this notion had existed only as a metaphor. Then, in 2007, Loewenstein and collaborators found that the insula, the part of the brain associated with reading signals in the body and generating feelings of distress, was activated after misers were shown an undesirable price.

The pain of paying is most obvious when considering debt. With a balance of a mere \$1,500, Eisenberg calls himself stupid for accruing interest instead of paying off his credit card, and he isn't exactly sure why he hasn't. "Tightwads

“Somebody is just as likely to be a tightwad if they’re making \$20,000 a year or \$500,000.”

are not debt-free but they’re not carrying a lot of debt,” explains Scott Rick. “And it’s somewhat surprising that someone has debt when there’s sufficient income. It’s probably too painful to pay off the larger amount. It’s like pain management.”

Tightwad traits bear a close relationship to the hoarding symptom of OCD. “The fear of discarding because ‘what if I need it someday?’ is not unlike the fear of spending too much money,” says Elias Aboujaoude, director of the Impulse Control Disorders Clinic at Stanford. Furthermore, the *DSM-IV* notes that those with obsessive-compulsive personality disorder believe that spending must be tightly controlled to provide for future catastrophes, a sentiment that Eisenberg expresses: “I definitely feel like I need to save money in case something happens.”

However, Aboujaoude says, patients with OCD are usually aware of how abnormal their symptoms are but can’t help performing their rituals. Tightwads, on the other hand, don’t necessarily see anything wrong with their behavior. Moreover, the frugal are damn proud to tell you how much they saved. Weber first heard the term “price dropping” when her friend, Jack, used it to describe his mother’s boasting about a cheap find.

Saving money is not always about the money. For some it’s about the principle of living within your means. For others, it’s about beating the system: Weber says we are constantly assaulted with messages that say spend money (coupons, TV ads, magazines). “Some feel it’s a David and Goliath fight and you’ve got to use all your wits to beat a system that’s trying to get you to spend money.”

Of course, Freud would write it all off to unresolved potty-training issues—a matter of holding on vs. letting go—and

call it a day.

Nonbuyer beware: Can saving money be too much of a good thing? Anat Keinen of Harvard and Ran Kivetz have reason to think so. The researchers found that tightwads maximize the future instead of enjoying themselves in the present, a phenomenon they call *hyperopia*, a medical term denoting problems associated with farsightedness. “Over time, the subjects felt wistful about not indulging,” Kivetz says. “The key is to think about what you’ll regret in the long term.”

So what *will* Eisenberg spend money on? There’ll be no brown baggin’ it. This

LIVE A LITTLE

Scott Rick and Ran Kivetz offer several ways to help a cheapskate loosen up.

■ **Bundle up.** Partake in bundled goods and services, so consumption can be enjoyed without attending to the costs (e.g., free drinks on a cruise).

■ **Choose plastic.** Use credit card keychains to remove the sensation of handing over cash.

■ **Buy blue.** Go shopping when you’re depressed. People buy more when they’re sad.

■ **Find a use.** Consider the functional capacity of a product to help justify your need for it.

■ **Look ahead.** Consider how you’ll feel in the long term if you don’t indulge. You might regret missing out.

■ **Treat yourself.** Think of a purchase as a reward for excelling at some task.

■ **Warm up.** Pledge to buy something in the future. The more delayed the purchase is, the more time you’ll have to get used to the idea.

miser puts his money where his mouth is. “I don’t skimp on food. I buy good quality fare, and I like to eat out. I also buy high-end electronics like the Blu Ray and the iPhone.”

What explains these exceptions to his behavior? In not-yet-published research, Kivetz and Keinen, along with Oded Netzer of Columbia, discovered a phenomenon they call *the functional alibi*. “People are more likely to spend money on luxuries when they can justify, even on a subconscious level, some functional aspect, even if they never use it,” Kivetz says. “High-tech items are a good example. Good food can even be justified as, ‘Well, I have to eat.’ It’s a way to indulge without guilt.”

And there’s even further proof that Eisenberg has his spending down to a science: “I always look at what’s on sale at stores like Banana Republic. I don’t like to buy things at retail price.” To explain this habit, Kivetz credits the “mental accounting” research of Richard Thaler, an economist at the University of Chicago. “It’s how purchases are placed in different categories. ‘If it’s food, I will splurge. If it’s functional, I will splurge.’ For the rest there’s a rigid rule of self-control: I will not buy unless it’s on sale.”

In these glory days of the green movement, Eisenberg has found eco-friendly excuses to stretch his dollar. “Just this past week, I made glass cleaner, all-purpose cleaner, dishwashing detergent, and laundry soap. It’s natural *and* less expensive. Two for one! Why not? I’m cheap, I’m not dumb.”

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