

Questions to Ask Before Buying That Thing You've Always Wanted



Even if you're generally comfortable with your finances, you may occasionally worry about how much you're spending, especially if you consistently have trouble saving for short- or long-term goals. Here are a few questions to ask that might help you decide whether a purchase is really worth it.

Why do I want it?

Maybe you've worked hard and think you deserve to buy something you've always wanted. That may be true, but are you certain you're not being unduly influenced by other factors such as stress or boredom? Take a moment to think about what's important to you. Comfort? Security? Safety? Status? Quality? Thriftiness? Does your purchase align with your values, or are you unconsciously allowing other people (advertisers, friends, family, neighbors, for example) to influence your spending?

How will buying this now affect me later?

When you're deciding whether to buy something, you usually focus on the features and benefits of what you're getting, but what are you potentially forgoing? When you factor this into your decision, what you're weighing is known as the opportunity cost. For example, let's say you're trying to decide whether to buy a new car. If you buy the car, will you have to give up this year's family vacation to Disney World? Considering the opportunity cost may help you evaluate both the direct and indirect costs of a purchase. Ask yourself how you will feel about your purchase later. Tomorrow? Next month? Next year?

Will this purchase affect your family?

Couples often fight about money because they have conflicting money values. Will your spouse or partner object to your purchasing decision? And what about your children? Children learn from what they observe. Are you comfortable with the example you might be setting?

Do I really need it today?

Buying something can be instantly and tangibly gratifying. After all, which sounds more exciting: spending \$1,500 on the ultra-light laptop you've had your eye on or putting that money into a retirement account? Consistently prioritizing an immediate reward over a longer-term goal is one of the biggest obstacles to saving and investing for the future. The smaller purchases you make today could be getting in the way of accumulating what you'll need 10, 20, or 30 years down the road. Be especially wary if you're buying something now because "it's such a good deal." Take time to find out whether that's really true. Shop around to see that you're getting the best price, and weigh alternatives. You may discover a lower-cost product that will meet your needs just as well. If you think before you spend money, you may be less likely to make impulse purchases and more certain that you're making appropriate financial choices.

Questions to Ask Before Buying That Thing You've Always Wanted

(Continued)



1100 Alma Street, Suite 200
Menlo Park, CA 94025
www.feesonly.com

Can I really afford it?

Whether you can afford something depends on both your income and your expenses. You should know how these two things measure up before making a purchase. Are you consistently charging purchases to your credit card and carrying that debt from month to month? If so, this may be a warning sign that you're overspending. Reexamining your budget and financial priorities may help you get your spending back on track.

Copyright © 2017 Investor's Capital Management, LLC. All Rights Reserved.

Content Prepared by Broadridge Investor Communication Solutions, Inc. Copyright 2017. All rights reserved.



Julie Schatz, CFP®

650.248.6154 CELL
866.966.9291 x2 VOICE
650.472.8924 FAX
julies@feesonly.com
Member of NAPFA, FPA,
Menlo Park Rotary



Jennifer Cray, CFP®

866.966.9291 x3 VOICE
650.472.8924 FAX
jennifer@feesonly.com
Member of NAPFA, FPA