

# IS YOUR MOOD BLOWING YOUR BUDGET?

As you may well have discovered, money is not a cold, hard thing. It's emotionally charged, and in more ways than you realize. Your day-to-day feelings (good, glum, furious, whatever) have an effect on your spending. Here's how to know what's happening so you can master your choices—and your bottom line.

BY KATE ROCKWOOD  
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SINCE I HAD TWO KIDS in less than two years, my family's finances have been really tight. Once we take care of our required expenses each month, there's about \$142 left in the budget. So we're counting every cent: carefully meal-planning and putting mobile money apps to work. But one morning at day care, I dropped off my son (a baby both so rotund and so easygoing that the staff had nicknamed him Mellow Meatloaf) and he had a crying jag. Each pint-size sob tore at my chest, and I left with my own face wet with tears. On my walk to the train, I stopped at a fancy artisanal bakery—to collect myself, I thought—but then I made my way to the counter and ordered a latte and a small yet impossibly expensive profiterole. Total cost of my spontaneous pick-me-up: \$14.

Three weeks later, it happened again: A gut-wrenching drop-off left me overcome with sadness. This time, I cruised through the T.J. Maxx by my office, plunking a \$4 clearance bracelet and a \$38 maxidress onto the counter, my sadness momentarily eclipsed by the satisfaction of spending and acquiring. But what gives? How could I calmly scrutinize my budget one day and then, at the first gust of a blue mood, let those numbers drift away?

"Well, you're not a robot, so you don't spend like a robot," Jacquette M. Timmons, a financial behaviorist and CEO of Sterling Investment Management, explained when I talked to her about feeling like a financial Jekyll and Hyde. "Mood unconsciously drives our money choices, and the more heightened the emotion, the more sway it can hold over how we manage our finances." It's not only sadness that has a grasp on our wallets: Even positive feelings can cloud our budget planning.



Timmons tells her clients to carry a small notebook and jot down their mood as they make each purchase. “It’s hard to reflect on a bank statement at the end of the month, but tracking your emotions in the moment only takes a few seconds,” she says. Once you realize your shopping spree came right after that blowout fight with your spouse or you ran up a hefty tab at the bar the same day your team nailed a big presentation at work, you’ll start to predict your financial triggers. “That heightened awareness can empower you to make better decisions,” Timmons says.

Fascinated (and a little freaked) to discover that sadness could turn me from a budget ninja into a spending fool, I turned to a few experts to learn more about how mood holds power over our money—and how we can reclaim some of that clear-eyed strength when we’re in the thick of our emotions.

## SADNESS

Turns out, retail therapy is real. “When we’re unhappy, we become focused on what we can do right now to feel better,” says Kate Levinson, Ph.D., a licensed marriage and family therapist and the author of *Emotional Currency*. I can attest that I was looking for a way to distance myself from that achy feeling in my chest those mornings my baby wept at me.

“When you were shopping, you got this momentary pleasure, which kept the sadness at bay,” Levinson explains. The distraction of splurging is typically short-lived, which is why retail therapy rarely ends with only one purchase. To keep feeling good, we often keep spending, despite our budgets, until other senses kick in.

Sadness doesn’t just make us want to buy something—it turns us into restless spendthrifts as well. “When we studied participants who watched sad movies or wrote sad essays, we found that they felt a need to acquire material things immediately, with little concern about the future,” says Ye Li, Ph.D., an assistant professor of management and marketing

at the University of California, Riverside. Your antsiness to feel better might subconsciously influence you to buy a laptop you can take home right now, he says, rather than ordering the better deal online that requires a weeklong wait for shipping. The choice costs you more in the long term—and your mood means you don’t care about the consequences.

**TO GET BACK ON TRACK:** “Whether you’re feeling emotional or not, I always recommend taking a moment to ask yourself, *Why am I making this purchase?*” says Timmons. “And ask without judgment, so you can be honest with yourself.” If there’s a hint of sadness in your response, try walking around the block before you head for the cash register. The fresh air and extra time might put those purchases into perspective. But if that sounds as doable when you’re sad as signing up for clown classes, Timmons has another idea: “Set a blue-mood price threshold, like \$10 or \$25. That way, if you’re feeling down and find yourself about to buy something, you can still get that little boost without wrecking your budget later.”

## HAPPINESS

If you’re in a good mood at the time you’re considering a big purchase, it’s natural to feel overly confident that you can afford it, even if that’s not quite the case, Levinson says. She points to a client who was so elated to wrap up a difficult project at work that she bought plane tickets for her family to Washington, DC—“a trip that was a major splurge for her budget.” Maybe the compliment you get on your toned arms makes that \$200 sleeveless cocktail dress seem like a sudden necessity. Or spending a totally blissful weekend at the shore with family sways you to say yes when the hotel manager suggests you commit now to a two-week trip next year.

Your feel-good emotion doesn’t have to be triggered by something in the here and now, either. Even musing happily about the past—by flipping through your kids’ baby books or scrolling through an old friend’s Facebook photos—can unconsciously cause people to be more generous. Interactions and relationships that are satisfying can make us desire money less and crave social connection more, says Levinson. A study published in the *Journal of Consumer Research* found that nostalgic people were willing

