

## Your Brain on Spending

There is evidence all around you that many people spend money irrationally—to make them feel better, to satisfy their mid-life crises, to show off a lifestyle that they cannot really afford in order to ‘keep up with the Joneses.’ All of these behaviors are rooted in our brains, but how?

What is the actual reason why spending money feels so good? This may be especially important as money is tight due to pandemic-related layoffs and market declines, and as bored people find recreation in spending financial resources that they should probably be hoarding.

The Gizmodo science website recently posed this question to a number of researchers, and their answers were interestingly diverse. One pointed to ‘acquisition utility’ which many of us experience when we see something we want priced below what we expected the price to be. This could be renamed the bargain hunting syndrome, which is the satisfaction of finding or negotiating a bargain that perhaps generates the same feelings a hunter-gatherer might have felt when she found ripe fruit on the ground, without having to expend the usual energy to feed herself.

The researcher also explained “retail therapy”—where depressed people will go on a shopping spree to cheer themselves up. Buying and making purchase choices helps restore a sense of personal control over your life at times when it seems like the outside world is robbing us of it. Does feeling out of control of our circumstances sound familiar today?

Another researcher addressed the ‘keep up with the Joneses’ behavior by saying that paying for an expensive bottle of wine or a high-end brand item can send positive social signals about ourselves, boosting others’ opinion of our wealth, and therefore reflecting positively on our personal social esteem.

Another respondent dug deeper into the human mind, noting that the reward centers of our brains are tightly connected. If you want something, these regions begin secreting dopamine, and you experience a ‘gotta have it’ feeling. The same brain centers are closely linked to our memory banks, so our mind recalls that we felt good the last time we made a purchase.

Yet another researcher noted ‘present bias,’ which is the simplest explanation of all. When you buy something with your credit card, you are immediately rewarded with the acquisition of something you want. The commensurate pain of losing the money you paid is deferred into the future, when the bill comes. Research shows that we tend to discount feelings in the future by a surprisingly high factor, so the immediate gratification is far more likely to win out over the deferred discomfort of making the payment.

Toward the end of the report, a researcher noted that individual human psychology and culture play a role in all this. Some people are natural misers; that is, they would prefer to hide their money under the mattress than part with it through a purchase. Others seem to be more likely to succumb to the various brain patterns that encourage spending. It depends on who we are.

Source:

<https://gizmodo.com/why-does-spending-money-feel-so-good-1842593770>

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