

Primed for the windfall

Between stimulus and response, there is a space. In that space is our power to choose our response. In our response lies our growth and our freedom. - Viktor Frankl

Many of us have romanced the idea of winning the lotto. The fantasies that follow are usually vivid and specific: luxury cars, extensive travelling and beachside property tend to feature prominently. The more ordinary lotto of a year-end bonus or thirteenth cheque is mentally spent way before we even get it, and often in very poor ways.

If you've worked hard and receive a bonus, or any other unexpected income, think differently about how you use your money. Use the opportunity to look at your finances overall: are you directing enough towards your future and is your debt under control?

Maximise your windfall by allocating a portion to pay-off some outstanding debt and try save some before you start spending. Reflection, planning and not drinking too much of the holiday season Kool-Aid can go some way to giving a windfall longevity. This will almost definitely make you happier for longer than spending more on stuff you don't need.

Reflect

Remembering and drawing learnings from past instances where you received a lump sum can help you make decisions in a clear frame of mind. When was the last time you received a windfall? What did you spend it on? Did it have a lasting effect? How did it make you feel before you spent it? How did you feel after spending it?

You may find that buyer's remorse is the only lasting impression of misspent money. Remembering the rollercoaster of emotions – for example, the excitement in November before an end-of-year bonus and the lean days of January – may help you resist the temptation to be rash.

Have a plan

Expecting things to just work themselves out is not a good strategy for approaching December. Plan how you will allocate the money before the rush of blood to the wallet that happens when the bonus arrives. Ideally, make sure that the first person who benefits from your good fortune is your future self: pay yourself first with a new investment or make an additional contribution to an existing investment before you start spending.

If you have to...

A small treat can make investing the major portion of your money an easier pill to swallow. It may also help to keep in mind that investing is just deferred spending – you put money away to grow so that it can meet your needs in the future. Eventually that money should return to you as spending; delaying your gratification just means that you may have more to spend later.

The lure of the festive season

The holiday season sale decorations that seem to go up earlier and earlier each year are often the signal that starts the spending spree of the festive season. The buzz, the crowds, the festive lights are a part of a theatre that encourages us to open our wallets. Watch out for some of the ways retailers target us during this time of the year:

- **Baskets at the door.** A basket means more to fill. We subconsciously aim to fill up our shopping baskets without thinking about it – a trolley doubly so. When you're looking for one or two things don't pick up a basket.
- **Stores designed to make you spend.** Ever wondered why the needless indulgences like expensive chocolate are next to the tills queue? Stores are expertly designed with roadblocks and labyrinths to nudge us to stop and buy. Furthermore, lengthening the time it takes us to shop diminishes our self-control. By the time we are at the till, buying that 'promotional item' you didn't want or need seems to make sense.
- **Targeting you.** With more of our spending happening online, retailers can personally target our desires with adverts for products we've shown an interest in. Adverts built on our personal profiles have more of a chance of loosening our wallets.

Being aware of these spending cues and subtle influences can give us a leg up when everything around us is pushing us to spend.

Pause

All this theory is all well and good, but when you are in the depths of the festive season this logic can escape even the most disciplined amongst us. So what do you do when the urge to buy that 24MP camera or a new phone is burning you up and the thought of investing floats away?

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Literally that. Just pause.

When we break the stimulus-response mentality by pausing we can stop being slaves to over spending or accumulating consumptive debt and set ourselves on a path of financial security and wealth creation.