



Black Friday Is Coming: Here Are 5 Simple Ways to Completely Blow Your Budget

Description

Black Friday is just around the corner, and already the deals are coming in. And with Canadians eager to spend all the money they saved over the pandemic, this Black Friday could be a major budget-breaker for most.

How exactly could you blow your budget? Well, here are five ways this Black Friday could turn into an expensive affair.

1. You're an impulsive buyer

Impulsive buyers beware: Black Friday will make you feel FOMO like you've never felt before.

It's built into the day. Everywhere you turn you see "limited time" offers and "historic" deals. And if you find something discounted that you want — but it's not on your list — you'll feel that urge to snag it before it's too late.

That's why you should never leave home without an ironclad list. Fortitude helps too, that is, the ability to resist buying things you didn't plan to buy. Bring along a more thrifty friend or spouse, if you have to (someone who will hold you accountable).

2. You get wrapped up in shopping momentum

You buy one thing. Then you buy another. Then you buy a third. By the end of the day, you're in the shopping "flow," making it easier to purchase more items.

This is a classic case of shopping momentum. And it makes you easy prey on Black Friday. Retailers, in fact, are hoping you get into a shopping momentum, as it makes you more likely to buy items that *aren't* on sale.

To avoid shopping momentum, don't stray from your shopping list. Even small purchases, the so-called "stocking stuffers," will throw you off balance. Stick to your plan, then get out before you're sucked in.

3. You spend money you don't have

Another easy way to blow the budget is to borrow heavily on a credit card or through Buy Now, Pay Later (BNPL) services.

By now, most of us know the dangers of credit card debt. Borrow too much, and you could end up paying an enormous amount of interest on unpaid purchases. But most people overlook the dangers of BNPL services, mainly because they advertise themselves as an innocent way of borrowing money.

BNPL services split your purchase into smaller monthly payments. If you want to buy something you can't afford at the moment — and you don't want to pass up a good Black Friday deal — a BNPL service could help you break the cost into more affordable pieces. Often, these services don't charge interest or fees either.

Just be careful. BNPL services aren't completely innocent. Many *do* charge fees, and you will pay interest on purchases if you're late on a payment. Likewise, BNPL could encourage you to overspend, as the low monthly payment trick you into thinking you can budget them out. But those monthly payments might come back to haunt you in the future, especially if you have an emergency expense.

4. You grab a cart

This one is subtle: if you grab a cart or a basket, then you open up the opportunity to buy more items in a store.

Of course, if you need a cart, like you're buying a refrigerator, by all means — use the cart. But if you can carry the item out, don't grab one. By limiting how much you can carry, you also limit how much you can spend.

5. You go without a budget

Here's one way to blow the budget: you don't have one!

Yes, perhaps the simplest way to overspend on Black Friday is to shop without well-defined spending parameters. You don't have to go crazy here. All you need is to identify how much you can reasonably spend. That is, how much money you have without relying on debt. Then, you just have to track your purchases, as you're making them, and resist the urge to spend more.

There are plenty of free budgeting apps that can help you with this. Some apps will even link to your bank accounts and credit cards. They'll list out your expenses as you spend money, helping you see the cumulative amount.

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