

## How to tame temptations

A survey conducted by the University of Pennsylvania a few years ago asked respondents to rank their strengths in 24 different skills. Self-control ended up at the very bottom of the list.

This is bad news for all activities that require self-control as a necessary ingredient to help achieve a goal. Investing is one of them. We need to exercise self-control to spend less. We also need to exercise self-control to remain invested when news headlines test our resolve.

Self-control, as described by US journal Psychology Today, is the ability to subdue our impulses to achieve longer-term goals, and is one of the core attributes that separate us from the animal kingdom. Rather than responding to immediate impulses, we have the innate ability to plan, evaluate alternative actions, and avoid doing things we will later regret. This willpower allows us to direct our attention appropriately, and it underlies all kinds of achievement.

When it comes to goals, willpower can be a fair-weather friend that dives out the window with little encouragement. Why does this happen and what can we do about it? A lot has been written on this subject with reference to various habits we are trying to break or create. Here are six tips\* that may help you get and stay on track with your savings goals.

### Reasons why our willpower fails – and what can be done

- 1. Too much will, too little balance:** For willpower to be sustainable we need to create balance. We are prone to all-or-nothing mentality, which is our downfall. When it comes to saving, small rewards can make you feel less resentful about saving and may help you commit to your long-term cause. For example, if you get a bonus, allow yourself a little indulgence and you will feel less like you are punishing yourself by saving the rest.
- 2. Self-control runs low over time:** When managing our finances, we tend to begin the month with good intentions but as the weeks go by, we falter. A good way to counter this is to set up a debit order for your savings that comes off at the beginning of the month and then forget about it, rather than telling yourself you will save whatever you have left over at the end of the month.
- 3. Cognitive load saps resources:** The more mental stress we face, the less energy we have to devote to self-control. We are more likely to splurge when we are feeling stressed but, be warned, the high from retail therapy is often followed by the bang of reality. If you are a stress-spender, avoid putting yourself in tempting situations.

**4. We misinterpret cues:** A cue is something that prompts an action. We tend to get into the habit of responding to certain cues in the same way – but this does not make our interpretation of the cue correct. It is possible to recondition ourselves to interpret cues differently. For example, when we have money in our bank account, rather than reading this as a cue to start spending, we can recondition ourselves into interpreting this as a cue to save. We need to focus on this new, better behaviour.

**5. Entrenched patterns are formidable opponents:** In point 4 we learnt that we can change the way we react to cues. Cues often set off a chain of events and these patterns themselves are hard to alter. We are all very change averse, and when it comes to spending habits we are stuck in our ways. We need to replace existing routines with new routines to slowly change our habits. For example, if being paid is a cue that signals spending, and your existing pattern is to pay your bills and then buy everything you want and finally to save, change your pattern to save a portion of what remains after your expenses, and only then spend on non-essentials.

One way to change entrenched patterns, according to some psychologists, is through 'if-then' planning. This is a great way to resist temptation and build good habits, because it commits us to specific actions. For example, "If I get paid a bonus then I will make an additional contribution to my investment."

According to research, we are two to three times more likely to succeed in changing our habits if we use an if-then plan, than if we merely state a goal such as "Spend less save more". Psychologists explain that if-then plans work well because they speak the language of our brain: the language of contingencies. Deciding exactly when and where you will act on your goal creates a link in your brain between the situation or cue (the if) and the behaviour that should follow (the then). If-then plans have been found to be less demanding and require less willpower than simple resolutions.

**6. The belief deficit:** We are our own worst enemies – our self-doubt gets in the way of us achieving our goals. If you don't really believe you can achieve something you are developing an internal feedback loop that will prevent it from happening. If you want your brain to believe you can do it, you need to believe that what you are doing is worthwhile.

Got it? Good. This should be the beginning of more successful resolutions as we head into Black Friday, the festive season and the New Year.

Sources: \*Adapted from a list of 19 by David DiSalvo in an article for [www.forbes.com](http://www.forbes.com); Psychology Today; Scientificamerican.com; studies by Martin Seligman and his colleagues at the University of Pennsylvania; <http://www.viacharacter.org/www/Character-Strengths-Survey>