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STARTING OUT**Keep Spending in Check**By **SHELLY BANJO**
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Overwhelmed by the pressures of a new job and city and living on an entry-level salary, many twentysomethings turn to "retail therapy." While a shopping spree often results in a short-term mood boost, overspending and impulse buys eventually beget remorse, sadness and deep financial consequences.

Spending money can be "like a food addiction -- we become reliant on something as a soothing mechanism but it ends up exacerbating the problem," says Kit Yarrow, a professor of business psychology at Golden Gate University.

If you've been overdoing the retail therapy, try to identify any underlying problems and then take control of your finances with a spending plan.

The Urge to Splurge

Ask yourself, "Why am I solving my problems with shopping?" Ms. Yarrow says. Identify what triggers the urge to spend money and focus on solving those problems first. Overspenders are usually feeling overburdened in another area of life, such as work, family or finances, she says. Some use shopping to reward themselves after a hard day at work or a bad experience.

New to the business world, twentysomethings may feel pressure to dress for their adult roles. Others don't want to be left out by friends who may be making more money than they are, so they frequently splurge on lavish meals or nights out.


"People feel anxious and rationalize that they need these things for work" and they buy a new suit or fancy telephone without making sure they can afford it, says Amanda Clayman, a financial therapist in New York. But putting items on your credit cards or taking out loans you can't afford will only leave you feeling worse, she says.

Instead, put a plan in place. Long before heading to the mall, figure out why you want to buy a particular product and what you can realistically afford. If you decide you really need that work suit, spend the time to find the best deal.

Instead of putting expensive items on credit, save a portion of your paycheck every week and buy only when you've saved enough. Careful planning eliminates impulse buys and frees up your money for more meaningful items.

Alternatively, if you are seeking a pick-me-up, "scale down," says Ms. Clayman. In place of the suit, buy an inexpensive bracelet or replace the trip to the mall with a cup of coffee with friends.

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Don't Shut Down

When spending and debt get out of control, our first reaction may be to shut down and ignore the problem. But leaving bills unopened and disregarding credit-card statements will only aggravate the problem.

"If you feel frozen, take some kind of action. It is never too late," says Judith Cane, a financial planner in Ottawa. Call your credit-card companies to explain why you were late on a payment and see if they can waive the late fee; visit a debt counselor; tell your parents or a trusted friend that you are struggling.

Try to be more aware of your day-to-day finances. "Make an appointment with yourself to pay your bills and know what's happening with your money" on a regular basis, Ms. Clayman says.

When you know exactly how much money is coming in and going out, you will be more inclined to plan for your purchases and avoid feeling anxious when things go wrong.

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