

3 psychological tricks to help you save money

- Did you have a piggy bank growing up?
- Should children get an allowance (pocket money) from their parents?
- Are you good at saving money or are you a big spender?
- Is there anything in particular you're saving money for at the moment?
- Imagine you inherited £1,000,000 from a distant relative. What would you spend the money on?
- Have you ever bought something you thought was a bargain?
- How often do you eat out or buy take away coffees?
- Can you explain the following money expressions?
 - *All that glitters is not gold*
 - *Save your pennies for a rainy day*
 - *Money talks*
 - *Money doesn't grow on trees*
 - *From rags to riches*
- Do you know any expressions about money in your language? Directly translate them to the class and see if your classmates can guess the meaning.



1. What advice would you give to the following people?

Percy: I work really hard but I just can't seem to save money!

E.g. *You should make a budget*

.....

Jaqueline: Me and my husband are thinking about buying a house. He doesn't have a job at the moment, but I don't mind working more hours to pay the mortgage.

.....

Cheryl: I don't really believe in "saving for a rainy day." Money is for spending!

.....

Gareth: I always get stressed when I think about money. I have enough savings, but I always feel like I need more.

.....



2. Read the texts below and explain the underlined phrase:

1. Last year I bought this *Chanel* purse from a local market. The seller completely ripped me off because he realised that I was confused by the currency.
Ripped me off = over charged me on purpose
Currency = money used in countries. Example: €, \$ etc.
2. My father always embarrasses me when we go to the local market. He haggles for absolutely everything! He's so stingy!
Haggles= negotiates the price
Stingy = a negative adjective for someone who doesn't like to spend money
3. We're all putting money together to buy Jane a gift for her baby shower. Would you like to chip in?
Chip in = make a contribution
4. Oh, I wish I could come on holiday with you guys but I just can't afford it this time.
Afford = to be able to comfortably pay for something
5. Jane always gives such extravagant gifts to her daughter.
Extravagant = expensive, luxury
6. For our anniversary my wife and I usually splash out on a nice dinner.
Splash out = spend more than usual
7. I need to be more frugal this month I need to buy a new suit for work.
Frugal = a neutral adjective. Being careful with one's money.
8. I really need to cut back on my spending. I spent € 400 on eating out last month.
Cut back = reduce



3. Ask and answer the following questions with a partner:

- a) Do you enjoy using different currencies when you travel? Or do you consider it an inconvenience?
- b) Have you ever been ripped off while on holiday?
- c) Have you ever been to a country where it is typical to haggle? Do you enjoy haggling?
- d) Is there something in particular you enjoy splashing out on?
- e) Do you know anyone that is stingy? Is it a character trait that bothers you?
- f) Are you quite frugal with money? If so, in what way?



4. You are going to watch a video which contains the following vocabulary. Match the vocabulary to the definition.

- | | |
|---------------------------------|--|
| 1. willpower f | a) foolish/unwise/illogical |
| 2. abacus b | b) An old fashioned device used for counting and maths |
| 3. income d | c) The time a person stops working forever |
| 4. retirement c | d) earnings/salary |
| 5. binding contract g | e) change/development |
| 6. transition e | f) determination/drive |
| 7. commit to something h | g) An arrangement which cannot be changed |
| 8. irrational a | h) To promise to do something |



5. In the video, a psychologist tells us about several studies conducted about people's spending and saving habits. Before you watch, try to guess which statements are true.

- a) People who look at their income on a weekly basis are better at budgeting than people who see their income on a monthly basis. T/F
- b) People who have already received their tax refund generally aim to save a larger percentage of their tax refund than people who haven't received it yet. T/F
- c) People are more likely to be motivated and committed to a goal at the start of a new period in their lives. T/F
- d) The everyday purchase people regret the most is banks fees. The purchase people regret the second most is eating out. T/F



6. Watch the video *3 Psychological Tricks to Help You Save Money* by Wendy De La Rosa¹ and answer the questions below:

a) De La Rosa thinks that savings behaviour is related to:

1. Intelligence
2. Environmental cues
3. Willpower

b) What is the difference between how people see themselves now, and how they imagine themselves in the future?

01:06

Here's number one: harness the power of pre-commitment. Fundamentally, we think about ourselves in two different ways: our present self and our future self. In the future, we're perfect. In the future, we're going to save for retirement, we're going to lose weight, we're going to call our parents more. But we oftentimes forget that our future self is exactly the same person as our present self.

c) Why was the sentence "you're 64 turning 65" more effective in advertising than the sentence "you're getting older"?

02:44

Number two: use transition moments to your advantage. We did an experiment with a website that helps older adults share their housing. We ran two ads on social media, targeted to the same population of 64-year-olds. In one group, we said, "Hey, you're getting older. Are you ready for retirement? House sharing can help." In the second group, we got a little bit more



¹ https://www.youtube.com/watch?v=DOisAG9yoNk&ab_channel=TED

specific and said, "You're 64 turning 65. Are you ready for retirement? House sharing can help." What we're doing in that second group is highlighting that a transition is happening.

d) De La Rosa says eating out is a "death by a thousand cuts." What do you think she means by this?

Death by a thousand cuts is a figure of speech that refers to a failure that occurs as a result of many small problems.

e) What two actions did De La Rosa take to stop spending so much on car shares?

04:02

Back when I lived in New York City, I looked at my expenses and saw that I spent over 2,000 dollars on ride-sharing apps. It was more than my New York City rent. I vowed to make a change. And the next month, I spent 2,000 dollars again -- no change, because the information alone didn't change my behavior. I didn't change my environment.

04:22

So now that I was 4,000 dollars in the hole, I did two things. The first is that I unlinked my credit card from my car-sharing apps. Instead, I linked a debit card that only had 300 dollars a month. If I needed more, I had to go through the whole process of adding a new card, and we know that every click, every barrier, changes our behavior.

f) According De La Rosa, our brains are good at:

1. Calculating how much we have spent.
2. Counting how many times we've done something.
3. Comparing our purchases to previous years.

g) How many of the true or false questions in exercise 4 did you correctly guess?

h) De La Rosa offers 3 tricks to help you save money. Can you explain them?

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2. Get a handle on small and frequent purchases.

03:38

The third and final trick: get a handle on small, frequent purchases. We've run a few different studies and found that the number one purchase people say they regret, after bank fees, is eating out. It's a frequent purchase we make almost every

day, and it's death by a thousand cuts. A coffee here, a burrito there ... It adds up and decreases our ability to save.

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