

## Avoiding self-isolation over-spending

Covid-19 will impact countless elements of our daily lives, many of which will impact our household finances. Jessica Exton looks at how changes to our daily behaviour may encourage us to pay closer attention to day-to-day spending



The uncertainty surrounding the Covid-19 pandemic, and the already significant mark on the global economy, will be directly felt across households. Consequences are already being seen as governments encourage increased self-isolation, offices are placed on lockdown, travel is restricted, and schools are being closed. All of these, and more, will have a direct effect on our domestic budgeting. And staying home has the potential to both save and cost us money depending on how we behave.

### Spending changes

In the context of Covid-19, front of mind for many is the prospect of going for an uncertain length of time on a decreased income. Businesses are temporarily closing resulting in an uncertain income for many people. And of course, many roles cannot be carried out from home.

But if there is a silver lining right now, it is that some financial strain may be eased by other changes that the coronavirus has forced upon us. Families and individuals are adapting to a shift in their daily routines. And this could ultimately reduce day-to-day spending.

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## *Staying home has the potential to both save and cost us money depending on how we behave*

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The cost of socialising will be scrubbed, eating out will no longer be an option and any discretionary spending on weekend activities, such as sporting events or holidays, will be heavily reduced. All of this will limit spending and may cause or increase a buffer, easing budgeting worries.

It's worth mentioning that much of this type of spending occurs in the moment and in social situations, where influence from friends and even a fear of missing out, can encourage impulse or overspending. This can make sticking to a budget more difficult. Carrying out spending decisions at home with less outside influence may therefore help.

In addition, spending more time at home will reduce some regular expenses such as commuting to and from work, buying lunch close to the office and additional coffees with colleagues. These types of expenses can seem small day-to-day but add up over longer periods. You may save more than you expect.

### **The trap of under-spending**

But, these types of savings will only support our budget if the funds that we might have spent outside of the house aren't redirected. It sounds straight forward but if you have some extra time at the moment, it would be useful to calculate your regular outgoings and work out how much of this is being saved by changes in routine. Keeping this amount in mind may prevent unintended overspending that reflects changed activities and preferences.

Or even better, take the amount saved from limiting outdoor activities each day and transfer it directly into a savings account. Having this money tucked away will mean it's less likely to be spent elsewhere, and when your routine is back to normal, you will have saved a tidy amount.

But of course, there will be new required spending. While unnecessary online shopping driven by boredom should obviously be avoided, there may be things you consider important such as some form of local subscription entertainment or increased stocks of household goods. It will also be worth keeping in mind that some may also experience spikes in household resource use which will affect regular bills.

### **Money management front of mind**

While it might be easy to focus on any money saved by staying in and consider this to be additional funds added back into the kitty, balancing this with changed spending patterns is important.

With Covid-19 impacting to our day-to-day routines and uncertainty around how long this will last, ensuring a balanced household budget will be a priority for many. Our welfare is strongly affected by household financial decisions, and these types of choices will be key to successfully managing the social and economic effects of the current climate, as well as our own wellbeing.

The uncertainty surrounding Covid-19 has brought new challenges. And while we temporarily adapt our behaviour, our financial management will also need to adjust accordingly.

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