

Valuable steps to take before making a big purchase

Have you been bitten by the gotta-have-it bug? It could be a Peloton bike that's caught your eye, or maybe you want to spring for a new entertainment system, no matter the cost. Before you go ahead with the purchase, though, it's a good idea to take a step back and follow the steps outlined here to be sure you're making a decision you won't ultimately regret.

Step 1: Wait it out

Often, a want can seem like a must-have, but that urgency fades when you wait it out. Take a break for a few days before finalizing a large purchase to see if you really want it that badly. For an extra-large purchase, you can wait a full week, or even a month. After some time has passed, you may find that you don't want the must-have item after all.

Step 2: Consider your emotions

A bit of retail therapy every now and then is fine for most people, but draining your wallet every month to feed negative emotions is not. Before going ahead with your purchase, take a moment to identify the emotions driving the desire. Is this purchase being used as a means to fix a troubled relationship? Or to help gain acceptance among a group of friends, neighbors or workmates? Or maybe you're going through a hard time and you're using this purchase to help numb the pain or to fill a void in your life. Be honest with yourself and take note of what's really driving you to make this purchase. Is it really in your best interest?

Step 3: Review your upcoming expenses

What large expenses are you anticipating in the near future? Even if you have the cash in your account to cover this purchase, you may soon need that money for an upcoming expense. Will you need to make a costly car repair? Do you have a major household appliance that will need to be replaced within the next few months? By taking your future financial needs into account, you'll avoid spending money today that you'll need tomorrow.

Step 4: Find the cheapest source

If you've decided you do want to go ahead with the purchase, there are still ways to save money. In today's online world of commerce, comparison shopping is as easy as a few clicks. You can use apps like ShopSavvy and BuyVia to help you find the retailer selling the item at the best price.

Step 5: Choose your payment method carefully

Once you've chosen your retailer and the item you'd like to purchase, you're ready to go ahead and make it yours! Before taking this final step, though, you'll need to decide on a method of payment.

If you've saved up for this item and you have the funds on-hand for it now, you can pay up in cash or by using a debit card. This payment method is generally the best, and if it's pre-planned, it will have little effect on your overall budget.

If you can't pay for the item in full right now, you may need to use a personal loan, or a credit card with a low interest rate. Most credit card payments have the added benefit of purchase protection, which can be beneficial when buying large items that don't turn out to be as expected. Before taking out a loan, or swiping your credit card, though, be sure you can meet your monthly payments, so you don't risk damaging your credit score.

Large purchases are a part of life, but they're not always necessary or in the buyer's best interest. Follow these steps before you finalize an expensive purchase.