

DCC DOLLARS & SENSE

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Downsize Holiday Spending—Not Holiday Joy

Special points of interest:

- 10 Ways to avoid holiday over-spending.
- Holiday Spending Worksheet

December is here, the days are flying by and you haven't even begun your holiday shopping. Does this sound familiar? If one crazy day of shopping turns out to be the inevitable, it is important not to dis-

regard your budget smarts and shopping savvy. Map out your plan of attack for spending and saving. People often overlook the little extras when they draft a budget. Include everything from postage for Christmas cards to holiday party favors and home decorations to the cost of boarding a pet if you're traveling.

According to www.bankrate.com, "to plan your savings for the holiday season, you need to know how much all that merriment has cost in the past." "Use receipts (or your best guess) to figure out how much you spent last year and set your savings goal for this year." "Now, the challenge is to save that money and enjoy the next holiday free of debt." One possible way to help you reach your goal, is the Holiday Spending Worksheet at:

http://www.bankrate.com/nltrack/calc/holiday_spending.asp.

In addition, here are 10 money saving tips to help wrap up your holiday spending while staying in your budget. Many families who have gone overboard with holiday spending have used these strategies successfully. They can be used year-round, but definitely apply during the holidays. Smart shopping tactics will give you more time to relax and enjoy the holidays with friends and family.

Make a list and check it twice. Armed with your budget, take a cue from St. Nick by making a list of all the people for whom you want to buy gifts. Then go over the list and decide how much you can spend on each gift. Don't have enough money to cover your holiday budget? Go through it again, and cut names or amounts. Once you settle on a dollar amount for each person, that's it. If you find that you cannot afford a sweater for someone, pick something else. It is important to focus on the amount you can spend, not what you want to buy. For large families, develop a gift list with other relatives, advises Mark Gorkin, a licensed clinical social worker known as "The Stress Doc." "You shouldn't have to buy something for everyone," he says.

Be an educated consumer. Comparison-shopping stretches your holiday funds further. Fight the urge to get your shopping over quickly, recommends the Consumer Federation of America and the Credit Union Na-

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tional Association. Instead, take some extra time to find the best deal by scouring catalogs, sales advertisements and the Internet before heading off to the stores. And, think twice before you buy. Ask yourself if the gift will be appropriate for the recipient and within your price range. If not, don't buy the gift, particularly if you will have to charge the purchase.

1. **Pay cash.** "If you know that you've had trouble in [years] past, do a cash-only Christmas," says Clark Howard, co-author of the book "Get Clark Smart: The Ultimate Guide for the Savvy Consumer" and host of a nationally syndicated consumer call-in show. His holiday advice: set a limit, take that money out of your credit union or bank, "and when that [money's] gone, it's over."

Think of credit cards as short-term loans. Ideally, you'll want to pay everything off immediately. If you have a choice of credit cards, always use the card that offers the lowest interest rate. A good idea is to track your credit card spending just as you would if you were writing a check. Remember: In the flurry of the holiday shopping it's really to lose track of your spending.

Beware of "buy now, pay later" offers. Sure, it sounds appealing, but if you can't afford an item in December, will you really be able to afford it in March?

Allow enough time for all your holiday preparations. Who hasn't run out for a gift at the last minute and ended up paying top dollar? But whether you're shopping, baking or wrapping presents to send cross-country, budgeting your time can end up saving you tons of money.

Use credit judiciously. Shop with no more

than two credit cards -- preferably low-interest rate credit cards, not the expensive department store cards. The more cards you use, the harder it is to track spending. Use one with a zero balance for purchases you will pay off in full. Use the other, low-interest rate credit card for purchases you plan to pay off over the next few months, suggests Myvesta.org.

Beware of sales pitches. Don't shop under the influence of holiday hype. Retailers work hard to entice you to buy, buy and buy. If you're not careful, you'll spend more than you planned. Don't fall for credit card offers to "skip a payment." You'll just pay more in interest next month. Watch out for the "buy now and pay later" offers that encourage you to spend money you don't have. And, bypass applying for the department store credit card to get a one-time discount.

Load up your wallet with cash. Leave your credit cards at home. Use cash. This will force you to budget and make overspending more obvious. According to the CCCS, people spend up to a third more when paying with credit instead of cash. There is no emotional attachment to plastic like there is to cash.

Shop prices, not sales. During the holidays, you are going to see sale signs everywhere, unless you know the relative value, don't be fooled. Just because it's on sale doesn't mean it's a bargain.

Remember to downsize your holiday spending, not your holiday joy. Limit the size of your Christmas in terms of gifts, and make it big on meaning. Create traditions and memories with family and friends.