

Celebrate the Holidays without Going Broke

By Deb Maes, Extension Educator, Family Consumer Resources

Yikes! One look at the calendar tells me that the holiday season is two months away. Once the Thanksgiving feast is over we only have a few short weeks to complete our holiday shopping. Are you ready?

In these troubling economic times many people are looking to enjoy the holidays without straining their family's finances. Your first step should be to determine just how much money you can afford to spend. A Gallop Poll in 2007 indicated that the average American family expected to spend over \$900 on gifts during the holiday season. Have you saved that much money to spend for the holidays this year? Don't forget other expenses such as cards, stamps, food, decorations, wrapping paper and maybe even travel costs.

Holiday shopping always comes in addition to your regular monthly expenses. Your rent, groceries, car payments and utility bills still need to be paid. How can you make sure that this holiday season you spend money you have—and not dread the bills that arrive in January?

Financial experts suggest that you save for the holidays throughout the year. Many financial institutions offer holiday savings accounts forcing you to save throughout the year. Some people use this account to pay their December taxes, others make holiday purchases. You determine how you spend the money. If this is not an option for you, consider a part-time job and save the money from that job for your holiday needs.

When you understand what money is available for the holiday season, your next step is to look over your shopping list. Consider who you plan to purchase presents for and why. What ones are the most important? These should be at the top of your list. If money is tight, utilize your talents and creativity to make special gifts. If you have a large family and usually purchase something for all your siblings and their families, consider drawing names and choosing one person. Most families that use this method also specify a spending limit. You may find that everyone in your family is willing to go along with this idea this year since their finances might be strained as well.

Consider the kind of shopper you are. Did you hit the sales at the end of last December, buying cards, wrapping paper and presents for the following year? Maybe you shop all year long and store your purchases in a safe place, wrapping them as you go. Are you a last minute shopper hitting the stores within the last 48 hours hoping for sales—and free gift wrapping? Many people avoid shopping entirely by purchasing on-line. You may find it easier to stick to your budget since shopping over the computer provides less temptations than if you are walking through a large department store where displays tempt you in every aisle.

If you don't wait until the last minute, you will have time to plan your purchases and comparison shop to get the best value for your money. If you must borrow money or use your credit cards, do so wisely. Plan ahead to determine how much money you are willing to spend, and can pay back quickly. Check interest rates, and consider the interest cost when determining how much you want to spend. Make sure you keep the receipts on all your purchases and check your credit card statements for accuracy.

Don't forget to budget for family holiday traditions. My family always shares breakfast on December 25th with our neighbors, alternating houses each year. As I look ahead to my holiday season I know it's my turn to host a crowd on Christmas morning and we will have a first grandchild joining our celebration. As

I plan the menu and shop I need to set a good example and follow my own advice by spending within my limits.

To help you manage your finances call our office at 787-6944 to get a copy of the American Financial Service Association Education Foundation publication “Manage Your Holiday Spending” or e-mail us at grafton@ceunh.unh.edu and we'll send you a copy electronically.