



Holidays

'Tis the season for smarter spending

Useful budgeting tips for the holidays—how to plan now and save big.



BUDGET BLASTERS

Did you know that the average American spends \$700 to \$1,600 throughout the winter holiday season? According to the National Retail Federation, the winter holidays see more than 16 times the spending than the next biggest holiday, Valentine's Day.

And here's the catch: those Americans who are spending an average of \$1,600 on holiday purchases are over their estimated budget by \$700. Chances are, if you don't have a budget and a plan for holiday spending, you'll spend too much as well.

You know you've spent too much if you still owe money after the holiday has ended. How does this happen?

- **Buying on credit** (including buy-now-pay-later plans). It's all too easy to think of it as not really spending money. But the typical interest rate can drag those holidays on—like the neighbors who stick around long after the New Year's party ends.
- **Shopping without a list.** Or shopping with a list of concepts without prices or alternatives.
- **Incidental costs.** Wrapping, cards, and postage add up. If you're traveling, it's easy to forget to include costs like pet care, tips, fuel, eating out, parking, tolls, etc.
- **Last-minute shopping.** You think you're hitting the sales, but you risk getting hit up, instead.

HOLIDAY SAVERS

When you make your household budget for the coming year, make sure to include holiday spending.

- Budget for travel, whether as part of the holidays or in its own category.
- Think ahead about incidental expenses.
- Budget a cushion for unexpected gifts or events, such as traveling across the country to a wedding.
- Once you have a holiday budget, save regularly for it.
- Know your budget and stick to it! Set a total dollar amount for a holiday and apportion spending accordingly. For example, a Christmas gift budget of \$500 and 10 people to buy for averages out to \$50 per gift. Revise the gift list or cost rather than the budget total.
- Shop with a list of gifts and costs, then record the actual cost for the next year's budget. Subtract each purchase from your check register, even if you don't pay by check, to help you visualize the dwindling account.
- Shop with cash, checks, or debit cards instead of credit cards; however, if you do choose to use a credit card, use a low-interest card for gifts you must pay off over time.
- Use one year's costs for the next year. **Live and learn!**
- Anticipate holiday parties: Will you need to buy hostess gifts or gifts to exchange, etc.?



