

## Twelve Tips To Avoid The Holiday Debt Blues

Written by Cary P. Yates

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### **BEFORE YOU SHOP: Plan Your Holiday Spending**

How can the consumer in all of us be smart about our holiday shopping? My advice: think ahead before you shop, stay focused in the stores and remember what gift-giving is all about. That way you can have a jolly holiday season and skip the spending regrets when bill-paying time comes around in January.

In the spirit of the season, here are 12 tips that will help all of us avoid the holiday debt blues. We want to encourage everyone to carefully consider spending and to find ways to enjoy the holidays – while keeping important financial goals in mind.

Determine your budget for gift-giving. Developing a holiday budget may sound like as much fun as washing windows or pulling weeds, yet it's the best first step if you want to keep your spending in check. Consider spending less than last year and stick to the budget you set.

Figure out how much to spend on each person and write it down. Remember to include secondary costs, like gift wrapping supplies, postage for gifts you'll send and the stamps you'll use to send thank you notes. Your list can be as complex as a spreadsheet on a computer or as simple as a hand-written list on an envelope that contains your budgeted amount of money inside.

Make your "perfect gift" list, then comparison shop at online outlets. Find out where you can get the best value for your money. Identify stores that sell those gifts and look for sales.

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If you decide it's worth it to put a portion of your holiday spending on a credit card, develop a plan in advance to pay off your total holiday spending. Consider setting up monthly online bill payments for a certain amount. If you have a set amount taken out of your checking or savings account each month, you won't be tempted to spend that on other things.

Set up e-mail alerts to stay up-to-date on credit card and other activities such as check postings. Some banks also offer mobile banking, where you can check balances, transfer funds and receive alerts through your mobile devices.

Keep saving money on a regular basis. Don't take a "holiday" from setting aside some of your income for future needs. Online tools from your financial services provider can help you with this all year long.

### **WHILE YOU SHOP: Stay Focused**

Limit your credit card use and stay within your credit card limit. As a general rule, if you find yourself using more than two cards or requesting increases in limits, you're likely spending more than you can afford.

Avoid impulse purchases. With advertising and sales enticing you to buy, it's easy to go overboard. Especially for larger purchases, think it over for 24 hours. Is this item something you really need and can afford?

### **AFTER YOU SHOP: Enjoy the New Year by Managing Your Debt**

Pay at least the minimum amount due – and the full amount if you can – when you receive your credit card statement. Making the highest payment possible will reduce your balance and additional interest. Many people try to pay double or triple the minimum if they can't pay it all off.

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To avoid late fees, pay your credit cards no later than the due date. And, pay off credit cards with the highest interest rates first. If you have multiple cards with different balances, talk to your primary bank about consolidating your debt to get one interest rate. Home equity or personal loans may reduce your rates.

Create a “box of returns.” Unwanted items can be gathered in one place and returned in one day. You will either get cash back or a store credit that you can use in the future.

Set yourself up for a good experience next year by putting together a holidays savings plan. Set aside money each month and use that savings to finance your holiday spending next year.

A little discipline and planning will help keep you in a festive mood well after the holidays, and lead to a strong financial start to celebrate a wonderful New Year.{jcomments on}