



## Preventing a Holiday Hangover

Ahh Christmas... that magical time of year when the average North American family racks up more in debt than in any other season. Caught up in the spirit of giving, many of us whip out the plastic, telling ourselves we'll pay off our holiday credit card bills by February, or March "at the latest."

It will actually take most of us from six to 18 months, according to the experts. After all, it's not just gifts we have to pay for—there are decorations, holiday clothes, parties, special events and shipping to worry about too.

The result is what's called a "holiday hangover." This is how you can avoid it.

### **Set a budget and stick to it**

Determine the total amount you can realistically pay back in full within two months; this becomes your holiday budget. Compare it with a ballpark tally of last year's total holiday expenses. Now you can calculate where and by how much you should cut back on this season's spending.

### **Make a list and stick to it**

Once you know how much you can spend, list your gift recipients and other seasonal purchases (wrapping, cards, wardrobe, party supplies, etc.). Estimate the cost of each planned expense. If the total exceeds your allocated budget, start paring your list – delete and revise your purchases until the budget covers expenses. Your final list is now "cast in stone." Keep it with you on all shopping trips to help resist impulse buying.

### **Treat credit card purchases as part of your total budget**

Your objective this year is to avoid Christmas debt – so all credit card purchases must be subtracted immediately from your allocated budget, just as you would account for a debit card, cheque or cash item.

### **Form a credit card management strategy**

Whether you shop in stores, by mail or on the Internet, use only one credit card for Christmas purchases. It's all too easy to fill up one card and then move to another. Many advisers urge consumers to steer clear of department store cards because of their higher rates of interest.

### **Shop alone**

Market research tells us that if you shop with a friend, you'll spend more money. And even more if you take a spouse or children. Once you're out shopping, stick to your list and leave quickly. The longer you're in the stores, the more temptation for impulse buying. Some people report they risk less temptation with mail-order or online shopping.

### **Get creative**

If your budget won't cover the expense of gifts you originally planned, make creative use of your personal skills and resources. Here are some suggestions for low-cost gifts that convey the spirit of the season: enlarged photographs; wrapping paper made by your kids; hand-painted mugs and pottery; and homemade cookies, wreaths and tree decorations. For distant relatives, consider a video or audio tape of your family.

### **Start planning early**

A little preplanning throughout the year can make next season's holidays a debt-free celebration.

**January:** Start a Christmas Club savings account now and put away just \$10 or \$20 dollars per week. You'll have a great head start on your holiday budget.

**February to October:** Buy your gifts throughout the year to take advantage of sales and bargains that won't be available closer to the holiday season. While it might not feel festive, you'll eliminate December's last minute-rush and related financial woes.

**September to December:** Pay bills ahead of time or add an additional 20 percent to each credit card payment a few months prior to Christmas. You'll be grateful for the decreased financial pressure.

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