TIPS TO AVOID HOLIDAY DEBT

The holidays can put a financial burden even on the savviest of shoppers and savers. Like most things, however, taking time to plan can help you avoid the stress that comes with overspending. Before you hit the mall or shop for holiday deals, keep reading to learn how to make a holiday-spending plan that works for you.

1. Set a budget.
First, make sure you account for all of your typical expenses so that you don't come up short on bills or things like rent. Next, think about what else you may be spending on in the coming months. Are you hosting a party at your home, or traveling to visit family or friends? If so, estimate what those things will cost you. Once you've subtracted any expenses from your usual budget, you can think about how much you have to spend on gifts. It's best to start planning this as early as possible. That way you can look at how much you'll earn between now and the holidays and calculate how much you can save to cover your holiday spending. Being realistic about your budget will help make sure you don't overspend. Try this budgeting tool: https://files.consumerfinance.gov/f/documents/cfpb_well-being_monthly-budget.pdf.

2. Make a list (and check it twice).
With all of the excitement of the holidays, it can be easy to get carried away. Make a list of the gifts you need, and cross them off as you go. Check your list several times before you go shopping so that you don't leave anything off. This is when a personal rule may come in handy. You might set a personal rule for yourself, such as: If something isn't on your list, don't buy it. This can get difficult when you see sales and deals pop up—but spending on something you don't really need can make it difficult to pay for the things you do. Try this spending worksheet: https://files.consumerfinance.gov/f/documents/cfpb_worksheet_my-credit-spending-rule-to-live-by.pdf.

3. Get creative.
There may be ways to give a meaningful gift at a fraction of the cost as buying something from a store. This may not work for everyone on your list, but here are some low-cost suggestions: 1) share homemade mixes in a mason jar, such as hot chocolate, bean soup, or cookie mixes or 2) share your favorite recipes with photos in a custom picture book.

4. Decide how you're going to pay.
Are you going to use cash or credit cards to pay for gifts? A helpful rule to set for yourself is to only bring the amount of money you plan to spend. That way you can help yourself stay within your budget, because once you spend the money you brought, you're done. On the other hand, using a credit card can give you more consumer rights if the item is broken when you open the box and doesn't require you to travel with large amounts of cash. If you do decide to buy your holiday gifts with a credit card, make sure you have a specific plan to pay your credit card bill and have set aside enough in your budget to do so.

Call Your EAP Today