



The Gift of Good \$en\$e

Does holiday spending leave you seeing red and feeling blue? If so, do a little realistic planning BEFORE you head out on your holiday shopping trip.

\$ What's a realistic amount to spend? Plan to spend no more than 1 to 3 % of your take-home income for the holidays. Spend less if you already have over 15% of your income committed to debt payments. (for instance, \$20,000 take-home = \$200 to \$600; \$40,000 take-home = \$400 to \$1,200)

\$ Use the planner on page 3 — Enter the names of the people you are shopping for, the holiday events and special travel you need to plan for, and incidental purchases, such as wrapping paper. Then divide your total budget among these entries in the “\$\$ Planned” column. Write in the gift ideas that fit your spending plan before you leave home so you aren't tempted to impulse buy and go over your planned amount.



Take this list with you and enter the amount you actually spent, including tax, so you can tell at a glance how you are doing.

\$ Evaluate your overall credit picture before shopping. If you use a credit card, charge only the amount you can safely repay in a month or two. Limit charges to only one card. This will help facilitate bill paying and will provide a clear picture of your spending. Use the card with the most favorable terms—APR, default rate, method for calculating interest. Keep a running tally of charges.

\$ If you use a debit card, continue to keep your own checkbook register, writing in each purchase and subtracting it from your previous balance to avoid overdrafts. Don't rely on the bank or credit union to always have your updated balance.



\$ If you use cash, put the amount for each person in an envelope. Only borrow from another envelope if you have already purchased a gift for that person and you were under-budget. Use a “body wallet” when carrying cash.

\$ Avoid gifts that bring debt with them. Your spouse may not appreciate the gift if you made the down payment and they will have to make the monthly payments.

\$ Homemade gifts can be a special way to show you care. Use your creative talents to make special gifts from the kitchen, sewing, craft room, garden or workshop.

\$ Spend time instead of money—they will remember it more! Make your own gift certificates for personal services.

\$ Gift cards can be inexpensive but much appreciated. It's especially helpful for out-of-town giving because it reduces the cost of packaging and shipping. However, be aware of purchase costs, transaction fees, and expiration dates. Be mindful of the stability of the business. Will they be in business next year?

\$ Shop around before you buy. If possible, shop when you are rested and stores are less crowded. If you are tired, hungry, or stressed, it is easy to make poor choices or “buy anything to finish and go home.”





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\$ **Shop online** - save time and gas. Look for free shipping deals. Avoid outrageously high last-minute shipping fees by planning ahead.

\$ If you are shopping online, **look for coupon codes or cashback offers** at sites like couponcabin.com, coolsavings.com, keycode.com, ebates.com, or fatwallet.com. Or, do a google search using “promotional code” or other term used by a retailer plus the retailer’s name. Be sure to read the requirements for using the coupons or actually getting the cash back!

\$ Skip the **extended warranty**.

\$ Ask the retail store employee about “**hidden**” discounts or unadvertised coupons or sales.

\$ Carefully check the **store return policy** if there is a possibility that the purchase will be returned. Will the store accept a return and for how long? Will it refund the purchase price or only exchange the item? Get a gift receipt to wrap with the gift.

\$ **Buy a household gift** instead of buying something for everyone in the house.

\$ To reduce the number of gifts you buy, **draw names** within families, or between extended families. Set a price range and see how creative people can be within the spending limit.

\$ Don’t overlook **practical gifts**, such as smoke detectors or motion lights. These are especially useful for older people living alone and those who “have everything.”

\$ Start giving **family treasures**.

\$ **Buy bonds** or small amounts of stock for a

child or grandchild. Include one of the newer investing books for kids and teens, and decide to spend some time helping that child over the next year to learn about investing.

\$ Instead of a gift, make a **donation** to the person’s favorite charity.

\$ **Pictures** from this year’s festivities make great gifts next year.

\$ **Save fancy restaurants and caviar for a less expensive time of the year**. Gift-giving during the holidays can be expensive enough. There is no sense making other aspects of the holidays more expensive than they need to be.

\$ **Send holiday postcards** instead of regular cards to save on postage. Trim the list each year.

\$ If you were able to stay within your plan—congratulations! If not, use this info to motivate yourself to start a **savings plan** early next year to cover your holiday expenses. Divide the amount you spend by 12 and save that much each month in a savings account so you are prepared for next year. Try hsbcdirect.com or ingdirect.com

\$ **Don’t throw away your holiday budget** after the holidays. Keep the information on file to help with next year’s budgeting. It also helps to remind you what you purchased for family and friends in previous years.

\$ **Plan your charitable donations** as a family. Visit www.charitynavigator.org to research over 5,000 of the largest charities. If the one you are considering isn’t listed, you can still get a list of questions to ask about how they spend their donations. Check with your employer to see if they match your contribution.



