

DOLLARS & SENSE

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The Hidden Costs of Gift-Giving

The holidays will soon be upon us all. While this should be a time to set aside our differences and enjoy the company of our families, they often turn into a last-minute race to the perfect gift.

Our busy lifestyles typically don't allow us to plan in advance and we often find ourselves browsing the internet and visiting store after store hoping to find something that our loved ones will enjoy. Once the item has been located and acquired, the next step is finding a convenient way to pay for it.

The most common payment methods are cash, credit, and layaway plans. No matter which way you pay for your gift, all of them have hidden pros and cons. In this article, we'll take a look at the reasons why certain payment options are preferable to others.

Breaking The Piggy Bank: The Pro's And Con's of Using Cash

On the surface cash surely seems like the most viable and convenient option.

Step to the register with your item and the right amount in your hands, let the clerk do the magic, and walk away with your product. Simple, isn't it? The truth is unforeseen circumstances can make it a bit more complicated than that.

While cash might be the easiest to handle, it is usually the hardest to acquire. If you managed to save up some money during the year and have the bills stashed under your mattress, using them is the best idea. After all, you put that money away for the specific reason of being able to purchase your gifts and you won't be missing it when it's gone.

Sadly, unforeseen expenses have the bad habit of showing up just when you don't expect it and least need it. During the year, your car might have broken down, or one of your major

appliances might need replacement. When you're left with such high-priority problems to be solved, your savings may end up invested elsewhere. If this savings was your primary (or possibly only) way to pay for your gifts, desperation might set in. It is important to be prudent. Predatory lending abounds during the holidays, and you must be careful not to fall into the trap.

While there are many instant loans companies that are more than happy to lend you money, you should steer clear of them. These firms are designed to make a profit out of your misfortunes. Their obscenely high interest rates mean you have to pay back much more than you borrowed from them, even if you let only a couple of months go by. It is not uncommon to have triple-digit interest rates on their loans.

For those that don't have cash, often a credit card or a layaway is the solution. These too, though, have a few well-hidden cons.

Swiping Your Way to A Happy Holiday: Using A Credit Card

Credit cards have been increasingly popular among teenagers, young adults, and mid-income families in recent years.

They are easy to carry, accepted just about anywhere and allow you to buy items without having to flash your cash or call your bank. The fact that there's usually a PIN protecting each transaction and that they are useless without it means that someone with a credit card is a lot less likely to be robbed.

(Continued on page 2)

The Hidden Costs of Gift-Giving

(continued from p.1)

Understanding the process behind each swipe, though, can help avoid nasty surprises and future headaches. First of all, to get a credit card, you will need to show that you have a somewhat steady income and pass a credit check.

Every time you input your personal number, you are asking your credit company for a small loan. Based on your past performance, the company will either accept or deny your request. If the transaction is approved, they will then pay for your items and expect you to refund the entire amount when your next statement is due.

Obviously, nobody will give you money for free. Just like instant loan companies, a credit firm will charge you for the pleasure of lending you a hand. The interest is usually a fixed percentage

of the total cost of the item. Although credit cards usually have smaller interest rates than instant loan companies, they still can be quite high.

When payments are due, you will have to give them back the original amount plus the interest. A gift that could have cost you 100 dollars, for instance, might end up costing you 10, 15 or even 20 dollars more.

Credit Cards might be a good idea when cash is not available, but they will always come at a price. Some credit companies not only charge interest, but they also have additional fees simply because you have their card. Annual fees and interest expense are something you want to consider before deciding to use a credit card for your holiday shopping.

Divide et Impera: The Processes Behind A Layaway Plan

The Latin expression “Divide et Impera” is loosely translated as “Divide and Rule, “ and it certainly describes the way a layaway plan works.

A layaway plan allows you to split the total amount of your gifts into several small payments. These can then be paid over time until you reach the full amount. The seller may ask you to make a down payment, pay a percentage of the price upfront or charge you with other fees.

Layaway plans are, by far, the most varied way to pay for your gifts. These plans are created by the seller offering them, and so rules and regulations will

(Continued on page 4)

Consider donating to a charity instead of giving gifts

Are you looking for a way to make Christmas less of a gift grab? Trying to find a way to cut down your Christmas spending? Looking for a way to simplify your life this hectic season? Why not choose to make a donation to a charity instead of gifts this year! Not only will you make a difference to others, but it's also a great end of year tax write off.

Here are some ideas for well known and safe charities to consider:

- St. Jude hospital: www.stjude.org/GiveThanks
- Doctors Without Borders: www.doctorswithoutborders.org/Donate
- Ronald McDonald House: www.rmhc.org
- Red Cross: www.redcross.org
- World Vision: www.worldvision.org
- Just Give: www.justgive.org
- Save the Children: www.savethechildren.org/honor
- ASPCA: www.aspca.org
- Operation Smile: www.operationsmile.org
- World Wildlife Fund: www.worldwildlife.org/donations/memorial-donation
- USO: www.uso.org/donate/next
- Make A Wish Foundation: www.wish.org
- Habitat for Humanity: www.habitat.org
- UNICEF: www.unicefusa.org
- Arbor Day Foundation: <http://www.arborday.org>

There is a list of the 50 most popular charities in the U.S. available here: www.forbes.com/top-charities/list/ . You can also consider donating to a local charity like a children's hospital, animal rescue, Angel Tree, food bank, or children's art program.

Surviving The Holiday Season: How To Celebrate Without Spending a Fortune

The winter holidays can be one of the most exciting parts of the year. The days get shorter and seasonal attire is rife with soft, comfortable sweaters and fleece-lined boots. Best of all, you get to spend a lot more time with your loved ones. It is the time of hot beverages and long chats by the fireplace.

Conversely, the holidays may also be, for some of us, extremely stressful. With the pressure to give gifts during the holiday, and the state of our current economy, many people struggle to maintain a balance between the joy of giving and the burden of debt. Even in an ideal situation, picking the right gift for your loved ones that stays within your budget proves to be a lot more challenging and exhausting than you thought.

For most of us, spending large amounts of cash on gifts isn't an option, but luckily, there are other things we can do to show our loved ones we care!

Understanding The Meaning of Gift-Giving

Gift-giving is a tradition as old as humanity itself. In ancient history, gifts were given to heads of state and diplomats to smoothen relationships between two powers. More recently, a man asking for the permission to marry a woman would bring a gift to her family. Gifts served a variety of purposes, from avoiding war to celebrating love.

Bringing along something to eat or to drink, like a bottle of wine or a homemade cake, when visiting a friend is still a common gesture in most countries. Flowers, sweet notes, and chocolates still feature in every hopeless romantic's arsenal. These are all perfectly valid examples of gift-giving.

A gift is simply expressing appreciation for the person who's receiving it. While we usually associate the word with something that physically exists

an item, for instance – it doesn't always have to be one.

If you're short on ideas to celebrate your holidays without spending a fortune, here are three tips for the perfect low-cost gift:

1) Use Your Skills To Craft Something Unique!

When I was a bit younger, my grandma used to give me hand-knitted scarves. I would receive a new one on every Christmas Eve. By the time I was 20, I had over ten different ones in my wardrobe. She would even make them a bit longer than necessary to ensure that I could still wear them as I grew.

While she indubitably spent a lot of time making them, scarves have never been a 10-year-old child's dream. I never really liked them, and I would only wear them a couple of times to make her happy before stuffing them in a box. The next Christmas, I would nevertheless receive a new one.

Many years later, long after my grandmother had passed, while I was attending college, we had an unusually cold winter. While scouring my boxes looking for something that would be warm enough to withstand the extremely low temperatures I eventually found my old scarves. I can honestly say at that moment in my life; there was no Christmas gift that I had received up until that time that meant more to me.

If you don't know what to buy for your loved ones or just can't, or don't want to spend a fortune on it, try using your skills to create something that is unique and that they will enjoy! By doing so, you might rediscover an old hobby or learn something new. Your gift might not come from a top-rated stylist or a big firm, but I can guarantee that the person who gets it will still find it sentimental and priceless.

2) Organize a Nice Dinner!

Nothing says "holidays" like a special meal. No matter how much you love cooking, there is always something that you can't be bothered to make during the year. Perhaps it's a dish with exotic ingredients or something that involves a lot of preparation. The holidays might be the right kind of excuse to prepare and serve these favorite dishes that you wouldn't otherwise serve.

A gift is simply expressing appreciation for the person who's receiving it. While we usually associate the word with something that physically exists an item, for instance – it doesn't always have to be one.

Your family and friends will surely delight in it. Spend a few more dollars for a set of candles and some decorations, invite them over, and your dinner will immediately turn into an intimate way to share a few moments with those that make your life a bit better.

If you're not the best of cooks, why not ask your guests to bring something to the party? Everybody bringing something to the party not only helps the pocketbook, but it can also be a great chance to learn new recipes and share knowledge. If your friends come from different parts of the world, you might end up learning new flavors and finding your new favorite dish.

A get together is one of the most cost-effective solutions to gift giving. Yes, you might have to buy all of the ingredients for your feast, but it will cost you less than buying gifts for everybody,

(Continued on page 4)

The Hidden Costs of Gift-Giving

(continued from p.2)

vary. Their pros include the fact that you can make payments as you get paid and at times postpone your payments. Getting a layaway plan usually doesn't require a credit check and is a good option for those that live "pay-check to paycheck" or have bad credit who may not otherwise be able to afford the purchase. Last but not least, layaway programs usually don't involve interest charges.

The cons of this payment option are the hidden fees or penalties that may be behind it. Sometimes, you are paying fixed percentages, and these may be extremely high, especially when

buying smaller items. Some layaway plans also involve strict deadlines. Not being able to meet one may result in even more fees or the cancellation of your layaway plan.

If you decide that you don't want the item you purchased or you are not able to pay it in full by the approved date, you may end up losing part of the money you have already shelled out.

Layaway plans should be considered as a final resort when everything else seems to be out of reach. Be sure to read the fine print and ask about any fees or penalties that are associated with the plan.

Surviving The Holiday Season...

(continued from p.3)

and it adds the value of spending time with one another.

3) Make Experiences With Your Family!

Whether because of financial hardship or because you simply do not like the commercialization of the holidays, the single best thing to do is to enjoy every moment you get to spend with your family. That is, after all, what holidays boil down to.

There's no need for fancy dress, opulent dinners or shiny new gifts. Simply get in contact with those you miss the most and ask them to come over. Find a comfortable place to sit, or take a stroll in the outdoors and share stories and laughter. Confide in one another over a hot mug of coffee or a cold glass of wine. Make memories.

If you recently had an argument with someone you consider special, the holidays are a great reason to make peace. Although it might sound a bit naive and definitely like a cliché, life is too short to

let petty disagreements keep you away from those you love.

Remember, being short on cash should not make you feel ashamed. Almost everybody has been strapped for cash at some point in their lives. More often than not, it is only a temporary situation that will resolve over time.

Holidays are not all about material gifts. Your friends and family will not abandon you because of inexpensive gifts or scorn you because you choose to invite them over instead of going out on the town. Relax and be pleasant company for those you love. When getting many different personalities together, there is the potential to have an argument or two. This potential conflict is often enough reason for some to avoid the stress of getting together, but you shouldn't let it get the best of you! Wherever you are, whoever you have by your side, take a deep breath and remember that this unique hodgepodge of extraordinary people around you is what makes your life unique! ■

In Conclusion

Any payment arrangement other than cash will result in you having to pay more than the original price of your gift. While the other payment options might be more convenient solutions in the short run, they are a waste of money.

When possible, the best idea is to budget ahead. Yes, it might sound hard or even impossible for some, but when saving is done correctly, it will give you the chance to survive the holiday season and avoid spending more money than necessary.

Purchasing your gifts ahead of time is also a smart, money-saving move. This early planning strategy allows you to buy as you get paid and also gives you time to shop around for the best prices. It may surprise you to know that some stores lower the prices of the least wanted items during the holidays while marking up the most popular items.

If you don't want or can't afford to spend money to celebrate the holidays, consider going for an alternative, non-commercial solution. Remember, the holiday season is a time when families come together, and gifts are a nice but not essential accessory to this beautiful time of the year. ■



Family Financial Education Foundation

ACCESS EDUCATION SYSTEMS

724 Front Street, Suite 340

Evanston, WY 82930

contact: (877) 789-4175

www.ffef.org | info@ffef.org

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