



'Tis the Season to be Jolly

Did you spend Thanksgiving Day looking through the many post-Thanksgiving sale ads in preparation for some holiday shopping? If so, you're not alone. While eating turkey and watching football are an important part of Thanksgiving Day, many of us also spend time making our holiday shopping lists in preparation for one of the year's biggest shopping days.

Retailers know the day after Thanksgiving as Black Friday—and not because of over-congested shopping malls and late hours. The day after Thanksgiving is the beginning of the nation's retailers' highest-revenue season. Almost 25% of the year's retail sales take place in November and December. It's how retailers end the year in the black, instead of in the red—hence the name Black Friday.

Black Friday can turn truly dismal for consumers, however, if they don't keep their budgets in mind. With all the jollity of the season, it's easy to get carried away by the feelings of goodwill and go a little overboard.

Many surveys show that the average consumer will spend between \$700 and \$800 during the holidays, while some surveys show spending at more than \$1,000. That's just the average, remember, some people will spend much higher amounts.

The National Retail Federation has found the typical breakdown to be:

- Gifts for family: \$407
- Gifts for friends: \$71
- Gifts for coworkers: \$22
- Other gifts (teachers, neighbors, etc): \$41

And that's just the gifts. Another significant portion of that \$700 to \$800 goes for things like cards, stamps, wrapping paper, party food, and so forth. Don't forget to add these items to your holiday budget or you'll find yourself in trouble.

The typical breakdown is:

- Party food and candies: \$84
- Holiday decorations: \$36
- Greeting cards and postage: \$25
- Poinsettias and other holiday flowers: \$16

We also find the sales too good to pass up and buy a little something for ourselves. Surveys show—more than 50% of us spend at least \$90 on ourselves while we're doing all that shopping for others.

No one wants to take away from the spirit of the season and all the opportunities it brings for sharing and showing those you love a little extra special attention. There are many great ideas for economical gifts and ways to avoid financial groans over the holidays.

We've collected some of our favorites and placed them throughout this newsletter to help you keep the season enjoyable by staying within the realms of reality for your finances and avoiding unnecessary financial distress when the season is over.

Most of all, all of us at Family Financial Education Foundation want all of you to have a wonderful holiday season with the prospects of a great New Year. ■

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Be on Guard When You're Online

Ahhh, the Internet. What an invention. It's no secret that browsing and buying online can save you time, money, and effort. The Federal Trade Commission (FTC) strongly recommends that you stop and think before you click to prevent an online Scrooge from interfering with your purchases and, ultimately, your holiday fun.

The FTC and the high-tech industry recently launched OnGuardOnline, a campaign to help consumers practice online safety in their daily online routines. Taking a few precautions when you're online can help minimize the chances of a mishap. Among the tips from www.OnGuardOnline.gov are:

1. Know whom you're dealing with.

Anyone can set up shop online. Confirm an online seller's physical address and phone number in case you need to get in touch with them. If you get an e-mail or pop-up message from the seller while you're browsing that asks for financial information, don't reply or click on the link in the message. Remember, legitimate companies don't ask for this information via e-mail or pop-ups.

2. Read between the lines.

Read the seller's description of the product closely, especially the fine print. Words like "refurbished," "vintage," or "close-out" may indicate that the product is in less-than-mint condition. Name-brand items with "too good to be true" prices could be counterfeits.

3. Calculate the costs.

Check out websites that offer price comparisons, and compare "apples to apples." Factor shipping and handling into the total cost of the order. Then, stack these costs against your budget and needs.

4. Pay by credit or charge card.

Do not send cash under any circumstances. If you pay by credit or charge card online, your transaction will be protected by the Fair Credit Billing Act. Under this law, you have the right to dispute charges under certain circumstances and temporarily withhold payment while the creditor is investigated. In the event your credit or charge card is used without your knowledge and permission, you generally are liable for no more than \$50 in charges per card.

Many companies do not hold consumers responsible for any unauthorized charges made online, and some card issuers may provide additional

Shop around. A 'sale' price isn't always the 'best' price.

warranty, return, and/or purchase protection benefits.

5. Review the terms of the deal, such as refund policies and delivery dates.

Can you return the item for a full refund? If you return it, who pays the shipping costs or restocking fees? Check on when you can expect to receive your order. The law requires sellers to ship items as promised or within 30 days after the order date if no specific date is promised. Can the recipient return your gift? If so, ask that a gift receipt be included in the package.

6. Keep a paper trail.

Print and save records of your online transactions, including the product description and price, the online receipt, and copies of any e-mail you exchange with the seller. Read your credit card state-

ments as you receive them to be on the lookout for unauthorized charges.

7. Don't e-mail your financial information.

E-mail is not a secure method of transmitting financial or personal information like your credit card, checking account, or Social Security number. If you begin a transaction and want to provide your financial information through an organization's website, look for indicators that the site is secure, like a lock icon on the browser's status bar or a URL for a website that begins "https:" (the "s" stands for "secure"). Unfortunately, no indicator is foolproof; some fraudulent sites have forged security icons.

8. Use antivirus software and a firewall and update them regularly.

Antivirus software protects your computer from viruses that can destroy your data, slow your computer's performance, cause a crash, or even allow spammers to send e-mail through your account. It scans your computer and incoming e-mail for viruses and deletes them.

Your antivirus software should update routinely with antidotes to the latest "bugs" circulating through the Internet.

Firewalls help keep hackers from using your computer to send out your personal information without your permission. Think of a firewall as a guard, watching for outside attempts to access your system and blocking communications to and from sources you don't permit. If your operating system doesn't include a firewall, get a separate software firewall, or install a hardware firewall—an external device that includes firewall software.

9. Check a company's privacy policy before doing business.

It should let you know what personal information the website operators are collecting, why, and how they're going to use it. If you can't find a privacy policy—or if you can't understand it—consider taking your business to another site that's more security-conscious and customer-friendly. ■

Feel the Peace of the Season

It's easy to get caught up in the hustle and bustle of the holiday season and lose focus on such mundane things as a spending budget. We often tell ourselves, "After all, Christmas only comes along once a year," and before we know it, we are so far overspent it will take most of next year to make up for our purchases. While creating a gift-giving budget may sound Scrooge-like, the exact opposite is actually true. Really giving some thought to how you can celebrate the season with meaningful gift-giving that won't cause you financial stress can make the season more, not less, enjoyable.

Not everyone has the creative skills of Martha Stewart, and handmade gifts may not work for everyone on your list, but with a little thought you can create great gifts without hurting your wallet.

1. Arrange a nice selection of inexpensive items in a basket and add a bow (you can often find baskets for very little money at thrift stores). Give the items a theme—hair care goods, kitchen items, socks, car care, etc. Shop at bulk goods outlets and split your items into several gifts.

2. Combine homemade goods like chocolate chip cookies with a purchased item such as a holiday platter. You can create a very appealing gift for a reasonable price. Make sure your baked-goods ingredients don't become too expensive. Again, a batch of cookies can make several gifts if you divide them into gifts of 6, 8, or 12 cookies.

3. Some elderly family members or friends or those with young children may appreciate your time more than an expensive gift. Take elderly loved ones out for a walk or dinner/lunch or help run errands. Any mom or dad with young children will welcome a few hours of free time. Offer to baby-sit and make the gift extra special by letting the parents return to a clean home.

4. Avoid going overboard when giving young children holiday gifts. The short attention spans of young children means individual gifts receive only fleeting attention. Children are often the most happy with a homemade gift. A lovingly crafted stuffed toy, wooden pull-along, room decoration, or article of clothing can become a treasured memory.

5. Plan ahead to determine the needs of those on your list and start shopping in June instead of trying to complete your shopping all at once.

If you are one of those lucky enough to have a gathering of family or friends on the big day:

- If possible, share a ride to the family gathering with a relative.
- If you're having the guests at your home, prepare the food yourself instead of buying items already made, or ask your guests to share in bringing the food.
- If you're preparing the meal, save time and money by cooking similar items together.
- Make your own wreaths and decorations. ■

Top 10 Timely Tips to Avoid Gift-Giving Debt

If you stay focused on what you can spend for gifts, your holidays will still be jolly, and you'll be a lot less stressed in the New Year.

1. Make a list and check it twice. Write down the names of everyone on your mental holiday gift-giving list.
2. If there are people on your list you don't absolutely have to buy a gift for, cross off their names.
3. Determine how much money you can realistically afford to spend.
4. Decide how much you'll spend on each person and write that amount next to the person's name.
5. Add up all the per-person amounts and make sure the total doesn't exceed the amount you've allotted yourself to spend. If it does, go through your list again and cross out more names.
6. Withdraw that much money (and an extra \$20 for things like sales tax, lunch, and parking) from your bank in cash. Leave your credit cards and ATM cards at home. When your cash is gone, it's gone, and your shopping is done.
7. Request a free gift box and tissue whenever you purchase something.
8. Take advantage of free gift wrapping whenever it is offered.
9. If you're shopping over several weeks, keep your list with you and stick to it. If you don't, you could end up buying several gifts for one individual over several different shopping trips.
10. Avoid expensive gift bags. While they seem like an easy way to wrap a gift, a nice gift bag plus tissue paper can cost \$6.00. Instead, go to your local dollar store and buy some gift bags for a dollar. You might even find some for 50 cents each, plus you can also buy your wrapping paper, tissue paper, ribbon, and boxes at the dollar store. ■

More Ways to Save Money on Purchases

Consumers Union (www.consumerunion.org), the nonprofit organization that publishes Consumer Reports magazine, offers good advice on how to save money on your holiday purchases.

Don't Buy the Extended Warranty—Extended warranties and service contracts are not a good buy. Fewer than 20% of products covered by an extended warranty are ever brought in for repair. In fact, estimates of profit margins on service contracts range from 40% to 77%. Most defects typically appear in the first 90 days, while the original warranty may still be in effect. Buying products with a solid record of reliability is the best way to avoid breakdowns. The annual Consumer Reports Buying Guide contains repair histories for major brands of home appliances, VCRs, TVs, and some other home electronic equipment.

Steer Clear of Credit Card Cash Advances—Avoid with all your might taking cash advances on a credit card. It is cheaper to pay by credit card than to take a credit card cash advance. Cash advances are one of the costliest ways to borrow money. There is usually a fee, which may be from 2% to 4% of the amount of the advance. There is also, sometimes, a higher interest rate on the funds borrowed through a cash advance.

Avoid Store Credit Cards—Store charge cards can be expensive if you don't pay the bill in full every month. Store cards usually carry higher interest rates than ordinary credit cards.

Most retailers accept ordinary credit cards, so you don't need a store credit card.

Skip Offers to Skip a Payment—Some companies, banks, and credit unions mail out offers that allow you to skip a payment on an existing auto loan or credit card during the holiday season. Read any invitation to "skip a payment" carefully to see if interest will continue to build up during the skipped period. Skipping a payment generally just means that it will take you longer to pay off the account.

Don't Put Your Holiday Bills "On the House"—Avoid home equity loans except for specific, planned expenditures, such as tuition or home improvement. Home equity loans are sometimes promoted for debt consolidation. One reason that these loans may have lower monthly payments than your current bills is that the debt is being stretched out over a much longer time period. On some home equity loans, you pay only interest, and you still owe the full amount borrowed even after you make all the payments.

Returns—Always save your receipts or other proof of purchase. If you're dissatisfied with your purchase, or if the product doesn't work as advertised, promptly take it back to the retail seller and ask for a refund or replacement. If you are still dissatisfied, contact the seller and the manufacturer in writing. Describe the problem and ask for specific action by the company (such as replacement).

Be polite but persistent in pursuing your complaint. If you are not satisfied, complain in writing to the local District Attorney's office or consumer affairs office. ■

Smart Tips for Holiday Shopping

Perhaps it's already dawned on you that the holidays are just around the corner. And that means shopping for gifts for the people that matter most to you. Unfortunately, sometimes the holidays are overshadowed by overspending and the subsequent emotional troubles that stem from not keeping your spending under control.

In your efforts to shop within your means and stay on track to ultimately become debt-free, here are some tips to help you shop wisely and save money so you can actually relax and enjoy the holiday season. ■



Business Hours!

Monday-Friday: 7:00 a.m.-7:00 p.m.
Saturday: 8:00 a.m.-12:00 noon

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