



## Plan for a debt free holiday

The holidays are a wondrous time, full of joy, celebration and giving. It is also the season of spending. Planning is never more important than during the holidays, when overspending and debt are the quickest ways to rob you of your good cheer, and guarantee a New Year full of stress. Below, you will find some measures you can take to stop impulse buying, curb overspending and plan for a debt-free holiday.

### Start Early

The benefits of saving early in the year are self-evident. The sooner you start planning and saving, the more money you will have when the holidays roll around. With the holidays right around the corner, you may be thinking that advice to start early has come a “day late and a dollar short”. I assure you there is no better time to review your spending habits, look over your budget and make plans for the New Year and coming holidays. It is a fresh opportunity to take note of where you did well and where you can improve.

The nearing of the holiday season doesn't let you off the hook. No matter how close your deadline looms, it is always beneficial to start saving as soon as possible. For you, that is right now but first you need to make a plan.

### Make a Plan

Creating a practical plan through listing and budgeting is the cornerstone to creating an enjoyable holiday. It will allow you to relish the joy of giving gifts to those you love while removing the stress and burden. Start by making a budget.

For those of you that have created a budget before, you have probably started this task by creating a list of people to whom you want to give gifts. This year, try something new by starting with the dollar amount you can spend first.

Nobody knows your budget and living expenses better than you do. Figure an amount that you can spend

that will not involve using credit cards and lines of credit. If you are doing this at the beginning of the year, you can even go a step further and break down the amount you need to save monthly in order to reach your goal.

Once you have a dollar amount that you can sensibly spend, write down the list of people for whom you will buy gifts. Write a list in order of priority, from immediate family to extended family and friends.

Double-check your list. Often we have a desire to buy for everybody when realistically we are not financially able to do so. Perhaps a beautiful postcard with a personal message would do for some. Consider your list and consolidate it if necessary.

Once you have your spending allotment and your list, divide up the dollar amount amongst the people you want to buy for, again in order of priority. Obviously, if you start saving earlier in the year, your amount to spend will be more than if you are starting now. Either way, doing this will help to keep you on track to an enjoyable holiday, free from debt. Now that you have your plan let's discuss how to find money to save.

### Find the Leaks

Money is tight for many, and when you're pinching pennies it's easy to see why people may feel intimidated by the idea of saving for a holiday. In reality, saving isn't all that hard or daunting a task. In fact, when saving, it's the little things that add up! Cutting back in little ways each day can mean big money when the holidays

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roll around. Let's look at some easy ways we can find the money leaks.

**Stop eating out:** Eating at home is, usually, the easiest area to improve and makes the biggest financial impact. According to a Rasmussen Reports national telephone survey, Fifty-eight percent (58%) of American Adults now say they are dining out at least once a week. Some studies show that 1 in 4 Americans eat some type of fast food every day. That is a whole lot of potential savings! If you eat out once a week, with an average of \$10 a meal, you could save \$520 a year by putting that into your holiday fund instead. That's a great start to your holiday savings!

**Make your coffee at home:** According to the National Coffee Drinking Trends market research study, 83% of Americans are coffee drinkers. Nearly one-third (31%) of those American coffee consumers drink gourmet coffee (think Star Bucks). Depending on what you order, a good cup o'Joe can set you back anywhere from \$3 to \$5. Even if you order the less expensive drink on the menu twice a week, your spending \$312 a year.

**Snack Less:** If you were to take that daily \$1 that you spend on a soft drink or vending machine snack and put it into your holiday savings fund, you would have \$365 after a year of savings.

**Hold a garage sale:** Do you have clothes you no longer wear? Books you no longer read? Are appliances gathering dust on the shelves? Turn those unused items into holiday cash! This one will provide you with the extra bonus of de-cluttering your home. If you are starting in the colder months when garage sales aren't in season, look into selling your gently used items online through free online classified ads, craigslist or eBay. If online isn't your thing, and you

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prefer brick and mortar stores, consider antique boutiques, thrift shops, consignment stores or pawn shops.

**Recycle scrap metal:** You know that old water heater you have taking up space in the garage? It could be the key to throwing that holiday party you have always dreamed about—it's true! Recycling scrap metal is easy and lucrative. Chain link fencing, ladders, soda cans (after all your giving up your daily soda, right?), you name it! The sky is the limit (so long as its metal) You can easily find your local scrap metal recycling plant at [www.gotscrap.com](http://www.gotscrap.com)

**Use online rebate sites:** If you regularly shop online then using an online rebate site like [mrrebates.com](http://mrrebates.com) or [ebates.com](http://ebates.com) is a smart idea. You can earn money back on items you regularly buy and put it in your holiday savings.

Now that you have learned a few ways to earn some cash, lets look at your options for housing your holiday savings.

#### Places to save your money

So now that you're armed with a budget, a list and a plan; it's time to decide what the best method of saving is for you. This decision is largely a personal one based on lifestyle, discipline and personal preference.

#### Open a holiday savings account

A holiday account is an account that many banks and credit unions provide. The idea behind this account is that it automatically withdraws a predetermined amount from your checking account and deposits it into your holiday savings account. The sum of what you have accumulated is deposited back into your checking account around November (dates vary). A holiday account is not used for overdraft protection, and it accrues

interest, though not as much as a standard savings, or money market account. The benefit of using a holiday account is that you never see the money, and thus resist the temptation to use it.

#### Short Term CDs

If you have or will have a sizeable sum of money (think tax return), then you should consider a short-term CD (certificate of deposit). A starting investment amount for a short term CD is from \$500 to \$1000. There are several benefits to a short term CD. One being that it earns higher interest than a regular savings account. Also, because there is a penalty for early withdrawal, you are more likely to leave it alone until it reaches full maturity. The lengths of time for short-term CDs are typically six months to one year. Sometimes, you can even put a limited number of additional deposits into a CD as you save additional money. Contact your bank or credit union for more details as the rules for individual Certificates of Deposits may vary.

#### Use Envelopes

If you are a traditionalist and prefer to work with cash, this is the system for you! Use your list to write each name and allotted gift amount on individual envelopes. As you save money, put it into each envelope. When you have met the specified amount on the envelope, seal it. As you go throughout the year, your envelopes will be filled and sealed. This method is by far the most fun way to save for your holiday. You get to feel the excitement of watching each envelope grow while anticipating the upcoming holidays. The disadvantage of this system is that you do not earn interest, and it is not insured, so it's your responsibility to keep it safe.

Don't let over-spending; impulse buying and debt rob you of your joy. With so many options out there, all it takes is a little time, creativity and planning to create a debt-free and stress-free holiday. ■



# Celebrating on a budget

Let's be honest, these days the holidays are too commercialized. Advertising agencies create entire campaigns to create a false need and a healthy dose of guilt if you don't buy something for everybody. Budget constraints often leave one feeling a sense of "bah humbug" this time of year. Don't let excess spending rob you of your holiday cheer. Try these great ideas to keep your holiday expenses down.

## Think Thrifty

Let's face it, decorating for the holidays is a big job. When you consider the time and substantial financial commitment, it's no wonder people shy away from doing it. Luckily, there are several ways to save some green while shopping for your holiday décor this season. The time you spend, however, is up to you.

**Thrift shops:** This time of year, most thrift shops will have an aisle or two devoted to the holidays. You can find many items, sometimes new and unopened, for little money. Thrift stores are a wonderful place to get a mix and match holiday dish set, as well as vases, candle holders and much more. The thrill of the hunt is half the fun when shopping second hand.

**Garage Sales:** The amount of holiday décor you can find at garage sales is staggering, and your imagination is the limit! You never know what you're going to find, so it's always a good idea to be creative and flexible. Be prepared to find anything from dancing reindeer dolls, tangled balls of lights, or figurines, to holiday napkin rings and tree ornaments. Bring cash and don't be afraid to offer less, as most people are very motivated to sell.

**Nature:** Sometimes finding beautiful things to decorate with is as easy as walking out into your backyard. Pinecones, acorns and evergreen boughs are free. Remember stringing popcorn? It's inexpensive and fun! Alternate with cranberries for a little splash

of color. With a little creativity and a hot glue gun, you will be unstoppable!

## Start New (and cheaper) Traditions

It doesn't get much better than free. The holiday season is full of free community activities, from performances and festivals to parades and lights; your calendar will quickly fill up with holiday cheer! Some places to find these events are your local newspaper, state and local tourism websites, county websites, local radio stations and your neighborhood library. You can also try some additional fun and inexpensive tradition ideas such as:

**Sledding:** It's a great time to wrap up the kids, grab a sled (heck, even a plastic bag) and head on down to the closest rolling hill to make some memories. Everyone will have fun for next to nothing! Live in an area with no snow? No problem! An 'all-season sled' works on grass or snow, but with the cost around \$80, it's a bit more expensive.

**Neighborhood lights:** Many people lavishly decorate their homes in lights this time of year. Grab a thermos of hot chocolate, hop in the car and drive around the neighborhood to enjoy the splendor. Driving around town will cost you little more than gas, and the company you seek and sights you will see, are worth it!

**Baking together:** Spend a scrumptious evening baking or making confectionary goodies together. You will get some quality time, delicious eats and potentially save some money if you are making your delightful creations for holiday gifts.

**Movie and spiced tea night:** A flannel blanket, some holiday movies and a hot mug of spiced tea is all you need to make a night to remember.

## Shop Smart

It is almost inevitable that at some point, you will find yourself shopping this holiday season. No matter what

the circumstances are, you can prevent overspending, and the stress that comes with it, by heeding a few simple tips.

**Use cash:** While the festivities abound, the glitz and glitter of the season can make it difficult to keep track of what you're spending. Debit cards only make this task harder. To get around this problem, use cash for all your holiday shopping, that way you can see when you are nearing the end of your budget. It also tends to make you more discretionary and spend more cautiously, which is a good thing!

**Shop online:** Shopping online gives you several advantages. First, it is much easier to shop around and compare prices. When it comes to finding the best deals, shopping online is hard to beat. It also saves on gas and travel time. Remember to watch the shipping prices, some companies will offer a cheaper price, but high shipping charges. Watch for promotions that offer free shipping.

**Use coupons:** No matter where you decide to shop, chances are, there is a coupon for that. Take the time to glance at newspaper ads, magazine adverts and flyers that come in the mail. You can also find great deals on coupon sites like coupons.com or fatwallet.com as well as download coupon smart phone apps like 'Coupon Sherpa' or 'Yowza'.

## Keep it Together

Sometimes, we have so many people on our list that we have to go into debt in order to buy something for each one. Grouping your gifts is an easy solution that will make you feel good, save money and make everybody else happy too.

**Buy family gifts:** Instead of buying for each member of the family, try grouping it together to save money. Family gifts can be one large gift that benefits the whole family, such as a kitchen appliance or a gourmet culinary treat like a meat and cheese

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platter. Another great idea with lots of potentials is a themed gift basket. Some great ideas for family gift baskets are: "Movie night", simply throw in some DVD's, popcorn and drinks and you're all set! Another favorite is "Family game night" a board game, some hot cocoa and treats and voila! Not only is your gift sure to please, but it will give them memories that last a lifetime.

**Adopt an angel:** Rather than picking the names of family and friends, everybody picks the name of a child in need on a charity tree instead. Picking an angel creates a magical environment that gives to those in need and lessens the commercialization of the season. You will find joy in buying things like winter coats, shoes and food for those that cannot provide for themselves. There are many local agencies and charities that gather people in need during the holiday season; they range from poverty-stricken youth and elderly to the homeless and disabled. To find the charity of your choice, you can go to [www.lic.org](http://www.lic.org), [www.charitynavigator.org](http://www.charitynavigator.org) or contact your local community foundation.

#### Make it Personal

Sometimes the most memorable gifts are not the ones that are the biggest or the most expensive, but the ones that are the most thoughtful. When giving, it's all about being personal and paying attention to the details.

**Photographs:** Do you have an old family heirloom picture? Perhaps you have family photos or cute candid photos of your children? If so, it's time to dig them out, dust them off and put a frame on them! No matter what type of photo it may be, people love pictures of their loved ones. Don't like the idea or expense of framing?

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Places like [walmart.com](http://walmart.com) and [walgreens.com](http://walgreens.com) have things that you can slap your mug on (including a mug!) for not very much.

**Annual letter:** Many people create an annual letter that contains a summary of happenings and goings on with their families each year. Often there is an update on, and personal word from each member of the family. An annual letter is a wonderful, economical gift idea for your family and friends. It helps loved ones stay connected and provides a genealogical keepsake. You can personalize it by writing (or printing) on beautiful paper and decorate it with stickers. You can even include pictures of the family.

**Personalized Calendar:** Using family pictures, create a personalized calendar that includes useful dates such as birthdays, holidays and anniversaries. A calendar is both a sentimental and useful gift that everybody will love. You can create and have them printed online at many places, including [vistaprint.com](http://vistaprint.com), [walmart.com](http://walmart.com) and [snapfish.com](http://snapfish.com). Your forgetful family members will thank you for it every time a birthday comes around.

#### Give them the time of day (The gift of time)

So, what if we are working with a budget that is say, close to nothing? Well, luckily, the holidays are not about the stuff you buy but about the time you give. Remember the reason for the season, by giving someone your most precious commodity—time.

**Volunteer:** Volunteering is a thoughtful way to celebrate the holiday's true purpose. Enlist the whole family in the act to bring you closer together while

you lend a helping hand. Some wonderful places to volunteer are animal shelters, nursing homes, food banks and soup kitchens. Remember to contact them early in the season to discuss where you can be most helpful and to set a time and date.

**You've got skills:** Are you an artist? An amazing cook? Perhaps you are handy around the house? Donate your skills by offering to draw your loved one a portrait, cook an amazing meal, or give them a set amount of time to fix things around their house. Think you don't have skills? How about mowing the lawn, or babysitting? Whatever it is that you do, wrap the idea in a thoughtful way, and it will be the most heartwarming gift your loved one will receive this holiday season.

So there you have it, by celebrating on a budget, you can have fun and focus on the true purpose of the holidays. Spending time with loved ones, extending grace to those in need and spreading good cheer, without all the holiday pressure. Happy Holidays! ■



### Business Hours!

Monday-Friday: 7:00 a.m.-6:00 p.m.

Saturday: 8:00 a.m.-12:00 noon

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