



Five Tips for the 12 Days of Christmas

GREENWOOD VILLAGE, COLORADO—Many retailers are anticipating an off-year due to a “bah humbug” economy, yet spending this holiday season is still expected to average \$1,100 per household¹.

If this amount was put on a credit card at 18 percent interest—and assuming only minimum payments at 2 percent were made—it would take more than seven years to pay off the balance.

“Considering the current economic climate, there is very little room right now for mistakes. Unfortunately for some, holiday spending will cause their financial security to backslide,” says Ted Beck, president and CEO of the National Endowment for Financial Education® (NEFE®). “Don’t be afraid to say ‘no’ to gifts you truly cannot afford. Remember, the greatest gift you can give your family is financial stability.”

From gifts and parties to decorations and travel, there are numerous financial pressures associated with the holiday season. Consumers feel more pressure when giving in to enticing sales and impulse purchases of last-minute items. “It’s important to maintain perspective,” Beck says. “If you spend money you don’t have to ‘save’ on a sale, you really aren’t saving money at all.” NEFE offers these five tips to manage spending in the final two weeks of the holiday shopping season:

- 1) **Make a budget and commit:** List all of the gifts and decorations you plan to buy, the parties you will attend and the travel expenses you anticipate. Do not exceed your preset limits.
- 2) **Make a gift list and check it twice:** List all family members, friends and co-workers for whom you plan to make purchases. Be flexible in cutting the list to accommodate your budget if needed.
- 3) **Comparison shop:** Consider online shopping to get the best deals, but be sure to figure in shipping costs. Check sale ads regularly and be selective in your shopping. Once you have purchased a gift for someone, cross them off your list. Avoid adding last-minute impulse items just to make your gift seem more meaningful.
- 4) **Make concessions:** To maintain your budget, you may have to cut down your list of gift recipients. You also may have to be selective in what parties you will attend. Many people will add substantial costs with other activities, such as wrapping gifts and sending holiday cards. Avoid expensive wrapping and consider sending a letter rather than individual cards.

- 5) **Best planning is to save:** Although it's late this year, remember, holiday spending is a recurring expense. You should establish a savings account that you regularly contribute to throughout the year. Ask your bank about setting up a designated account that money can be transferred to automatically.

Savings will help lessen your dependency on credit when the holidays roll around. But if you do turn to credit cards, be sure to use them responsibly. Designate one card to use when you go shopping and leave the others at home. Be sure to choose one with a low—preferably no—interest rate. Finally, keep track of all expenses and stay within a range that you can commit to paying off when the bill arrives in January. Remember, it does not matter what bargains you find while shopping if you end up paying interest on your purchases.

If money is tight this year and you already have made concessions in your budget, consider gift-giving alternatives. These may include homemade coupons good for child care or helping someone with household chores; giving a photograph of yourself and the recipient—something personal, meaningful, but inexpensive; or having a name drawing where family members choose one person whom they will buy for.

For more money saving and spending tips visit www.smartaboutmoney.org.

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¹ International Council of Shopping Centers, Goldman Sachs Holiday Survey, November, 2008.