



Debt.com Holiday Money Guide

A step-by-step guide to crafting the best holiday spending plan.





The winter holiday shopping season is the most expensive time of year. Experts predict that Americans will spend between \$678 and \$682 billion this November and December, with the average household shelling out \$967.

With spending so high, it's no wonder that so many people rely on credit cards to get through this shopping season. But that can lead to a serious holiday debt hangover in January, as the bills come in and you realize just how much you overspent.

Luckily, Debt.com is here to help you stay on budget this holiday season! This guide is designed to help you craft a practical and effective holiday budget, so you can control your spending and avoid credit card debt.

And remember, if holiday debt happens, Debt.com will be here to help you find solutions that can provide immediate debt relief. Just call us at **1-800-810-0989**.

Sincerely,

Howard Dvorkin

Founder, CEO

Debt.com



Step 1: Focus on What's Important

Make a plan that focuses on memories, instead of material trappings.

No matter how much you love the holidays or how much you plan, it's easy to get frazzled during the holiday shopping season. From trying to find the perfect gift for each person on your list to getting the decorations just right, there's plenty of ways to stress yourself out.

So, the first step in creating the best holiday spending plan is to make sure you focus on what's important instead of getting lost in the material details.

Ask yourself:

- What are your best holiday memories from years past?
- What do you like most about this season?
- What you like the least?
- What's the one thing you want to do most this season?
- What's the one thing you don't want to do?
- How can you make this holiday season less stressful?

Answering these questions will help you craft your holiday spending plan in a positive and productive light.

Step 2: Make Your List

Don't let a single expense slip through without getting detailed.

One of the biggest mistakes that people make with a holiday budget is that they only budget for gifts. But that's only part of what you spend during the holidays. So, a good holiday budget starts by detailing ALL the costs you'll encounter over the holidays.

Use this spending planner to help you get started:

Item	Planned spending	Actual spending
Gift: Immediate Family	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Gift: Extended Family	\$	\$
	\$	\$
	\$	\$
	\$	\$
Gifts: Friends, Neighbors, Co-Workers	\$	\$
	\$	\$
	\$	\$
	\$	\$

Decorations	\$	\$
	\$	\$
	\$	\$
Entertainment, Food & Drinks	\$	\$
	\$	\$
	\$	\$
	\$	\$
Travel	\$	\$
	\$	\$
	\$	\$
Postage, Shipping & Cards	\$	\$
	\$	\$
Charitable Giving	\$	\$
Holiday Tipping	\$	\$
Other	\$	\$
Grand Total	\$	\$

Step 3: Refine Your Gift List

Find smart ways to reduce the cost of gifting everyone on your list.

Although other expenses can add up quickly, the bulk of what you spend during the holidays goes towards gifts. Going overboard by gifting too many people or spending too much on each person can easily bust your holiday budget.

Use these tips to trim your gift list down to a manageable size:

- Set limits in your immediate family. You can either set dollar limits on the total amount to spend on each person or limit by number of gifts. Dollar limits tend to work best. That way, a family member can either choose one big gift or several smaller items.
- Don't buy individual gifts for everyone. Specialized individual gifts should really be limited to immediate family. For everyone else, you can use the other tips below to give them something thoughtful that won't break the bank.
- Buy in bulk, then make gift baskets. You can buy items in bulk, like food, beverages, small decorations, and holiday tchotchke at discount stores. Then hit a craft store to buy inexpensive baskets and fillers so you can build gift baskets.
- Homemade and handmade gifts are more meaningful. If you bake, then get baking and give gifts that come from your heart and kitchen. Or if you have kids, find a craft project, such as making ornaments, which make great gifts for grandparents.
- Give time or take some to-dos on. You can give coupon books that can be redeemed for spending time together next year or free up some time for the recipient by taking on a few chores for them. Have the kids shovel a neighbor's driveway or gift babysitting services to a relative with kids.
- Set up gift swaps and exchanges. Amongst your co-workers or group of friends, set up a Yankee gift swap or white elephant present exchange. Decide on a dollar limit, then everyone buys one creative gift and you get together to exchange them.
- Buy a gift together between spouses. Instead of buying each other individual gifts, decide that you'll buy something together that you need as a house. For instance, you can replace a piece of furniture or an appliance that's wearing out, or buy a new electronic device that everyone can enjoy.
- Take one name off your list. If your gift recipient list is a small tome, then find at least one name that you can take off. For instance, keep office gifts narrowed to

your boss or just the employees you supervise directly; only buy for your kids' homeroom teacher or favorite teacher instead of all of them.

- Get inexpensive universal gifts. This is especially useful if you take names off your list. Get universal items like digital picture frames or scented candles that you can give to someone if they gift you. This will help avoid pricey last-minute gift purchases.
- Don't self-gift. This is becoming a common trend that people buy a little something for themselves while they're out shopping for everyone else. If you want something, put it on your list so someone else can buy give it to you.
- Don't buy for pets. Your dog or cat or iguana has no idea that it's Christmas, so why waste a bunch of money buying them holiday toys and outfits? Save your money and if you absolutely need to dress up your dog, make the costume instead.
- Opt for tipping instead of gifting. Service providers don't need individual gifts. You can simply tip them for the end of the year. Or, if you followed the tip above to getting baking, you can make them something, too.

Holiday Tip Guide

Service professional	Standard Tipping Amount
Garbage collector	\$10-\$20 per person
Newspaper delivery	\$15-\$25 for daily delivery \$5-\$15 for weekend deliver
Babysitter	1-2 nights pay
Nanny or housekeeper	1 week's pay
Apartment manager	\$20-\$100
Hair stylist	Cost of one session
Postal carrier	\$10-\$20

Step 4: Shop Smart

Don't let retail tricks tempt you into spending more than you planned.

Retailers typically make about 20% of their annual sales during the holiday shopping season. So, they pull out all the stops to get you to spend more money. Recognizing these tricks and setting up the right shopping strategy can help you avoid overspending.

- Start shopping early. The earlier you start shopping, the more paychecks you have available to spread out the cost. You can pay for things with free cash flow in your budget instead of relying on credit. The best holiday planners actually buy stuff throughout the year (including buying decorations for next year right after this one).
- Never shop without your list. You went to all the trouble to make your list, so take it with you everywhere. Keep it as a note on your smartphone so it's with you always. Shopping without a list can often lead to impulse buys. You should even have your list handy while you shop online.
- Take time to comparison shop. Make sure you're getting the best price on the items you need. Compare prices online and take advantage of price matching policies if one retailer offers an item at a lower price. Just be careful and check holiday store policies. Some stores suspend price match for all or part of the season.
- Sign up for emails from your favorite retailers. Most retailers offer exclusive deals to their email lists, so you can score some great bargains. Just be aware that they will probably flood your inbox during the holidays. Read subject lines and only open emails that offer something on your list, to avoid getting pulled in to buying things you don't need.
- Never shop tired or hungry. If you're exhausted from a long day or hungry because you skipped lunch, don't go shopping. You're more likely to buy things just to get it done, and this usually leads to overspending.
- A deal isn't a deal if it's something you don't need. Both in-store displays and digital ads are designed to get you to make more purchases. But just because something is 50% off, it doesn't make it a good deal. Again, only buy what's on your list and avoid impulse buys.
- Always get gift receipts. This makes exchanges after the holidays easy and helps ensure you get a full refund instead of something like a partial store credit.
- Know the cutoff date for free ground shipping. Many stores offer free ground shipping during the holidays, but you need to plan carefully to take advantage. Note shopping policies for any online retailer you plan to use; if free shipping isn't available, see if they offer in-store pick up.



Step 5: Keep Credit Card Use Minimized

At most, you should only use three credit cards at most during the holidays.

Ideally, you want to pay for everything in cash. However, if you're shopping online or making travel reservations, then you may need to use credit. Still, if you have a solid holiday budget, you won't use credit without a clear plan for paying off the charges.

Note: If you start and end a billing cycle with a zero balance, you don't pay interest on any charges made that month! So, the strategy below is best used if you start shopping with zero balances.

1. Use a low-APR credit card for big purchases. Any charges that can't be paid off within a single billing cycle should go on your credit card with the lowest APR. This will keep interest charges minimized while you pay off the balance.
2. Use your rewards credit card strategically. If you earn points or cash back on certain purchases or from certain retailers, only use the card when you earn. If you earn cash back on everything, limit reward card use to what you can pay off in one billing cycle.
3. Use a travel rewards credit card to make reservations. If you plan on travelling, then you may also want to use a travel rewards credit cards to earn miles for your airline trip and accommodations.

Also, take steps to limit the risk of identity theft as you shop online for the holidays.

If possible, use PayPal or a prepaid credit card to make purchases online. Never use your debit card, since fraud liability is based on how soon you report the theft or mysterious charges!

Prepaid credit or PayPal can also help avoid overspending, since you only load the funds you have available to spend.



Step 6: Start a New Tradition

Find free events you can do as a group to make new memories together.

Whether it's attending a tree lighting ceremony at your local town center or setting up a holiday bonfire as a family, think of one new tradition that you can start that doesn't involve spending lots of money.

- Check local papers and forums for free holiday festivals
- Find cheap tickers holiday plays and productions
- Make an event out of decorating your house or Christmas tree
- Set up a day to work for a charity as a group
- Get some fresh air with a bonfire or walking your neighborhood as a family to look at light displays
- Go skiing or skating together
- Start a thankful jar, where everyone adds slips of paper about what they're thankful for, then read them aloud as a group
- Put together a caroling group and go a wassailing
- Set up a holiday movie or game night

The more free or cheap stuff you can do as a group, the less time everyone will have to overspend. Plus, spending time together will help you celebrate what's important instead of getting stuck on the price tag for each person.



Use These Additional Holiday Shopping Tips

- **Whenever possible, pay in cash.** The more you can cover with cash, the less debt you'll have to pay off in the New Year
- **Keep track of what you've spent.** Note that our holiday spending planner includes an extra column for "actual spending" so you can mark down what you really paid and keep a running tally.
- **Steer clear of fads.** Go for gifts that will stand the test of time, instead of those hot fad items that will be cool for a month until everyone gets bored with it.
- **Avoid buying things on the spot.** If you see an item that's not on your list and think it might be a good buy, walk away (or go surf online somewhere else) to give yourself time to consider the purchase. If you still want it, go back and get it.
- **Don't go overboard on decorations.** Competing with your neighbors on Christmas lights is a good way for everyone on the block to end up with credit card debt.
- **Consider decoration swaps.** If you have a friend or family member that lives near but not in the same neighborhood, swap out decorations so it looks like you both bought everything new.
- **Take note of or save coupon codes to your digital wallet.** You don't want to lose track of a good deal once you find it, so save it somewhere you'll remember it.
- **Holiday apps are your friend.** Whether you get a price comparison app or download the app from your favorite retailer to score exclusive discounts, look for smartphone and tablet apps that can make your life easier.



Call 800-810-0989
Get help with debt today!