

## Holiday Budgeting

As the shortest days of the year approach, we have the inevitable diversion of the holiday season to distract us until the days begin to gradually lengthen. Whether you celebrate Christmas, Hanukkah, Kwanza or the general holiday season chances are you'll be spending money on things that are outside your regular budget. Here are some tips for spending smart.

Remember the ghosts of Christmas Past, Present and Future in Charles Dickens' classic story, A Christmas Carol? Well, those three ghosts have inspired a timeless strategy for holiday spending.

### CHRISTMAS PAST

Look back. Review how much you spent last year and how you spent it. Analyze what you spent money on, over what period of time, and how you paid for it. If you used credit cards, be sure to look at how long it took you to pay them off. If you were still carrying Christmas debt on your credit card while on summer vacation, you may want to rethink how you handle the holidays.

Also consider how the gifts you gave last year were appreciated. Did you spend a lot of money on token gifts that were forgotten before the holiday was over? Reconsider certain gift-giving—agree to not exchange gifts with some people or make a donation in their name to a favorite charity (of theirs, if possible).

### CHRISTMAS PRESENT

Make a list. Include not only gifts, but decorations, cards & postage, food & drink, travel and any special stuff you'll need to buy.

Decide how much you have to spend. Set a budget and stick to it. Period.

Comparison shop—use online resources. If you've taken time to make a list of who you'll be buying for, it will be easy to think about what to buy for them. Start shopping at home—or at least start looking at home. Go online for gift ideas and start comparing prices.

Use cash if possible. Since you've established a budget, done your homework to find the best price and have committed to staying within your budget, shopping with cash will be a cinch. You'll be forced to think about an impulse purchase, perhaps thinking it through to the point of realizing it really isn't worth it. If you do choose to use credit cards, be sure to exercise discipline to stay within your budget.

Track Expenses. Track every dollar you spend—cash, checks and credit cards. It doesn't matter if you use money management software, a spreadsheet or the back of an old Christmas card, but be sure to record how you spend. Not only will this keep you on track, but it will also help with returns and with planning for next year.

Beware of the spirit of Christmas Present(s). Retailers spend a lot of time and even more money to help you "get in the spirit". Their hope is that the more spirit you have the more money you will spend. Hold

strong against developing an overly generous heart for the wrong reasons. That happy high in your gut at the register will likely be replaced with a spending hangover when the credit card bill arrives.

Tradition & Creativity. Put more emphasis on family tradition than stuff. Most people remember people and events from years past, not the specific gift they got when they were 10. Consider making gifts like baked goods, a personal scrapbook or even a thoughtfully written card.

Start a new tradition. As family members get older and harder to buy for, encourage traditions that move away from gift giving. "Adopt" a local family in need to provide presents for. Volunteer at a soup kitchen or visit a nursing home as a family event. Or start a tradition of drawing names from a hat or engaging in a swap of some kind. This way everyone buys just one gift that is meaningful or fun, and it is the event that becomes memorable.

#### CHRISTMAS FUTURE

Shop early. Buy next year's holiday decorations on clearance as soon as the holidays are over. Keep your eyes open for bargains throughout the year and stash them away. Beware though: track that spending and don't lose track of what you've bought.

Save all year. Make holiday saving a year round commitment. Set up an account at a local bank, perhaps a different bank than your main bank, just for holiday savings. Have a set amount of money direct deposited into this account from every pay check. Or when you pay bills every month, send a check to this account as if you were paying another bill.

With a little planning and some discipline, the holidays can truly be a relaxing time to enjoy family, friends and responsible gift-giving.