

# Money for Life

November 2009

Dear Readers,



With the holidays approaching in this challenging economic time, it's important for consumers to budget their money, monitor spending, and avoid getting in too deep with credit card debt.

This month's newsletter focuses on strategies for a meaningful holiday season at less cost.

It is easy to go over budget with expenses that may not be calculated into the holiday budget. The main way to avoid overspending is to have a written plan of all expenditures. Start the holiday shopping season by making a list of all the things on which you are likely to spend money. Items may include gifts, décor, cards, postage, food, and clothing. It's important to evaluate how much money you have to spend and the likely cost of the items on your list. The key is to create a budget and stick to it.

It is also important to find ways to reduce costs as much as possible. To spend less on food and beverage costs, have a potluck holiday to which everyone can bring a favorite decorative item, dish, or drink. This will allow others to help with the entertainment costs, while providing the opportunity to have a special recipe or centerpiece they enjoy at your gathering.

Save money on holiday cards. Send postcards instead of regular cards – they cost less to buy and mail. Think about sending electronic greeting cards or e-cards. There are many websites that offer a wide variety of free holiday cards that can be sent by email.

Save money on wrapping paper by making your own. Decorate freezer paper or brown paper bags with your own creative touch. This is a great project for children. And remember, gift bags can be reused.

Gifts are certainly the largest category in the holiday budget. There are many ways to reduce gift costs.



Don't procrastinate. Avoid waiting until the last minute to shop, so you'll have time to compare prices and take advantage of sales. When you see an ad for an enticing sale, you may be able to avoid crowds and get first choice on everything by shopping after 6 p.m. on the day before the sale officially kicks off.

Search for discounts on the Internet. When making online purchases, check for areas where you can enter a promotional code, discount code, or coupon. That's a sign to open a Web browser in another window and do a quick Google search for the retailer's name along with the same catch phrase used on that retailer's Web site. You could find a coupon in seconds and save on the purchase you're about to make.

Steer clear of unwarranted warranties. In almost every case, you can save money by not paying for extended warranties on gift items. Unless you are buying an unproven technology, rest assured that the cost of the extended warranty usually equals the cost of a typical repair.

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Planning to have some gift-giving after the holidays is another good way to trim the budget. Many major sales take place just after the holidays are over, and this can often be a great time to go shopping either for next year's gifts, or for a family gathering near the New Year.

Gifts that can be enjoyed by the whole family also reduce the number of presents. For example, a family with several children might buy a blue ray player or stereo system which everyone can enjoy, rather than buying multiple gifts for each individual family member. While this can be a costly gift up front, it may end up much cheaper than buying smaller presents for everyone.

Giving a charitable contribution in someone else's name is a way to take care of two obligations at once, because it gives a gift to a loved one, while still giving to the charity. Drawing names among family members or coworkers often can help to reduce the number of people for whom you must buy gifts.

Everyday items for people whose budgets might be tight make good gifts. The gift saves the money that they might otherwise be spending and also gives them that uplift of continuing to be able to do something that is important to them. For example, if you have an older relative who likes to write letters to people, some nice cards and stationary and postage stamps might be a good gift.

Make your own gifts. Give some homemade gifts, such as cakes, cookies, or gift certificates for your services. Such services could include babysitting, running errands, cooking a nice dinner, doing household repair work,



repairing or detailing a car, to name a few examples. Another creative idea is to create a memory together as a group or family. Instead of gift giving, do something fun together such as taking the family to a free community activity.

With the financial crunch, more consumers may be likely to rely on credit cards, but excess credit card debt can be dangerous.



The first step to avoiding excessive credit card debt is to remember not to charge anything that will be gone before it's paid off, such as fast food or gas. People have good intentions of paying credit cards off at the end of each month, but due to a variety of circumstances, most don't.

Another important tip is to have a plan. Set limits and track actual spending by using only one credit card and by keeping a spending log and all receipts in one place. It's easy to get caught up in the moment, which is how many consumers get into trouble.

Beware of promotions that offer deferred billing or interest; sometimes called "skip-a-month" offers. If your credit card issuer suggests that you do not need to even pay the minimum payment this month, you can be sure that you'll be charged interest anyway.

Do not use cash advances, which may seem convenient at the time. Interest typically accrues from the moment you take the advance, and there is usually a special transaction fee. These additional costs could mean less money in your pocket.

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