

Money for Life

December 2007



Christmas is a time to celebrate family, friends and traditions.

However, it can also be a time of excess spending and unwise use of resources. This month's newsletter provides information

on ways to reduce costs and be a wise consumer during this season of the year

To avoid overspending this season, consider these tips:

Set a holiday budget and stick to it. Include everything — gifts, wrapping paper, entertaining, travel to visit relatives, office parties, etc. Plan to spend no more than 1 to 5 percent of your net income for holiday spending.

Avoid purchases on a credit card unless you can pay off the full balance when the bill comes due. Also avoid buying on a deferred payment plan. It sounds great to have no payment and no interest, but interest usually accrues during the no-payment time period.

Avoid purchasing extended warranties. Extended warranties often cost as much as the repair would cost. It is a great deal for the merchant, but not for the consumer.

Avoid cash advances on your credit card. The fees are generally 2 to 4 percent of the advance. Avoid opening a new charge account for the 10 percent discount. Remember that your FICO score is worth much more than the 10 percent.

Avoid using the blank checks that come with credit cards. Read the fine print carefully. Most have cash advance rates or are linked to a high interest rate loan.

Many stores offer gift cards or coupons for frequent shoppers and loyalty programs. Check your Christmas list for ways to turn these into gifts.



Coordinate gifts among family members.

A doll might come from one person; doll clothes might come from someone else.

Avoid the last minute rush. Once you have completed your shopping, stay out of the stores. The last minute sales promotions and the emotions of the season can trigger over-spending.

Give stocks or bonds as gifts. It is a great way to teach family members about investing. Or donate to a person's favorite charity.

Send postcards instead of regular cards — they cost less to buy and mail.

Draw names for family members and set a spending limit. Consider buying a household gift vs. individual gifts for extended families.

Consider giving coupons for future services (raking leaves, shoveling snow, baking favorite cookies, cleaning the garage, taking someone shopping, etc.).



Entertain at home versus eating out. Potluck dinners are often an affordable way for families and friends to spend time together. If you would like a fancy centerpiece or new tablecloth when entertaining, consider borrowing the item. Return it in good condition.

The Environmental Protection Agency offers these tips for using resources wisely.

Thousands of paper and plastic shopping bags end up in landfills every year. Reduce the number of bags thrown out by bringing reusable cloth bags for holiday gift shopping. Tell store clerks you don't need a bag for small or oversized purchases.

Wrap gifts in recycled or reused wrapping paper or comics. Also remember to save or recycle used wrapping paper. Give gifts that don't require much packaging, such as concert tickets or gift certificates.

Send recycled-content greeting cards to reduce the amount of virgin paper used during the holidays. Remember to recycle any paper cards you receive. You can also try sending electronic greeting cards to reduce paper waste.

About 40 percent of all battery sales occur during the holiday season. Buy rechargeable batteries to accompany your electronic gifts, and consider giving a battery charger as well. Rechargeable batteries reduce the amount of potentially harmful materials thrown away, and can save money in the long run.

Turn off or unplug holiday lights during the day. Doing so will not only save energy, but will also help your lights last longer.

Approximately 33 million live Christmas trees are sold in North America every year. After the holidays, look for ways to recycle your tree instead of sending it to a landfill. Check



with your community solid waste department and find out if they collect and mulch trees. Your town might be able to use chippings from mulched trees for hiking trails and erosion barriers.

To help prevent waste from cutting down and disposing of live trees, you can buy a potted tree and plant it after the holidays.



Have a create-your-own-decorations party. Invite family and friends to create and use holiday decorations such as ornaments made from old greeting cards or cookie dough, garlands made from strung popcorn or cranberries, wreaths made from artificial greens and flowers, and potpourri made from kitchen spices such as cinnamon and cloves.

Consider the durability of a product before you buy it as a gift. Cheaper, less durable items often wear out quickly, creating waste and costing you money.

When buying gifts, check product labels to determine an item's recyclability and whether it is made from recycled materials. Buying recycled encourages manufacturers to make more recycled-content products available.

Use your own camera instead of a disposable one to reduce waste while capturing holiday memories. Consider buying a digital camera so that you don't have to use film and only print the pictures you want to keep.

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