



# Peace, Joy, and Financial Security:

## How to Make This Year's Holiday Season Debt-Free

Two-year-old Adam's favorite toy was a blue and red ball. His cash-strapped (yet savvy) parents had an idea for his holiday gift. When they put him to bed the night before the big day, they took his ball and wrapped it with brightly colored paper and a big bow. In the morning, with great fanfare, they gave him his present. He tore the wrapping off and squealed with delight, "My ball!"

Ok, so not everyone will be thrilled with a rewrapped toy, but there is a truth imbedded in this story: you don't have to spend a lot of money (or in this case, any at all) to have a joyful holiday season.

Spending wisely is not only a gift to yourself – those around you will appreciate the calm, debt-free, you in January. Here are a few tips to help keep holiday spending within your means, not retailer's dreams.

**Use cash.** The benefit? Well, obviously, no bill at the end of the month - but sticking to a cash-only shopping plan also means you are less likely to go wild and "bump-up" your gifts with unplanned extras. The one exception to this rule is buying big-ticket items. Credit cards carry consumer protection laws that can help if you are dissatisfied with the product; and you don't have to carry a great wad of

bills to the mall. If you do use a credit card, immediately write a check to the company for the amount you spent – and voila! – a debt- and interest-free purchase.



**Buy online.** Glitzy store displays are designed to inspire impulse purchases, getting you to buy far more than you intended. Shopping online allows you to focus your spending. Even better, many online retailers offer gift-wrapping services (usually for a fee, but wrapping paper and ribbon can be very expensive). They will ship for you too – so you don't have to spend agonizing hours standing at the post office. Pay with your debit card to avoid the post-purchase bill.

**Forget gifts: throw a party.** What gifts did you get for the holidays last year? If you can't remember, you are part of the 70 percent of those surveyed in March who couldn't name a single present they received in December. What they did recall – and value – was the activities: parties and get-togethers. Throw a potluck to keep costs down even further. Take photos and give them as gifts so they will remember the event for years.

**Remember the chestnuts.** Yes, the standard rules still apply – because they are good and they work. Develop a holiday budget, write a very specific gift list, and stick to it. Don't shop when you are hungry, uncomfortable, or rushed. Stay out of those stores where you are just as likely to buy something (unnecessary) for yourself as for your recipient. For support, bring a friend who knows you and your budget guidelines.

**If you really want to spend... earn.** The average American spends about \$500 on holiday presents. Instead of scaling back your budget or denying your loved ones what you really want to give, consider ways to increase your income. Most malls and stores seek short-term, part-time employees now. If you are creative, make things and sell them.

# Recommended Reading

**Simple Pleasures for the Holidays: A Treasury of Stories & Suggestions for Creating Meaningful Celebrations** by Susannah Seton (Conari Press)



If you are unfamiliar with the Simple Pleasures series, this book is the perfect introduction to the “getting back to basics” philosophy. And what could be more in need of reexamination than our values and habits concerning our precious holidays?

The basic premise of **Simple Pleasures for the Holidays** is that we can have less stress, more fun, and develop a genuine appreciation for our holidays and traditions. Susannah Seton explains how, by offering sensible and meaningful alternatives to simply hitting the mall for soon-forgotten gifts.

Seton reviews many of the major holidays that are celebrated in America, including Halloween, Christmas, Kwanzaa, Chinese New Year, Hanukkah, and the Mexican Day of the Dead. The stories she shares are poignant and inspirational. She provides many free to cheap celebration, gift giving, and decorating suggestions that are as unique as they are memorable.

If you want to truly enjoy the holidays and learn how different cultures observe each season's special days, read this wonderful book. You may never celebrate the same way again.

Or work overtime. Think outside the (gift) box.

**Start your own traditions.** Have you always dreaded sending cards but do so because you're “supposed to”? Resentfully bake elaborate confections while spending a small fortune in chocolate and nuts? This year, resist external pressures to abide by those traditions you don't enjoy

but cost you a lot of money. Be known as the person who wraps gifts with the newspaper's comic section, sends email cards, or decorates with found pinecones. Personalize the holiday season according to what you love, not obligation.

And if you have a two year old, wrap up his ball. You'll both be thrilled!

## Ten Perfect Things To Do in January

1. Develop a net worth statement. Subtract your liabilities from your assets and begin the New Year knowing exactly where you stand financially.
2. Contribute the maximum to your retirement fund. Don't let all those pre-tax dollars go to waste!
3. Open an IRA account. Start now and you'll have all year to contribute the maximum – and \$250 a month is a lot easier than \$3,000 in December.
4. Join your local library. You won't have to buy a new book or pay to rent a movie all year.
5. Review your budget. It's an essential annual event, and now is the ideal time to make changes that will affect the next twelve months.
6. Start a piggy bank. Collect change and cash it in quarterly (to your financial institution so you won't be charged a fee if the change is rolled) for special treats or to bump up your savings.
7. Set up a summer holiday savings account. You've got eight months 'til August. Save \$100 per month and there will be airfare and a margarita waiting for you somewhere...
8. Teach your children about money. Discuss the difference between cash and credit, what expenses really cost, and how long it takes to earn \$50. Next holiday season they may not be so quick to beg for an expensive gadget or designer jeans.
9. Set up your computer money management program. These valuable programs won't work if they aren't used. January is the perfect month to begin tracking your expenses for the year.
10. Not join a gym. Studies show that many people who sign health club membership contracts in January never see the stair master again in February. Unless you are really committed, start a home based exercise routine instead.