

Holiday \$urvival Guide

Consumer Alert!

1-888-995-7856 **ALLIANCE**
Credit Counseling

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“The average American spends \$941 on the holiday season, well above recommended levels for a nation where the mean household income is \$43,318, according to the U.S. Census Bureau.” (Source: http://usa.visa.com/about_vis/newsroom/press_releases/nr238.html)

If you'll pardon the pun, the holiday season wraps up a challenging year for many people. Thousands of people find themselves recovering from hard-hitting storms, or drought, or fires. Pain at the pump from sky-high gas prices hits everyone. Credit card interest rates and penalty fees have many struggling to make their minimum monthly payments. And if you were considering going broke, changes to the bankruptcy law have made that tougher too.

It's time to find hope.

Tis The Season

Maybe you're dreading the holiday shopping madness that looms nearer. Maybe in previous years you've faced the stresses of last minute shopping. Here are some ways to help you deal with your financial challenges, so you can be less distracted from what's truly important at this time of year.

Shopping And Staying Merry

Here are seven strategies to help you shop without giving yourself a "holiday hangover" of debt.

1. Create A Holiday Spending Plan

On the back of this publication, you will find a simple form to help you plan your holiday spending. The point is to create a gift list that won't have you singing "Blue Christmas" when the bills arrive. In your regular monthly budget, remember to include a holiday spending amount to help you save gradually throughout the year.



2. Shop Smartly

Shop with your list. After you have calculated your available funds (using the Holiday Spending Planner) and made a gift list that fits your budget, be sure to take your list with you... and stick to it. Consider shopping online. It's convenient for you and you can get some great discounts, but take precautions. Start early. If you feel rushed or pressured, you're more likely to purchase carelessly. See if you can arrange to shop in the morning or early in the week to avoid the heaviest traffic.

3. Use Cash For Holiday Purchases

It's a fact that the average person will spend less if they have to physically hand over cash for a purchase. If you must use plastic, use a debit card to help you avoid spending money you don't have. Avoid buying on credit or pay later offers. Use a credit card for online purchases to limit your liability if the purchase goes bad (check your policy agreement for exact details). Remember to cap your spending at

what you have budgeted, so that you will be able to pay off the balance in full when the statements arrive.

4. Practice Safety If Buying Online

Here are tips from the Federal Trade Commission:

- * Use anti-virus software and a personal firewall (keep them updated).
- * Make sure your web browser and operating system are up-to-date.
- * Know who you're dealing with. Confirm the seller's physical address and phone number, search their name and look for a store rating or comments from buyers.
- * Know exactly what you're buying. Read the product description carefully: Is it new? Unopened? First quality? Fully warranted?
- * Know what it will cost - the total cost including shipping, fees, and taxes.
- * Check the terms. Know the refund policy and delivery dates.
- * Check the privacy policy. How will they use your information? How will they keep it safe?
- * Keep a paper trail. Print and save records of your online transactions.
- * Don't email your financial information. Look for indicators that the site is secure: a "lock" icon at the bottom of your browser, and a web address that begins with https:/.
- * Be cautious about opening any attachment. If you don't recognize the sender, don't open it.
- * Ask your credit card company about "substitute" or "single-use" credit card numbers. This new technology allows you to use your credit card without revealing your account number.

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5. Avoid Payday Loans As You Would Avoid Scrooge

A payday loan (or cash/check advance loan) can be the equivalent of loan sharking. Fees charged on these loans range from \$15 to \$30 on each \$100 advanced. That's the equivalent of an annual percentage rate of about 400% to 1000%!

6. Disregard The Jingle Hype

No doubt, we will be bombarded with media hype - beginning earlier each year it seems - telling us that the true meaning of the season can be wrapped up in a box. Remind yourself that you don't need to "keep up with the Jones." You know that you are more than a consumer and that love, peace and joy are not sold at any store - in spite of any commercial claim. You are in control; feel free to hit the mute button.

7. Spend More Time, Not More Money

The best thing you can give your family and friends is your time. Memories with family and friends will long outlast any material things. Many soup kitchens, food banks and charitable organizations would love to have more volunteers, especially this year. What a great gift your whole family could offer!

Trimming Your Costs

Here are some seasonal money-saving ideas:

Gifts and Decorations

★ **Make gifts.** Use your talents: baking, cooking, crafts, computer-generated cards, calendars, or multi-media slideshow albums.

★ **E-Shopping.** There are plenty of major online stores (such as Amazon.com, SmartBargains.com, Overstock.com, Half.com, Buy.com, Ebay.com) where you can probably do all or most of your shopping. Many products can be purchased for less than at a brick-and-mortar store. If you look carefully, you might not have to pay sales tax. Many online stores offer free shipping (but check the delivery times: ship early). Free shipping saves the time and gas it would cost to pick it up yourself. You may be able to find similar types of benefits using mail order companies.

★ The Consumer's Union recommends you **skip the extended warranty**. These add-ons raise the product price and provide huge profits, but in reality fewer than 20% of these products will be brought in for repair.

★ Consider **drawing names** for certain gift-giving circles. Adult siblings, cousins, friends, or coworkers might vote in favor of some shopping relief.

★ Consider giving attractive **coupons for a service** you can provide. Give something outside of your regular duties: a small repair if you have a trade-skill, dinner & a movie, a massage, (use your imagination).

★ Wrap presents with the Sunday **comics**, if you get the paper. Use seasonal bows, that you can keep and reuse. If a more formal look is needed, consider using a gold or silver colored gift bag that can be reused.

★ **Make decorations.** Again use your talents and involve the whole family.

★ Take advantage of **after-the-season discounts** to get a jump on next year.

★ For **63 Gift Ideas for Under \$10**, visit: www.betterbudgeting.com/articles/money/63giftsunder10dollars.htm.

Greetings

★ If you normally buy **cards** to send, consider these alternatives. Send a letter (if you have a computer, use it to make the letter or card). Go paperless: send a free "e-greeting" to those on your list who have email addresses. If you can use a digital camera, send a family picture or video clip.

★ If you anticipate making long distance **calls**, shop for a long distance plan or prepaid cards to get the lowest rates. Or consider the "Virtual Visit" described later, under "Travel."

Food

★ **Compare** prices and watch for holiday specials that are not just gimmicks.

★ Use **generic** or store brands for baking and cooking, or where possible.

★ Buy non-perishable items you use frequently in **bulk**; check dry-goods at discount supermarkets.

★ Clip **coupons** for products that you know you use regularly. You may find it helpful to clip a clear plastic bag to the fridge for storing the coupons, so you can be reminded of expiration dates.

★ For more ideas visit: www.GrocerySavingTips.com.

Energy Use

★ Use a **timer** on your holiday lights.

★ Use a **programmable thermostat** to lower the temperature while you sleep and are at work.

★ Home heating costs are predicted to be higher again this year. Give your home an energy efficiency **checkup**. See the US Department of Energy link below.

Travel

★ Make arrangements **early**. Supply and demand dictates that costs for transportation and accommodations will be higher if you wait until the last minute.

★ Consider a **Virtual Visit**. If you can't afford the travel expenses this year and if you and your distance-family have Internet service, you might try a "virtual visit." You could put your desktop/laptop & webcam in the room where you'll be opening gifts or where you'll be eating. A pair of webcams (with built-in microphones) can be purchased for about \$80. You could mail one to your distance-family. Free net-conferencing software is available from companies like MSN and Yahoo. This set up will give you visual as well as aural contact, which you can enjoy throughout the whole year.

Holiday Spending Planner

(For a thorough spending plan, see the link in the To Find Out More section)

Monthly Income (add all sources)

Self: + _____

Spouse: + _____

Other: + _____

Monthly Expenses (subtract each item)

Fixed

Withholdings (tax, etc): - _____

Charitable: - _____

Savings: - _____

Housing: - _____

Transportation: - _____

Utilities: - _____

Support Obligations: - _____

Variable

Food: - _____

Clothing: - _____

Personal Care: - _____

Credit Cards: - _____

Loans: - _____

Medical: - _____

Optional

Recreation: - _____

Vacation: - _____

Other: - _____

Total (available for Gifts): _____

Remember

7 Things More Important Than \$

- ★ Your religious beliefs/spirituality
- ★ Your family
- ★ Your friends
- ★ Your health
- ★ Your talents and abilities
- ★ Your environment
- ★ Your freedom

To Find Out More



- The Spending Plan (Alliance): www.knowdebt.org/education.php.
- Holiday Shopping? Don't Take A Holiday From Savvy Online Shopping (FTC): www.ftc.gov/bcp/online/edcams/eande/index.html.
- Tips For Holiday Shopping (CU): www.consumersunion.org/tips/tips-holiday.htm.
- Consumer Energy Guide (US Department of Energy): www.eere.energy.gov/consumer/.