Money management: Budgeting for the holidays

By Jeffrey C. Doepp, CFAY Public Affairs

The average American spends more than $1,000 during the holidays, much of that spending is on credit cards, which means that many people face big bills in the New Year. The key to keeping holiday spending under control is budgeting.

According to Fleet and Family Support Center Yokosuka Financial Counselor Michael Spiltener, the first step in getting control of holiday expenses is deciding exactly how much you can spend.

"There are four main areas in which most people spend: gifts, entertaining, travel, and decorating. And, each of these areas comes with hidden expenses," Spiltener said. "For example, gift-giving can cost much more than the individual price of each gift because you also have to consider the cost of wrapping and shipping the gifts."

Take the time to make a list of everyone for whom you'd like to buy gifts. Include teachers, the mailman, coworkers, newspaper delivery people, and anyone else you usually end up giving a gift to.

"Give the list a good once over and then ask yourself 'are there people who I could give a gift card instead of an actual gift?' Then, set a price limit on each gift," Spiltener said. You might decide that you'll set a $30 limit on immediate family members, $20 on children in your family, and $10 on acquaintances like coworkers or teachers."

When it comes to holiday spending and budgeting, many people forget to factor in the cost of holiday entertaining. Even if you aren't having a party, providing snacks for neighbors or friends who drop by and serving the holiday meal can be expensive.

"Consider inviting friends and neighbors over for a cookie swap rather than baking batches to give away," he said. "Or, ask your guests to contribute a dish to your holiday meal instead of supplying all the food yourself."

The purchase of decorations should also be part of your holiday budget. Estimate how much you'll spend on holiday decorations. This is often an easy area to cut back in. Think about what you did last year and determine whether you can reuse any decorations.

"The best time to buy holiday decorations is after the holiday season when they are marked down, usually 20 to 50 percent off," he said. "Then you have them already for next year and, you have saved money at the same time."

Finally, add up the estimates from all four areas. If the total amount is more than you can afford, go back to your lists to see where you can cut back.

"Once you've reached a reasonable budget limit, you need to commit to sticking to it," Spiltener added. "Many people blow their holiday budgets because they get carried away by the excitement and spirit of the season. It's important to remember that you can still have a joyous holiday season without going over budget."

Below are some money-saving tips to use during the holiday season:

• Set expectations with friends and family. If you're worried about your finances this holiday season, talk about it with friends and family. Let them know if you'll be cutting back on the number of gifts or how much you plan to spend. This is especially important for children, who often have unrealistic expectations about gifts and don't fully understand the cost factors. Also consider price-limited charitable donations in the family's name.

Shoppers wait in line at the Yokosuka Navy Exchange to purchase goods for the holiday season Nov. 18. The average American spends more than $1,000 during the holiday season. The key to keeping holiday spending under control is budgeting.

• Look for ways to cut back on the number of gifts you buy. There are many ways to shorten your gift list. If you have a large family or group of friends, ask if they'd like to draw names out of a hat and give one gift per person. Or give family gifts, such as a board game, a "movie night" with gift certificates to a video rental store and snacks, or a pass to a local museum rather than individual gifts.

• Consider homemade gifts. There are many heartfelt, thoughtful gifts that don't come with a sales receipt. You could cook some treats; put together a photo album; make a themed gift basket full of smaller items, like tea, paperback books, or gardening tools; or give the gift of your time by making homemade coupons or certificates.

• Make a shopping plan. Don't head out to the mall without a specific list of gift ideas. This is how you end up spending more than you budgeted for. Look through catalogues or Internet sites for ideas and develop a list before you even step foot in a store.

• Look for bargains. Take the time to look for ways to save money on gifts. Try to buy several things from one catalogue or Internet site to save money on shipping, or better yet, look for sites that offer free shipping.

• Be sure to use the Navy Exchange. In addition to the usual tax savings and price-matching benefit, you'll find special holiday discounts.

• Cut back on mailing expenses. If you always send boxes of gifts or holiday cards to loved ones far away, think of ways to save on or eliminate shipping costs this year. Buy magazine subscriptions or send online gift certificates instead of shipping gifts. Send holiday postcards or even e-cards instead of regular cards. If you've already bought cards, cross some names off your list and save the leftovers for next year. And be sure to mail things early so you don't have to pay extra for fast shipping.

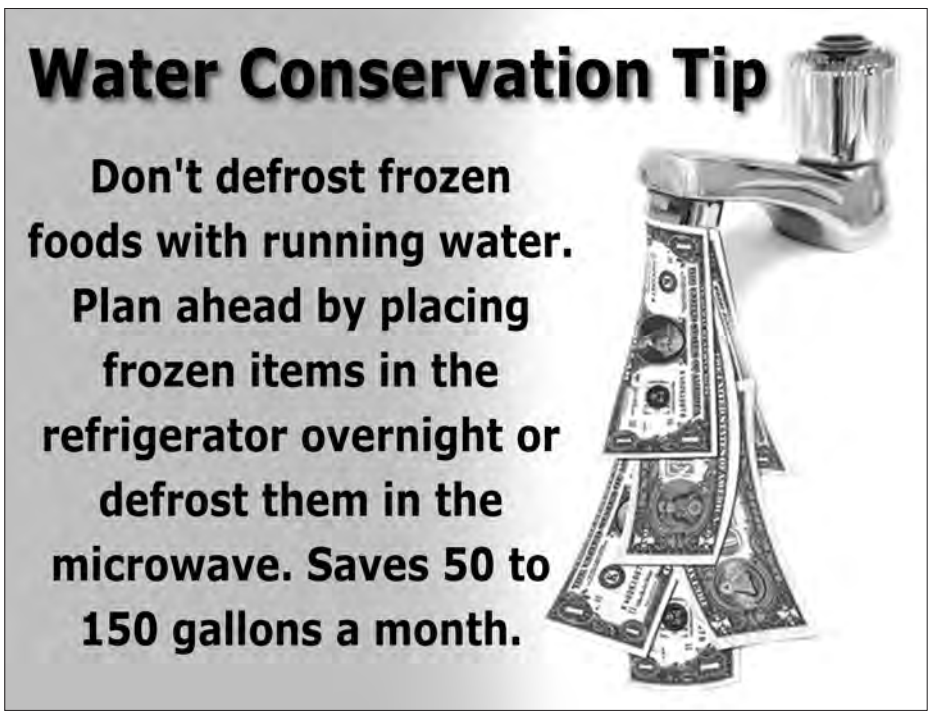
• Make careful travel plans. If your holiday plans include a trip, be sure to investigate all of your options as early as possible. For example, could you drive instead of fly? Stay with a friend or relative instead of in a hotel room? Can you do without a rental car? If you need to travel by air, be sure to spend time looking for the lowest price ticket. If possible, be flexible about dates. You could save a lot of money by flying immediately after the holidays rather than before.

• Keep it simple. Focus on enjoying the simple pleasures of the holiday season, like spending time with friends and family or taking a walk to see the holiday decorations in your neighborhood. These kinds of activities often capture the spirit of the season better than expensive gifts or elaborate celebrations.

• Use your credit card wisely. Finally, be very careful about using your credit card to pay for holiday expenses. Don't use your card unless you know you can pay if off right away. If possible use a card that you're not already carrying a balance and making payments on. Remember, buying a sweater on sale with a credit card and making monthly payments could change the sale price to double the price. You don't want to start the New Year off with huge credit card debts.

FFSC Yokosuka provides a variety of financial workshops and classes focused on helping you to learn, understand and manage your financial matters. In addition, FFSC financial educators provide quarterly training to area command financial specialists enabling individual commands to provide on-going financial training and counseling support to active duty command members.

Call 243-9910 or visit the website http://www.cnic.navy.mil/Yokosuka/FleetAndFamilyReadiness/SupportServices/CounselingAndAssistance/PersonalFinanceManagement/index.htm for more information.



Pet of the Week

Meet Callie. She was found off base, right out side of Zushi. She has no identification, but we call her Callie. She is very lovable and purrs like a motor boat. When found, Callie was just skin and bones. She was happy to have food and has been given a clean bill of health by the vet. To find out more about Callie, or any animal at Pets Are Worth Saving (P.A.W.S.) contact 243-9996, or e-mail usskittytalk.yokosuka@gmail.com, or visit the P.A.W.S. Web site at www.pawsyokosukajapan.com