Be smart about holiday spending this season

Every year, despite our best efforts, we end up spending way too much money during the holidays. Any ideas to rein it in this year?

Actually, it’s a relief to hear that some people actually want to spend less this holiday season. According to an annual survey sponsored by Deloitte, this year consumers report they plan to increase holiday spending by 12.5 percent, up to an average of $1,440. And it’s not all about gifts. People say they anticipate boosting their spending the most on home/holiday furnishings and non-gift clothing items for themselves or their families.

While increased spending may be good news for retailers, it can make for an ugly hit to the budget in January for anyone who hasn’t planned ahead. To avoid the post-holiday financial hangover, here are some pointers from the nonprofit organization America Saves and personal finance specialists with Ohio State University Extension:

• Get real. Take some time and determine how much you can actually spend on the holidays over and above your normal monthly budget. This is a critical step: If you don’t know how much you plan to spend, you don’t have any way of judging if you’re going overboard or not. It’s too easy to just put everything on credit, but your goal should be to not go into debt because of holiday spending.

• Divvy it up. Once you have an overall spending goal, figure out how much you plan to spend in different categories. Be sure to account for everything — gifts, decorations, travel, donations, a new piece of clothing, extra groceries for holiday gatherings, dinners and baking — even additional expenses related to going out to eat.

• Prioritize. If you come up short, determine where you can do some trimming. Can you cut back on your gift budget by starting a round-robin gift exchange instead of buying for everyone on your list? If you’re traveling, can you pack snacks for the road instead of stopping to eat on the way? Can you decide not to buy any new holiday decorations this year? Can you pledge not to spend any money on yourself when you’re out shopping?

• Get smart. Once you have determined how much and what you’re planning to buy, search for bargains. Online retailers often offer free shipping on certain days, particularly Cyber Monday, just after Thanksgiving. Grocery stores often offer specials on holiday-related food items. And limit the number of shopping trips: The more you are in the stores, the greater the chance you’ll make impulse purchases.

• Look ahead. Finally, now’s the time to realistically start planning for next year. Take the holiday budget you’ve set for this year — or what you wish it could be — divide it by 12, and set up an automated plan to deposit that amount directly from your paycheck into a special savings account for holiday spending next year.

For more guidance, see www.americasaves.org and search for “Beating the Holiday Financial Blues.”

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Dear Subscriber: This column was reviewed by Amanda Woods, Ohio State University Extension program specialist in Healthy Finances.

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