

Tips to Avoid Falling into the Holiday Debt Trap

The Consumer Federation of America (CFA) and your credit union suggest the following holiday spending tips to help consumers avoid falling into a seasonal debt trap:

- **Budget:** Establish a dollar amount (budget) you wish to spend that includes spending for the season, not just for gifts -- also include holiday spending for decorations, travel, food, etc.
- **Gift List:** Create a giving/gift list. Include who you are buying for, and how much you wish to spend per person. Strive to stay within that budget.
- **Comparison Shop:** You can easily save 10% or more on most items by comparing prices at different stores, ordering online and/or using coupons.
- **Holiday Debts:** If at all possible avoid going into debt, or spending above your budget. Appealing holiday loans are offered during in November and December with incentives to borrow. If you incur debt, strive to pay it off within three to six months. Remember, you are less likely to overspend if you pay with cash or by check than if you use either credit or debit cards.
- **Open A Christmas Club Account:** This type of savings plan can provide a practical way to save small amounts over time either by payroll deduction or by depositing the change from each paycheck or when you receive extra money. Most can be started at any time, do not require a minimum balance and/or charge fees so it is a great way to stash some cash (or use to pay year-end taxes.)
- **Buying and/or Using Gift Cards:** Read the fine print before purchasing and/or using a gift card. If you or the person you are giving it to don't use the card within six to 12 months, it may lose value. There may also be a fee to check the balance as well as a monthly activity, maintenance, administrative or service fee as well as additional charges for using at restaurants, etc.
- **Return Policies:** Pay attention to return policies. Many stores are tightening return policies. Also keep receipts together and note time limits on returns, restocking fees (increasing) and other factors that may impact the recipient.
- **Be Careful When Opening Boxes:** Encourage those who get items in the original box, that they open it carefully and not rip it apart. If an item needs to be returned, having the box intact is important to getting a full refund.
- **Get Creative:** Find low cost ways to enjoy the holiday season. A few simple changes to holiday habits can really ease the strain on a spending budget. Draw names to reduce the number you buy for; give homemade items that come from the heart or the garden, make your own gift wrap; organize a themed pot luck dinner, and celebrate with games and time together.