

# Smart Holiday Spending

Consumers spend more money in the three months before New Year's—on presents, travel and entertaining—than at any other time of the year.

Much of that buying is done via credit, which can lead to major debt problems for months or even years to come. To keep your cheer intact before and after the holidays, we've compiled a few tips that will help you be generous without inviting disaster.



Leisure

## Shopping Tips

**Cut your gift list.** Exchange gifts with fewer people. Talk to some people in advance and agree that you won't exchange gifts but will get together to do something you both enjoy, such as taking a stroll downtown to see the holiday lights.

**Find alternatives to purchased gifts.** Be creative by finding alternatives to purchased gifts. Homemade treats, a coupon for your services (such as babysitting), pre-addressed and stamped envelopes so an older person can easily keep in touch, a family photo or a tax-deductible contribution to a charity are all thoughtful gifts.

**Make a budget.** Once you've figured out who you want to buy gifts for, determine your overall budget and decide how much you want—and can afford—to spend on each person. This will help you avoid the temptations of last-minute impulse buying.

**Spend within your budget.** This takes tremendous discipline, and you may want to enlist help. Shopping with someone who can provide the voice of reason is the best way to keep from overspending.

**Get started early.** Good deals are often available before the official holiday shopping season starts on the day after Thanksgiving. Prices are usually lower, you have more time to take advantage of mail order bargains, and you can find some great deals on models that are being phased out toward the end of the year.

**Look for good gifts that are also good buys.** Learn about the features and options available on particular products, especially expensive items such as cameras, sporting goods, stereos and computers. Read up on different makes and models so you won't be swayed by the sometimes more costly recommendations of salespeople.

**Once you've narrowed the field, look for local bargains.**

Studies have shown major price variations—often 50 percent or more—in the same area for identical products, especially audio, video and computer equipment. Don't assume that prices are always lower in catalogs or on television shopping channels, no matter what their ads claim.

**Know the store's return policies before you buy.** Because sales help is often transient during the holiday season, and temporary employees may not be fully informed of store policies, ask the clerk to write the refund policy on the receipt if it's not printed there.

**Avoid buying unnecessary warranties.** Resist the pressure to buy an extended warranty or service contract for most products. Extended warranties often duplicate the product's existing warranty and rarely are worth the extra cost.

**Keep records of all your purchases.** To make sure you stay on track, keep all sales receipts. Receipts will also come in handy when it comes time to monitor your credit card statements.

## When the Bills Come

**Pay by cash, check or debit card.** The best way to avoid finance charges from credit card bills is to keep your credit card in your wallet. Pay by cash, check or debit card instead.

**Pay your credit card bill quickly.** Avoid large interest payments by paying off your credit card bill in full. If you can't do that, pay as much of the bill as you can each month.

**Consider transferring the balance to a low interest card.** Look for low-interest credit cards to which you can transfer your credit card balance. You'll save yourself a bundle if you pay off your \$1,000 balance at 6.9 percent a year rather than 18 percent per year. But be careful. People who constantly juggle cards often get into financial trouble. And too many open and closed accounts may lower your credit score.

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