Spending wisely during the holiday season

On average, Canadians spend $1,137 apiece on food, gifts, entertainment and travel every holiday season. Unfortunately, one-third of us make purchases we know we can’t afford, while 23 percent of us finance our holiday spending with credit cards. And that means big bills in the new year — bills that could take months to pay. But the holidays don’t have to wreak havoc on your bank account.

It’s easy to get carried away by the excitement and spirit of the season or the pressure to buy expensive gifts. However, you can still have a wonderful holiday season without sinking into debt. Here are a few ideas that will help you spend wisely during the holiday season.

- **Set a holiday budget.** Decide exactly how much you can spend this holiday season. Remember to include hidden expenses such as gift wrapping, travel, entertaining and shipping costs.

- **Make a list and check it twice.** List each person for whom you plan to buy a gift. Next to each name write the maximum amount you’re willing to spend. Add it all up and then look for ways to cut back. 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 or a pass to a local museum, rather than individual gifts.

- **Set expectations with friends and family.** If you’re worried about your finances, talk 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.

- **Use cash whenever possible.** Only use a credit card if you know you can pay it off right away.

- **Cash in reward points.** You’d be surprised how many groceries and gifts can be bought! If you don’t have reward cards with your favourite drug store, supermarket, clothing store or book shop, sign up (they’re usually free) and start accumulating points for next year.

- **Allow time for comparison shopping.** Shop around to get the best selection and price.

- **Check out discount malls and liquidation centres.** You’ll find great deals on first-rate merchandise — and no one will know where you found that lovely gift unless you tell them.
Give homemade gifts. Bake cookies, knit sweaters, put together a photo album, frame a family photograph or make a themed gift basket full of smaller items like tea, paperback books, or gardening tools.

Take the "I" out of holiday. A 2012 survey for Interac found that more than a third of holiday shoppers spend almost as much on themselves as they do for their spouse or partner. Resist impulse shopping and the temptation to treat yourself and concentrate on your list and your budget.

Give the gift of time. Create a coupon offering your services — cleaning, babysitting, walking the dog, cooking a dinner, or completing household projects.

Clip coupons. Check product websites for printable coupons. For example, if you’re in the market for a camera, visit websites of both camera shops and camera manufacturers and you might find some great discounts.

Rethink entertainment. Many people forget about the cost of holiday entertaining. Even providing snacks for neighbours or friends who drop by or cooking the holiday meal can be expensive. Instead of providing all the snacks to visitors, have a potluck where everyone brings an item to eat or drink. For the holiday meal, ask family members to each contribute a dish.

Plan ahead

Avoid the crunch next year by starting your 2014 holiday planning in the New Year. Try putting just $10 a week into a savings account — you’ll have almost $500 next December. Put $25 a week away and you’ll have $1,300 by the time the holidays roll around again.

It’s also a good idea to shop for Christmas and Hanukkah gifts throughout the year. This way you take advantage of great sales, avoid the holiday rush and avoid paying top dollar. Spending small amounts here and there will mean less of a financial crunch at the end of the year.

If you need more financial advice or help setting up a budget, contact your Employee and Family Assistance Program.

For more information, to book a counselling session, or to access any of your EFAP services our Client Services Representatives are ready to speak with you 24 hours a day, seven days a week, in English or French. All calls are completely confidential.

1.800.663.1142
1.866.398.9505 (Numéro sans frais - en français)
1.888.384.1152 (TTY)
604.689.1717 International (Call Collect)
www.homewoodhumansolutions.com

© 2013 Homewood Human Solutions™