

# Personal Finance: A cure for the holiday hangover is keeping your spending under control

## HIGHLIGHTS

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Worried about getting buried in holiday spending? The pros offer some advice on keeping it frugal but festive

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Shopper alert: It's less than two weeks 'til Black Friday and about six weeks 'til Christmas.

The best-organized shoppers, of course, pick up gifts all year long so they're not plunged into last-minute, frenzied shopping outings. But let's assume you're not one of those.

As of this week, the majority of consumers – 61 percent – have yet to start their holiday shopping, according to The NPD Group Inc., the Port Washington, N.Y.-based research firm that tracks seasonal spending. Just 2 percent of Americans say they have completed most of their gift-buying.

For many consumers, the still-uneasy economy means looking for ways to fire up the holiday spirit without dipping deeper into debt.

“Consumers are struggling with that balance: their desire to give and the reality of their current financial situation,” said Gail Cunningham, spokeswoman for the National Foundation for Credit Counseling. “You don't want to put your common sense on the shelf (during the holidays), then get an abrupt wake-up call in January when all the bills come due.”

To avoid that scenario, here are some tips from pros on how to celebrate joyfully, without feeling deprived.

Makin' a list

The absolute first step: Make a list of your holiday spending, especially gifts. It can be as simple as a sheet of paper listing everyone you plan to buy for and how much you want to spend. Or Google “holiday planning worksheets” to find lots of printable checklists from sites like Credit.com or TheArtofSimple.net. Carry it with you on shopping expeditions.

Think hard about who you really need to gift. “Don’t ignore the money side of the holidays, because this one spot is where so many of us slip,” said Tsh Oxenreider, author and founder of The Art of Simple blog. Maybe you skip the adults and concentrate on the kids. Or draw names in your family or friends circle. Or decide to limit the number, if not the amount spent per person. Every family is individual, but it’s OK to set some ground rules ahead of the holidays.

“It’s just like going to the grocery store with a shopping list. If you plan ahead, put it in print and look at it, you won’t be carried away,” said Maria Rodriguez, a consumer counselor with ClearPoint Credit Counseling Solutions in Fresno.

Some financial-counseling websites have tools to help organize your holiday budget. MyMoneyCheckUp.org, sponsored by the NFCC, lets you create an online budget to clarify exactly what you can realistically spend. Similarly, ClearPoint has its Holiday Planner, which lets you create a seasonal spending budget for gifts, parties, travel, food and donations, based on your income. The recommended holiday budget: 1.5 percent of your annual income.

Rodriguez said she used the online holiday planner last year to map out the gift cards she was buying for family members. By sticking to the amounts and spreading out the purchases, it kept her within budget and away from “the holiday craziness at the mall.”

Heartfelt savings: DIY

Looking for the sweet spot of holiday giving? Do-it-yourself gifting can be a heartfelt way to remember others. There’s no end of crafty suggestions from sites like RealSimple.com, TheFrugalGirl.com, GetRichSlowly.org, Pinterest.com, etc.

“We all get overwhelmed with ‘stuff’ ... but things like edibles, experiential gifts, photo books ... actually do mean a lot,” said Amy Suardi, a mother of five in Washington, D.C., who blogs at Frugal-Mama.com. “In some ways, these can be a relief to the recipient. When you get a bunch of tchotchkes or scarves, it can feel like someone checked you off the list.”

Same with gifts for teachers or others who deserve a personal touch. Sometimes it can be as simple as a handwritten note or card – and maybe a plate of cookies – conveying your appreciation. “It’s not ‘You’re the best teacher ever,’ but something written specifically about what you or your child appreciate,” Suardi said. To help kids get started, she suggests starting the note with: “I remember when you ...”

She's a big believer in gifts that last all year long. Maybe it's a coupon book for "I will read you an extra story tonight." Or a mom-and-me outing. Or helping a parent organize their desk, clean out a garage, do the weekly grocery shopping.

Last year, she made gift-of-the-month baskets. For her dad, she baked two dozen cookies and assembled a cookie-of-the-month tin, with a promise to send home-baked cookies each month. For her mom, she created an art-of-the-month basket, promising a monthly packet with artwork from her grandchildren. She included a changeable frame so her mom can rotate each child's artwork. And for her husband, she bought two bottles of wine, for a "wine-a-month" basket that promised a candlelight dinner for two after the kids were in bed.

Other Frugal Mama tips: giving a family gift, like a zoo membership, rather than spending lots of money on individual gifts. Or "experience" gifts: For instance, grandparents can purchase ballet or piano lessons for the kids. Or pay for a soccer clinic, along with a pair of new cleats. Instead of filling stockings with throw-away toys, try stuffing them with "love notes" from each family member.

In Suardi's family, the adults adopted a one-gift-per-person rule, which has reduced the massive unwrapping-gifts-all-morning routine that was becoming overwhelming. "It makes Christmas Day more simple so you can fill it with other things: going ice skating, or the train exhibit or just hanging out," she said.

And don't get caught up in the gifting arms race, Suardi says. If someone surprises you with a gift, don't feel compelled to race to the store to gift them back. "People like giving, but it doesn't have to be canceled out with a gift back," she said. "Sometimes a really nice thank-you note is all they really need or want."

#### Holiday couponing

Erin Huffstetler may be the queen of low-cost Christmases. For the last 11 years, the Tennessee-based "frugal living" expert says she's managed to spend \$100 or less on the holidays for her family of four. How? Partly with an eye to freebies and coupons on everything from holiday food to gifts.

She looks at holiday catalogs, Sunday newspaper inserts and websites for coupons, particularly those that she can double or triple stack for extra savings. For instance, if there's a DVD that one of her kids wants, she'll look online for multiple rebate offers tied

to the movie so it essentially becomes free. She also peruses holiday catalogs and favorite online sites looking for special promotions, like \$10-off-a-\$10 purchase, even at upscale stores like Pottery Barn.

Similarly, she said shoppers should look for Black Friday enticements, where stores dangle \$10 gift cards just for walking in the door. The key, of course, is to be disciplined enough to avoid spending beyond the discount or gift card amount.

Holiday foods can be a couponing gold mine, she says. “If you’re watching the sales, you can easily knock half off your holiday food bill,” said Huffstetler, who blogs on frugal living at About.com and her own site, MyFrugalHome.com. She says there’s an added bonus to holiday food coupons: instead of highly processed junk food, they’re often on “real food” like fresh fruit or meat. Coupons for baking staples, like flour, baking soda and sugar, are a chance to stock up. “If flour is on sale, I might buy six months’ worth and stash it in the freezer,” she said.

Also look for peel-off coupons already attached to packaged foods or other grocery items. When buying wine, she said, look for bottles with hang tags, which sometimes carry dollars-off discounts for produce or other grocery purchases.

None of these suggestions is about being miserly or Scrooge-like during the holidays. Huffstetler, for instance, notes that even with her penny-pinching ways, each of her daughters has a dozen gifts under the tree on Christmas morning. Rather, it’s about being mindful of your spending so it doesn’t spiral out of control.

As NFCC’s Cunningham noted, “Make the holiday meaningful. ... We’re not against spending, just not at the sake of putting your personal economy at risk.”

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