

Plan Now for Your 2006 Holiday Spending

Despite our hope that this year would be different, my partner and I are spending more than we planned for the holidays. We don't want to get in the same rut next year. Any ideas?

First, it's not too late to rein in spending this year. First, figure out how much you've spent already. Once you and your partner see the cold, hard numbers in front of you, it may be easy to figure out where to cut back between now and the end of the year. Maybe you'll decide the best gift you can give each other is to stop from going further into debt.

But I like your no-nonsense approach in planning ahead. In fact, this is the best time to make a spending plan for next year's holidays. Right now, you have a good idea of what you'd like to spend if you had the money; you can use that as a baseline to figure out how much to set aside from each paycheck during 2006 to save enough to avoid using credit next year.

For example, Myvesta, the nonprofit consumer education association, says the average American plans to spend an average of \$747 on holiday gifts this year. If that sounds about right, and you also know you like to spend extra for special holiday meals or charitable donations, then you might decide an overall holiday expenditure of \$900 will be about right for 2006. That means you'd have to save \$75 each month, or \$35 every two weeks, to have \$900 saved by the end of next year. Is that feasible?

If not, figure how to cut back, either on your anticipated holiday spending or in your day-to-



day purchases throughout the year, to come up with a plan that is possible. Maybe you can discuss the option of skipping gift-giving with extended family next year, or doing a "round robin" gift exchange instead of buying gifts for everyone. Or, maybe you'll decide to skip buying coffee whenever you fill your car with gas and stop any drive-through fast-food purchases.

Whatever you decide, keeping track of spending is essential. Often, that's hard to do when using a credit card. One idea, from a family economist from University of Nebraska Cooperative Extension, is to wrap your credit card with a folded index card. This makes it easy to write down the amount of the purchase every time you use your card. With a running total right in front of you, you'll be less likely to let your debt get out of control.

The point is to treat your money all year long like it's a real, definable, limited commodity -- which, in fact, it is. Ohio State University Extension offers a study-at-home course called "Manage Your Money" that can help. The lessons are free online at <http://ohioline.osu.edu/mym>. Lesson 3, entitled "Stop Spending Leaks," can help you keep spending in line.

Family Fundamentals is a monthly column on family issues especially regarding finances and relationships. It is a service of Ohio State University Extension and the Ohio Agricultural Research and Development Center. Send questions to Family Fundamentals, c/o Martha Filipic, 2021 Coffey Road, Columbus, OH 43210-1044, or f Filipic.3@osu.edu.



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Dear Subscriber: Family Fundamentals is a new monthly column on family issues. This column, the fifth in the series, was reviewed by Nancy Hudson, Extension Center Specialist in Family Resource Management at the OSU Extension Center at Wooster.

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