



How To Make A Holiday Budget

The holiday season is one of giving to others, which means it's also a time of spending. Adding to the stress of the holidays this year are concerns of worker and product shortages along with shipping delays. One sure way to help relieve this stress is to create and stick to a holiday budget. Every single one of us has been impacted in some way by the pandemic and if there's anything that 2020-2021 taught us, it's the need to plan ahead for life's unexpected events. Always remember, planning, budgeting, and controlling spending are essential components of a healthy financial life.

Set aside an hour or so to work on your budget and I guarantee you'll have more holiday cheer. To those of you who have already saved funds throughout the year, I'm impressed, you're ahead of the game! The National Retailers Association reports that average spending for the 2020 holidays was \$997.73. This may help set your budget or another rule of thumb for spending is to allow 1.5% of your income. If, after assessing your available budget, you are coming up short you may want to rethink gift giving. I know folks who are organizing a volunteer day with friends to celebrate the holiday through giving to others in a year of great need. Another idea is DIY gifts such as baked goods and coupons offering the gift of time for babysitting, a homemade meal, or wherever your talents lead you. You may also be able to cut some expenses, like specialty coffees and lunches out, to bolster your budget.

Here are the steps to make a holiday budget:

1. **Make a list of expenses and check it twice.** Include all holiday giving in addition to gifts. Things like greeting cards, decorations, wrapping paper, shipping, office parties and charity. You can look at last year's credit card and bank statements to see past expenditures.
2. **Set a limit.** There's no shame in reducing expenses. Given that we've all been through a lot in the past two years, this is a good time to take a hard look at spending.
3. **Make a shopping list.** Once you know what items you will be shopping for, use online price-tracking and price comparison tools. Look for deals ASAP as many holiday sales have already started.
4. **Track your purchases and stick to your budget.** There's no better way to stay on budget than to keep a running tally of your spending. This will also help you in planning for and setting next year's holiday budget.

A few words of caution regarding your spending this holiday season. Limit credit card spending so you don't overspend and defer the holiday stress to next year or even damage your credit score. Beware of "Buy-now, Pay-later" offers. If you violate any of the terms, you'll be hit with substantial fees. And lastly, use the 24-hour rule: take a little time to think over larger purchases. Sleep on it or leave the item in your cart for a day as you may find an alternative or even find a better deal.

Smart planning will take the stress off your bank account and allow you to spread cheer without spreading yourself (and your wallet) too thin. Be full of joy this season and not debt. Enjoy the festivities of this most wonderful time of the year. If we can assist in building your financial health, please contact us. We're always here to help and we appreciate your business.

