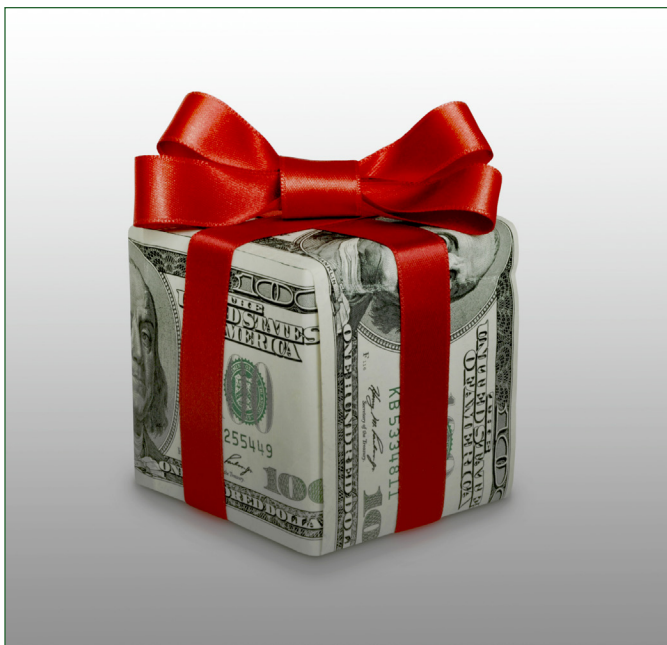


Managing Holiday Expenses: How to Reduce Spending to Decrease Financial Stress

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Holidays are often an exciting time of the year. Spending time with family, enjoying time off work, and celebrating with family traditions are enjoyable activities. However, the holidays also can represent added stress due to the crunch on your wallet. Decorations, gifts, and food expenses add up quickly.

When thinking about expensive holidays, people often think of Christmas, however other holidays can be expensive as well. For example, Halloween is the third most expensive holiday, after Christmas and Valentine's Day. Although Halloween does not involve large gifts or family events, the costs of costumes, candy, and decorations can require big spending. To avoid the financial strain of the holidays, it is important to plan for holiday expenses throughout the year and adopt new, lower-cost traditions.

Develop a Budget for Upcoming Holidays

One way to reduce impulsive spending is to develop a budget that includes clear expectations for travel, food, entertainment, and gift-giving expenses.

- First, review what you did for the holidays last year. Think about to whom you gave gifts: Was there anyone you forgot? Think about the challenges you faced: Did you use your credit card too much? Did you spend more than you expected? Also consider what worked well for your family: Did you draw names with family members to split the cost of buying gifts for everyone? Looking at previous years can help you plan for the upcoming year, especially with holidays and celebrations.
- Make a list of everyone who will receive a gift as well as all items that will cost money during the holiday season. Some items often forgotten include gasoline, babysitter fees, and eating at restaurants more often.
- Some people enjoy giving gifts to non-family members, but they are often forgotten when making a budget. These people include teachers, babysitters, hair stylists, etc. Consider writing handwritten notes expressing thanks or appreciation rather than buying gifts when possible to reduce your spending costs.
- Divide your list of expenses into necessary items (needs) and extra opportunities (wants). For example, gasoline is a needed expense for traveling, but eating at restaurants while on the road is an extra expense that could be avoided if necessary. Dividing your list of expenses into needs and wants will help you save for all necessary expenses and provide a list of ideas in case extra money is left over.
- It can be helpful to budget for holidays that occur together. Several winter holidays occur so close together that it can leave little time for separate budgeting. Combining holiday expenses for all three holidays together can make sure that you are not caught off guard.

Consider making purchases throughout the year and storing the items until they are needed. Waiting until the last minute often causes us to make poor decisions that exceed our budget.

- As part of your budget, determine how you will pay for each item. Paying with cash will help avoid unexpected spending. Paying with a credit card without keeping track of spending may cause you to forget purchases for which you'll have to pay later. If paying with layaway, look out for hidden fees and be sure to budget for any interest added.
- Once a budget is made, it can still be hard to follow. In-store sales are tempting, but making impulsive purchases, no matter how small, can add up quickly. Carry a copy of your budget and shopping list with you, and be sure to follow it while in stores.
- Plan your shopping trips ahead of time by reviewing store ads for upcoming sales. This step will lower costs while also helping to reduce impulsive decisions while in the store. However, keep in mind that not all coupons will help you save money. It can be tempting to buy an item simply because you have a coupon or the item is on sale. Make sure the item is a useful purchase.
- Consider making purchases throughout the year and storing the items until they are needed. Waiting until the last minute often causes us to make poor decisions that exceed our budget.

Reuse and Make Decorations

Another important step to reduce costs is to save and reuse decorations from year to year. Also, you can often make decorations at a lower cost than buying them in a store.

- Make homemade decorations from household items, such as string, cotton balls, or Popsicle sticks. For example, popcorn or cranberries can be strung together to decorate a Christmas tree. You can also decorate using items from the backyard (such as pinecones or flower clippings) or local farmer's markets (such as hay bales) which are often sold at a lower price.
- Consider reusable plates, cups, and utensils each year so that you do not have to purchase these items every holiday throughout the year. Try to purchase generic ones that can be used for all holidays.
- Save previously used gift bags, wrapping paper, tissue paper, bows, and ribbon for the next year. Gift cards can repurposed into gift tags. You can also use leftover string or yarn from other projects to decorate gifts.

Tips for Specific Holidays

Easter

- Make homemade dyed eggs with vinegar and food coloring (rather than buying a kit) as a fun activity for the kids.
- Save plastic eggs to be used year to year. Eggs can be filled with small candies, inexpensive toys, or small coins and hidden for children to find. If you have small children in your Easter egg hunt, be certain that the items are age appropriate.
- If your children put out an Easter basket, purchase a basket that can be reused each year. Another option is to purchase a gift to use as a basket that can also be used as toy (such as a bonnet, sand pail and shovel, storage container to store toys, or lunch box). To fill the basket, check for sales on treats. Instead of candy, think about healthier options such as fruit snacks, or visit dollar stores for small toys.

Halloween

- Shop consignment or thrift stores for costumes before the holiday. You can also be creative by looking for items that can be turned into a costume. Also, keep an eye out for costume sales rather than buying a costume at full price.
- Save costumes worn by older children for younger siblings to wear years later. Store costumes in a clean, dry place to maintain shape and condition from year to year.
- If you choose not to save costumes, consider selling your used costumes from previous years at consignment shops. Some of these shops offer buying discounts to customers which can also help you find lower-cost costumes.
- Be creative to create your own costume from your closets or relative's closets. Let your child brainstorm ideas with you to help make the activity more fun. You can also search online for creative, homemade costume ideas.
- Consider sewing costumes from purchased patterns using inexpensive or remnant fabric.
- Search local ads for sales on Halloween candy. Remember to buy only what you will need, so that leftover candy is not wasted. You can also buy small amounts of candy early in the time leading up to the holiday to help spread the cost over several weeks.

Thanksgiving

- Cooking an entire Thanksgiving meal on your own can be expensive. Considering having a potluck with friends and family to avoid cooking or paying for the entire meal yourself.
- Plan for meals ahead of time to take advantage of coupons and grocery deals. Coupons and advertisements about upcoming sales can be found online and in local newspapers.
- Using in-season produce for recipes can often reduce food costs. For example, sweet potatoes and fall squash are often on sale during the Thanksgiving season.
- Reduce travel expenses by visiting out-of-town families for one holiday during the winter season (such as just Thanksgiving or only Christmas, rather than both holidays).

Christmas and Hanukkah

- When making a budget, decide what you will spend on each person before going shopping. If possible, talk with family members and friends to set a spending limit that everyone can spend on each gift.
- Winter holidays often cost the most money, and several parents use this time to purchase more expensive gifts. Many expensive gifts, such as electronics, can also be purchased with warranties that cost extra money. Be careful when purchasing these warranties. Do not assume that they are worth the added cost. Think about how often you will use the item, the age of the person who will be using it, and the situations in which it will be used, to determine if the warranty is a smart purchase.
- Considering setting up new holiday traditions that cost less. For example, some families or friend groups use “Secret Santa,” where each person draws a name randomly so that everyone receives a gift and each person only buys one gift.
- If you will be mailing items, be sure to check the variety of mailing and postage options before selecting a method. For example, the U.S. Postal Service offers boxes that ship at a flat rate regardless of the weight. However, these boxes may not be appropriate if your item is larger yet lightweight. Compare options, keeping in mind how far the item is to be shipped and whether the item is fragile.

- Consider spending time together rather than gift-giving. Other ideas include a nice dinner out or playing games as a group.

Birthdays/Anniversaries/Mother’s or Father’s Day

- Consider family activities rather than gift giving. Nonmaterial gifts (such as outdoor picnics, nice meal cooked at home, family walk, tickets to a community play) can be just as meaningful and possibly more special than buying gifts.



Memorial Day/Fourth of July/Labor Day

- Check your local grocery store for sales before deciding what to make for the event. Grocery stores often have sales on certain types of meat—often whole chickens, hot dogs, or ground beef—around the summer holidays.
 - Consider buying meat in large portions that you can cut up yourself. For example, you could buy a roast and cut steaks from it yourself. You could also buy ground beef, adding spices and shaping it into patties yourself, rather than buying pre-made hamburger patties.
 - Have a potluck rather than cooking the entire meal yourself. Each friend or family member could bring a side item or a dessert while you provide the main course.
- No matter what the holiday may be, there are simple ways to save money while still providing an enjoyable family experience. Include friends, family members, and children in planning creative ways to celebrate together. Thinking ahead will help reduce costs and prevent the stress that comes from overspending. With a little effort, you can still provide an exciting experience for your loved ones.

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