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

Facilitator Guide

A man who both spends and saves money is the happiest man, because he has both enjoyments. — Samuel Johnson

Rationale

- Many individuals and families find themselves overwhelmed by the holidays. Decoration, food, gift and travel-related expenses add up quickly. Without proper financial planning, these expenses frequently result in financial stress. It is important to help individuals recognize that the financial stress associated with holidays can be avoided. Recognizing and developing a holiday budget is key to reducing spending and financial stress.

Program Goal

- To define and examine holiday budgeting and lower-cost holiday traditions.

Program Objectives

- To explain key steps in creating a holiday budget that includes clear expectations for travel, food, entertainment, and gift-related expenses.
- To identify cost-saving strategies for holidays occurring throughout the year.
- To identify strategies for re-using and making holiday decorations.

Pre-Program Preparation

- Copy publication, FCS5-462 Managing Holiday Expenses: How to Reduce Spending to Reduce Financial Stress.
- Collect scratch paper and pen or pencil
- Collect table-top paper and markers (optional)

Introduction

- Have you ever looked forward to a holiday while worrying about how you will pay for it? Have you ever stressed about how to provide a fun experience for children without breaking the bank? Holidays are often an exciting time of the year. Spending time with family, enjoying time off work and celebrating family traditions are enjoyable activities. However, the holidays can also represent added stress due to the crunch on your wallet. Decorations, gifts and food expenses can add up quickly. 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.
Introduction Activity
Explain that many households are impacted by the financial strain of the holiday season. It is often difficult for families to budget for holiday expenses that occur throughout the year.

Ask the participants to discuss the following discussion questions:
- Do you find yourself feeling financially stressed around the holidays?
- How do you handle financial stress around the holidays?
- Do you believe that others around you, including your friends and family, feel financially stressed around the holidays?

State to the group that, yes, many individuals feel the way that you do about the financial stress associated with the holidays. However, it is important to recognize that there are financial strategies that we can adopt that will allow us to both be mindful of our finances and enjoy the holidays with our family and friends.

Objective 1: Explain key steps in creating a holiday budget.
Explain that regardless if individuals have experienced the financial strain associated with holidays it is important to approach any financial situation with a plan. Good money management practices can help you to better enjoy the holidays.

- The first step is to 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? Consider what worked well for your family: Did you draw names with family members to split the cost of buying gifts for everyone?
- Second, make a list of everyone who will receive a gift as well as items that cost money during the holidays (food, gasoline, babysitter fees, etc.). Divide the list into necessary items (needs) and extra opportunities (wants). This will help you to save for all necessary expenses and provide a list of ideas in case extra money remains.
- Consider budgeting for holidays that occur together (Thanksgiving, Christmas and New Year’s Day). Determine how you will pay for each item in order to keep track of your spending and be sure to carry your budget with you when shopping. Many stores will provide their customers with store ads for upcoming sales. Reviewing these will keep your costs lower as well as reduce impulsive decisions while shopping.

Learning Activity 1: Where did my money go?
Ask the group if they have ever had the experience of spending too much money on one gift and not having enough money to buy other gifts? It is important to realize that planning is an essential part of the holiday season. Budgeting for holiday expenses, including gifts, can help ensure that you and your family’s holiday experience is a positive one. Challenge the participants to take three to five minutes to pick one holiday and list all of the expenses that they associate with that holiday (food, gifts, decorations, etc.). (Note: If you would like to challenge the participants more, ask them to list all of their expenses for all holidays, providing them with more time to do the activity). Assure the participants that this list is for their eyes only, but to honestly think about every dollar spent.
Following the exercise, lead a discussion with the participants, using the following questions as prompts:

- Were you surprised by how much your holiday expenses amounted to?
- Can you identify any areas in which you are overspending? (Note: People often overspend on things like gifts. Some buy gifts for non-family members when a note expressing thanks or appreciation may be appropriate.)
- Did anyone notice any unexpected expenses?
- While you were writing out your expenses, did you think of some ways that you may be able to reduce your holiday expenses?

Explain to the group that it is easy to overspend on the holidays. Tracking holiday expenses makes you more aware of your spending habits and encourages you to stay within your spending limits. This is something that participants can do for every holiday celebrated.

**Objective 2: Identify cost-saving strategies for holidays.**

Explain that holiday expenses occur throughout the year. Households across the country celebrate Halloween, Thanksgiving, Christmas, Hanukkah, New Year’s Day, Valentine’s Day, St. Patrick’s Day, Easter and the Fourth of July, to name a few. The money spent on each holiday celebration can add up quickly. However, for each holiday celebration there are certain cost-saving strategies that your household can adopt to reduce financial strain.

**Learning Activity 2: The holidays — tis the season to be creative.**

Divide the participants into three or four groups (depending on how many participants you have). Assign each group a holiday (Halloween, Thanksgiving, Christmas, Valentine’s Day). Inform each group that they have $1,000 to spend on their holiday celebration. Each group will need to budget for food (a dinner for 12 people), decorations, gifts (for all family members and friends) and any other miscellaneous expenses that they may identify. Give the groups 5 to 7 minutes to create their budget. Once all groups are finished, use the following questions as prompts to lead a discussion:

- Was it difficult to create your budget?
- Did you feel that you had enough money to celebrate the holiday the way that you wanted to?

Now, inform the groups that they will be creating a new budget — this time with $300 to spend on their holiday celebration. Each group will once more need to budget for food (a dinner for 12 people), decorations, gifts (for all family members and friends) and any other miscellaneous expenses that they may identify. Encourage the groups to be creative with their spending. Give the groups 5 to 7 minutes to create their budget. Once all groups are finished, use the following questions as prompts to lead a discussion:

- How does this experience compare to the experience of creating a budget with $1,000 to spend on your holiday celebration?
- What were some strategies used to cut back on your spending?
- Do you think that the cost-saving strategies that you used would be realistic to use in your own holiday celebrations?
Facilitator Note: This Facilitator Guide contains two options for a third learning objective and activity. Based on your group dynamics and demographics, it is suggested you choose the activity which best fits the needs of your group.

Objective 3 — Option 1: Identify strategies for re-using and making holiday decorations.

Explain that it is often tempting to spend money on store-bought holiday decorations. Many retailers begin displaying holiday decorations months in advance of upcoming holidays. However, rather than spending money on these store-bought decorations, families can begin new family traditions of making and even re-using holiday decorations.

Activity 3 — Option 1: Decorating on a budget.
Divide the participants into three groups. If your group is particularly large, you may consider five groups. Five to seven participants per group would be considered ideal. Provide each group with a different holiday (e.g., Christmas, Thanksgiving, and Halloween). Ask the groups to identify a recorder and a spokesperson. Ask the groups to think of how they may re-use and make decorations for the holiday that they are assigned to. Once the groups have concluded, use the following questions as discussion prompts:

- Was anyone able to recommend strategies that they already use at home?
- How can making and re-using holiday decorations be incorporated into your existing holiday traditions?
- Are there any identifiable disadvantages to making or re-using holiday decorations?

Objective 3 — Option 2: Identify strategies for cost-saving gift-giving.

Explain that it is often tempting to spend a large amount of money on holiday gifts. Radio, television and print advertisements often seem to pressure consumers into buying expensive gifts as a way of making their loved ones happy. However, it is important to keep the true meaning of the holidays in mind when spending money on gifts.

Activity 3 — Option 2: Gift giving on a budget
Divide the participants into three groups. If your group is particularly large, you may consider five groups. Five to seven participants per group would be considered ideal. Ask each group to identify a recorder and a spokesperson. Ask the groups to think back to the holiday budgets that they created in Activity 2. Each group should identify how they can use the money budgeted for gifts in Activity 2 (the budget of one group member may be used for the entire group) to buy gifts for their immediate family (a family of four, three close family friends and four extended family members). (Assume that the extended family chose to use a Secret Santa type of gift exchange). Remind the groups that they are encouraged to be creative with their gift-giving strategies...not all gifts need be name-brand or even bought! Once the groups have concluded, use the following questions as discussion prompts:

- Was your group able to stay within their budget while providing gifts for everyone?
- What was the most creative gift-giving strategy that your group used?
- Do you feel that using a holiday gift-giving budget will make your holiday experience better or worse? Why or why not?
Summary
• The financial stress of the holidays can feel overwhelming. However, developing and implementing a holiday budget as well as various cost-saving strategies can be the first step to overcoming financial strain.

Summary Activity
• Remind participants the importance of keeping an end goal in mind. Ask participants to quickly reflect on what they value most about the holidays. Examples may include spending time with family, cooking family meals or gift-giving. Then challenge participants to remember the people or things that they value as they make their holiday spending choices. Often, the idea of keeping an end goal in mind helps people to prioritize their spending.