

Five Steps to Seasonal Savings¹

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When the holiday season is over you may find yourself saying: “Why did I spend all of that money? Why did I wait until the last minute to shop? I don’t even want to think about how long it will take to pay off the credit cards. I hope I didn’t take too much money out of the ATM. Did I buy my mom the same gift twice? I should have had a plan.” By following a few simple steps, you can end this post-holiday hangover.

1. Recognize Your Seasonal Stressors

Does it seem like the holidays come earlier and earlier each year? How early does the holiday season start? Do you feel Christmas is creeping up on Halloween? By getting informed, resisting holiday songs and decorations in October, and knowing your personal stressors—such as family, friends, work, travel, social outings and traditions (both old and new)—then you can be less stressed this holiday season.

Marketing ploys sneak into every stressor, and retailers want to ensure they get their piece of the holiday pie by using marketing gimmicks to lure you into shopping with them.

Do you find yourself with the overwhelming desire to get everything on your child’s list? If so, consider going without a list or setting limits, and communicate with your child. Often, parents don’t involve their children in the holiday spending process. Children need help recognizing when

and how they have been targeted and persuaded to want the latest and greatest item. Many children also don’t realize their emotions and passion for a certain item are largely driven by the media machine. Although the intense marketing to children is challenging to overcome, it is not impossible. It may be appropriate to tell your older children how much they each have in the budget for holiday spending. When the family is on the same page, it can alleviate some stress. Refocus your family’s thoughts from the material goods to the real meaning of giving and receiving. Knowing your specific situation, making informed decisions, and



communicating with loved ones can reduce the effects of holiday stressors.

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2. Develop a Holiday Spending Plan—Making a Budget

Like most things, holiday shopping is all about planning. If you set a budget, then you will know how much money you can spend during the holiday season.

Ask yourself:

- How much have I saved?
- How much can I save before the holidays?
- Am I comfortable creating debt?
- Am I comfortable saying “no”?

Start with knowing how much you can spend and create a spending plan, which is critical for successful money management for the holidays and all year long. Surplus money and fixed and variable expenses are what you should use for your holiday budget. A few dollars from your paycheck each week adds up quickly over a year. You can also take advantage of weekly automatic transfers into your bank account, or join a holiday savings club at a local credit union. If your holiday budget shows you are spending more money than you have, then you’ll likely take on debt. If this is the case, you should also create a plan for paying off purchases made with credit. Prioritize your purchases and consider omitting purchases that require taking on debt.

3. Develop a Holiday Spending Plan—Creating a List

Make sure you have a list of everyone you plan to buy for during the holidays. In addition to gift giving, create a list for all the extras. (A Seasonal Savings/Spending Plan worksheet is available at the end of this document). Decorations, cards, postage, gift wrap, food/entertainment, and travel are additional costs that can drastically impact the holiday budget. Don’t forget to use catalogs, internet surfing for comparison shopping, and barcode scanning apps. Shopping online also limits impulse purchases, and it allows you to avoid long lines, huge crowds, and the lure to eat out while shopping. Be sure to use coupons whenever possible, and be sure to take advantage of the year-end sales. This will help you find the best prices and places to get things for the people on your list as well as all the extras.

Once you’ve researched and set your budget, you’re ready to start shopping. Remember your list and check it twice, and know whom you’re buying for, where you’re going to buy from, and what you plan to buy. Plan ahead and spread out purchases if possible. Shopping early keeps you on

budget and reduces stress, and if that’s not enough, it can also keep you from buying a bad gift. The sky’s the limit, and creativity helps save on gift giving and all the extras. Take advantage of coupons, special offers, and/or extended hours, **but** always be prepared to walk away. If something that you thought was going to be in the store is gone or is going to put you over budget, then it may not be a good deal after all. Always be willing to prioritize and make necessary changes to your spending plan. Don’t forget that your name is not on your list. If you see something you like, write it down and suggest or hint it to someone else.



Figure 2. Developing a holiday spending plan can make the holidays less stressful for you.

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4. Alternatives to Pricy Presents

If you have a large family, start by thinking outside the box. Consider a gift exchange by drawing names from a hat, which can allow you to put more thought than money into selecting a single gift. You can also buy a single gift for an entire family—perhaps an entertainment basket filled with DVDs and microwave popcorn. Oftentimes, thoughtful and more creative gifts can come from shopping with local businesses. Locally grown fruits and vegetables, honey, or an item from a local artist are just a few suggestions of local products. If you are feeling crafty, then you could make and give holiday arrangements such as centerpieces and decorations. (Links to holiday arrangements you can make can be found at http://www.gardeningsolutions.ifas.ufl.edu/giam/potpourri/crafts/holiday_arrangements.html.)

Another idea for the holidays is to donate to a charity in someone’s name instead of gift giving. You can even take the idea of giving to charity to your office. Pool money you would have spent on gifts with your participating colleagues, draw a colleague’s name, and donate the money

to a charity of his or her choice. Another gift idea for close friends and/or family is the “gift of time.” Create a coupon book or certificate that gives a loved one the gift of your time (a specific chore, a trip to the park, babysitting, slumber party for the kids).

5. Fine-Tuning Your Financials

Use cash and/or debit cards when at all possible. Money coming directly out of your pocket will likely make you think harder about your purchase. If you are going to use a credit card, make sure you have a plan in place to pay it off when the bill is due. You also need to understand the allure of paying with credit. When you’re not paying with “real” money, your buying can easily get out of control, and the shopping process may not seem as painful in that moment. That’s why those buy-now, pay-later campaigns are so successful. Be careful—paying with credit (unless you pay off the purchase when the bill is due) means it could cost you more (interest), not less. Record what you actually spent next to the estimated cost on your spending plan. Make necessary adjustments, and remember to communicate your plan to loved ones. Holidays are about spending time with family and loved ones, so don’t let gifts be the focus of your holidays or bust your holiday budget.

Resources

American Financial Services Association Education Foundation. “Manage Your Holiday Spending.” NW Suite 300 Washington, DC 20006-5517

Jean Chatzky. “Making Money Make Sense.” <http://jean-chatzky.com>

Additional Resources

“Managing in tough times.” *Economic Hardship Guide*. http://solutionsforyourlife.com/families_and_consumers/money_matters/managing_in_tough_times.html

Seasonal Savings/Spending Plan

Available
Holiday
Budget

\$

GIFTS	IDEAS or ITEMS	ESTIMATED COST	ACTUAL COST
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
	SUBTOTAL	\$	\$

Seasonal Savings/Spending Plan

Available
Holiday
Budget

\$

DÉCOR/LIGHTING/HOME	IDEAS or ITEMS	ESTIMATED COST	ACTUAL COST
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
	SUBTOTAL	\$	\$

Seasonal Savings/Spending Plan

Available
Holiday
Budget

\$

FOOD/ENTERTAINING	IDEAS or ITEMS	ESTIMATED COST	ACTUAL COST
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
	SUBTOTAL	\$	\$

Seasonal Savings/Spending Plan

Available
Holiday
Budget

\$

TRAVEL	IDEAS or ITEMS	ESTIMATED COST	ACTUAL COST
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
	SUBTOTAL	\$	\$