

Planning Ahead for Holiday Expenses

The holiday season is here, and many are starting to plan for holiday spending. Here are some pro-tips to help get you through your holiday spending so you can go into the new year with your budget still intact.

- Write down all the expenses you might have during the holidays. The first thing most of us think about is gifts, but here are some additional expenses you might run in to: extra groceries, travel expenses, party expenses (taking a dish to a potluck), decorations and extra activities.
- Look at what you spent on each of these things last year as a starting place for creating your budget for this year and make adjustments.
- Decide if your expectations are realistic. Can you afford to spend that much without going into debt or raiding your emergency fund? Remember, the holidays should not constitute an emergency.

If you find that your holiday expectations are unrealistic, here are some things you can try:

There is a booklet written by USU faculty members called Cutting Expenses available for free download at: finance.usu.edu. Click on the “topics” tab and under “Curriculum and Workbooks” you will see the Cutting Expenses guidebook. There are also hard copies available in the Extension Office. This guidebook has really good ideas for lowering your expenses so you can put some extra money towards your holiday budget.

You can also employ the step-down principle to your expenses. Start by placing your current spending level at the top and the least costly alternative at the bottom, then gradually work your way down. Take going to the movies as an example. The most expensive option is attending an opening night show, while the cheapest is borrowing a movie for free, like from the library or a friend. Moving down, you could opt for a new release matinée, then choose a less expensive theater, or even split the cost of a movie rental with friends. At the bottom lies borrowing a free movie. The beauty of this approach is that you don't have to make a drastic cut; you can simply reduce your spending by one or two steps. If your holiday expenses exceed your budget, apply the step-down principle to find savings in other areas.

Use these suggestions and ideas to be creative and develop a stress-free holiday plan that won't leave you burdened with debt for months.

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