

Ask an Expert: Six Tips for Holiday Spending



According to The National Retail Federation, American consumers spent \$655.8 billion on the holidays (excluding automobiles, gasoline and restaurants) in 2016. Consumer spending is expected to increase by up to 4 percent this holiday season.

Determining how much to spend on Christmas can be tricky. Financial planners advise us to spend no more than 1.5 percent of our income on holiday expenses. So, if you made \$50K, you'd want to stay under \$750 for total holiday spending. If you love the holiday, but do not want to be paying for it in May, here are a few things to consider now:

1. Stick to it: Focusing on your gift-giving budget is one of the easiest ways to control holiday spending on your terms. Set a total spending limit on gifts, and carefully think through the gifts you buy. If it helps you stay within your spending budget, suggest a gift exchange with family members, coworkers, neighbors, etc. Draw names instead of buying gifts for each person.

2. Divvy it up: Once you've determined how much to spend, based on the recommended 1.5 percent, divide the total among the people you plan to buy gifts for, the holiday food extras and any other expenses you know you will incur. Finish the spending plan before you start shopping, and keep track of spending as you go. There are plenty of Christmas gift budgeting apps on iOS and Android to help. Choose one with high customer ratings.

3. Set it aside: If you are spending \$8 to \$10 each day for lunch, pack your lunch and save that money in a separate account for Christmas expenses. Over the next four weeks, that could add up to \$200.

4. Shop it smart: Major shopping events are designed to encourage you to spend more. Take advantage of the sales, but stick to your list to prevent overspending.

5. Power shop it: Find someone to watch the kids during the day (to avoid the nighttime shopping crowd) and plan a power shopping day where you tackle your entire gift list in one day. Be sure you do not shop on an empty stomach, and be firm about sticking to your list. Then, you will be able to enjoy time with your family making holiday memories while everyone else is frantically trying to find last-minute gifts.

6. Get creative: You do not have to sacrifice that personal touch because you are spending cautiously. There are many ways to reduce expenditures and still give appreciated gifts. Non-monetary gifts are a fabulous way to keep costs down. Homemade gifts are often more meaningful. Coupons or certificates for service or quality time are a great way to share talents and make memories.

Stick to these six tips and you'll be a lot less flustered as you check off your holiday shopping list. You will also have the peace of mind that comes from knowing you won't be paying for Christmas into next year.

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