

Budgeting for the Holidays

The average North American spends more than \$1,000 during the holiday season. And much of that spending is on credit cards, which means that many people face big bills in the new year. The key to keeping holiday spending under control is budgeting. Below you'll find tips for setting and sticking with a holiday budget.

Setting a holiday budget

The first step in getting control of holiday expenses is deciding exactly how much you can spend in advance. There are four main areas in which most people spend: gifts, entertaining, travel, and decorating. And each of these areas comes with hidden expenses. For example, gift-giving costs can be much more than the price of each gift. You also have to consider the cost of wrapping and shipping gifts.

Making a gift list. Take the time to make a list of everyone for whom you'd like to buy gifts. Include teachers, mail carriers, co-workers, newspaper delivery people, and anyone else you may give a gift to. Next, consider your list. Are there people who could receive a card rather than a gift? Then, set a price limit on each gift. For example, you might decide that you'll set a \$30 limit on immediate family members, \$20 on children in your family, and \$10 on acquaintances like co-workers or teachers. Don't forget to include the cost of wrapping paper and shipping.

Entertainment costs. Many people forget to factor in the cost of holiday entertaining. Even if you aren't having a party, providing snacks for neighbors or friends who drop by and serving the holiday meal can be expensive. Try to think of ways in which you can cut back in this category. For example, consider inviting friends and neighbors over for a cookie swap rather than baking batches to give away. Or ask family members to contribute a dish to your holiday meal instead of supplying all the food yourself.

Travel costs. If you'll be traveling during the holidays, even if it's by car, be sure to include these costs in your budget. The tips in the next section of this article can help you trim your travel expenses.

Decorating costs. Estimate how much you'll spend on holiday decorations. This is often an easy area to cut back in. Think about what you did last year and determine whether you can reuse any decorations. You'll find more tips below for saving money on decorations.

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Adding it all up. Finally, add up the estimates from all four areas. If the total amount is more than you can afford, go back to your lists and the tips in this article to see where you can cut back. Ideally, you'll have done this early enough in the year so you can slowly set aside money to cover your holiday expenses or have purchased price-limited gifts throughout the year. But if you haven't, you can look for even more ways to trim your holiday budget while cutting back your regular expenses and putting money away for the holidays.

Once you've reached a reasonable budget limit, you need to commit to sticking to it. The tips below can help.

Ways to spend less

Many people blow their holiday budgets because they get carried away by the excitement and spirit of the season. It's important to remember that you can still have a joyous holiday season without going over your budget. Try to focus on the true spirit of the season rather than the more commercial aspects. Also, try to avoid feeling pressure to give expensive gifts. The best gifts are those chosen with an eye toward what's personal and meaningful to the recipient. These kinds of gifts don't have to cost a lot.

Here are more ways to save money during the holidays:

Set expectations with friends and family. If you're worried about finances this holiday season, talk about it with friends and family. Let them know if you'll be cutting back on the number of gifts or how much you plan to spend. This is especially important for children, who often have unrealistic expectations about gifts and don't fully understand the cost factors. Also, consider price-limited charitable donations in the family's name.

Look for ways to cut back on the number of gifts you buy. There are many ways to shorten your gift list. If you have a large family or group of friends, ask if they'd like to draw names out of a hat and give one gift per person. Or give family gifts, such as a board game, a "movie night" with gift certificates for DVD movie rentals and snacks, or a pass to a local museum rather than individual gifts.

Consider homemade decorations and gifts. There are many heartfelt, thoughtful gifts and decorations that don't come with a sales receipt. Use the holiday cards received as part of your decorations; you could cook some treats; put together a photo album; make a themed gift basket full of smaller items, like tea, paperback books, or gardening tools; or give the gift of your time by making homemade coupons or certificates.

Make a shopping plan. Don't head out to the mall without a specific list of gift ideas and price limits. This is how you end up spending more than you budgeted for. Look through catalogs or websites for ideas and develop a list before you even step foot in a store.

Look for bargains. Take the time to look for ways to save money on decorations and gifts. Consider buying items during the "after the holidays sale season" and put them away for next year. Try to buy several things from one catalog or website to save money on shipping, or better yet, look for sites that offer free shipping. Comparison shop using the flyers that come in the weekend papers to find the best deal around or use sites like the [Google shopping](#) site, [NexTag](#), [Pricegrabber](#), or [Shopping.com](#). Consider buying gifts on sites like [eBay](#) or [Overstock](#), both of which offer many new, high quality items at discount prices.

Cut back on mailing expenses. If you always send boxes of gifts or holiday cards to loved ones far away, think of ways to save on or eliminate shipping costs this year. Buy magazine subscriptions or send online gift certificates instead of

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shipping gifts. Send holiday postcards or even e-cards instead of regular cards. If you've already bought cards, save the leftovers for next year. And be sure to mail things early so you don't have to pay extra for fast shipping.

Make careful travel plans. If your holiday plans include a trip, be sure to investigate all of your options as early as possible. For example, could you drive instead of fly? If so, drive the vehicle that gets the best gas mileage. Could you make do without a rental car? If you need to travel by air, be sure to spend time looking for the lowest price ticket. If possible, be flexible about dates. You could save a lot of money by flying immediately after the holidays rather than before. If possible, stay with a friend or relative instead of in a hotel room. There are numerous websites that compare travel costs – [KAYAK](#), [Booking.com](#), [TripAdvisor](#), [trivago](#), [Expedia](#), and many more.

Keep it simple. Focus on enjoying the simple pleasures of the holiday season, like spending time with friends and family or taking a walk to see the holiday decorations in your neighborhood. These kinds of activities often capture the spirit of the season better than expensive gifts or elaborate celebrations.

Use your credit card wisely. Finally, be very careful about using your credit card to pay for holiday expenses. Don't use your card unless you know you can pay it off right away. If possible, use a card that doesn't already carry a balance. Remember, buying a sweater on sale with a credit card and making monthly payments could change the sale price to double the price. You don't want to start the new year off with an oversized credit card bill.

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Simple pleasures to bring you close as a family over the winter holiday season

The winter holiday season is a time when simple pleasures often mean the most. Sitting by a warm fire on a cold night. Opening a homemade gift from a child. Savoring the aroma of delicious holiday cookies baking in the oven. Reading a heartfelt, handwritten message from someone you love. Gathering several generations of your family together to sing a holiday song that has special meaning for all of you. These and other simple pleasures can bring you close as a family.

Identifying the traditions that give your life meaning

Enjoying simple pleasures begins with knowing your values, or what's most important to you and your family. Everyone in your household may have a different idea about what this means, so it's worth taking time to sit down together and talk about the things that you find most worthwhile during the holiday season. Here are some ways to get started:

- **Ask everyone in your household, both children and adults, to write down the holiday traditions that are most important to them.** You might ask everyone to focus on traditions that are 'priceless', but that don't cost much money; for example, "Going to Uncle David's for singing." Take some time to discuss why each tradition is important and what values they express. For example, singing at Uncle David's may be meaningful because you value family ties, it helps you feel connected, it's a way to show your love for one another, and you like to have fun together.
- **Explore meaningful traditions as a group.** Talk about ways to make simple traditions the focus of your holidays. What is your top priority as a family? Is it honoring your faith tradition? Celebrating in a way that respects the environment? Making a place for rituals important to your cultural group?
- **Talk about how you can grow close through simple pleasures.** Children may not understand the benefits of enjoying relaxing activities, so you may want to give them a simple explanation like, "It feels good when our family does things together, like baking cookies or reading a special story. It reminds of us of how much we love each other, and how spending time together is enjoyable."

As you explore simple ways to celebrate the holidays, get as many ideas as you can from your family. They'll be more likely to enjoy the simple traditions you come up with together if everyone is involved in the conversation.

Things to do together

The holiday season abounds with simple pleasures that everyone in your family can enjoy. Most communities offer festive activities that cost little or nothing, and you can find others in the beauty of the natural world – the winter sky, the evergreens in a local park, the first frost on a windowpane.

- **Take a winter nature walk in your neighborhood.** Notice which animals are out and about, which ponds have frozen over, and how many different types of trees you can spot.
- **Go star-gazing.** Make the most of a crisp, clear winter night by looking at constellations, the patterns of stars in the sky. Search for 'Star Attractions' on the National Geographic website at <http://www.nationalgeographic.com> to learn what's out there. Or, search online for 'winter constellations.'
- **Organize a winter sports outing.** Depending on the weather, you might go sledding, ice-skating, or hiking along a trail in a community park.

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- **Bake a holiday bread.** Make it a family project, with one person choosing the recipe, another shopping for ingredients, and everyone chopping fruit or nuts together. Make an extra loaf to take to an older neighbor or family that could use extra cheer this year.
- **Invite relatives to join you for a potluck holiday brunch or buffet** *instead of a formal sit-down meal.* Remember that if you've had relatives over for a full meal in the past, they may expect this again. Let them know in advance that you plan to do things differently this year, and ask everyone to bring their favorite dish. Serve punch; hot mulled cider; or coffee, tea and hot chocolate instead of more expensive drinks.
- **Sing songs of the season.** Invite relatives and friends to join you in a holiday sing-along and to bring any instruments that they play. Search online for free or low-cost holiday song apps for your computer or smartphone if you need the words, music or ideas on what to sing. Or, take part as a family in a similar event at a house of worship or community center.
- **Share holiday memories in a cozy setting.** Gather around a fireplace. Linger over a candlelit holiday meal. Pile into a big bed in your pajamas or bathrobes on a holiday morning. The warm setting will help to inspire warm memories that everybody can enjoy.
- **Read a holiday story together.** Ask a children's librarian for suggestions that might interest your child or teenager. Or, try a picture book like Chris Van Allsburg's *The Polar Express* (Houghton Mifflin, 2009), Eric A. Kimmel's *Hershel and the Hanukkah Goblins* (Holiday House, 1994), or Karen Katz's *My First Ramadan* (Holt, 2007) or *My First Chinese New Year* (Holt, 2012). You can download many classic holiday stories for free at Project Gutenberg (<http://www.gutenberg.org>) or other sites.
- **Go to a free holiday concert, recital or pageant.** Check the calendar of events in your local newspaper or on its website to learn about the options. Talk with your family about these and try the one that sounds most interesting to all of you.
- **Take part in a toy, food or clothing drive.** During the holidays, many communities have drives to collect toys, food or warm clothes for families that need them. Call the mayor's office to find out which organizations sponsor these collection drives in your area. Or, get in touch with your local United Way branch, which you can find through its website at <http://www.unitedway.org>.
- **Call an animal shelter and find out what pets need at holiday times.** If you or your children love animals, your family might like to contribute to a local shelter. Find out if you could volunteer for a few hours, or if the shelter would appreciate gifts of food, chew toys or similar items.
- **Reach out to help others.** Ask each family member to research a charity or an aid organization of their choice, and then present the ideas at a family dinner or meeting. Listen to each other's recommendations, and vote to decide on which organization to help and how.

Things to make on a shoestring

Many of the best holiday gifts are homemade presents that cost little or nothing. You might make:

- **Coupons good for time with you.** Children may beg for expensive gifts, but what many really want is time with you. Consider giving your child coupons for: "a visit to the park on a Saturday morning," "a trip to the store for an ice cream cone in your favorite flavor," or "an hour of doing anything you want with me."
- **Gift certificates good for a service from you.** You might give siblings or cousins gift certificates for babysitting, dog sitting, or help with a project such as painting a room, cleaning out a basement, or getting started with a software program such as Skype (<http://www.skype.com>) that will let you have videochats. Your spouse or partner might appreciate a certificate for a backrub, foot massage or breakfast in bed.

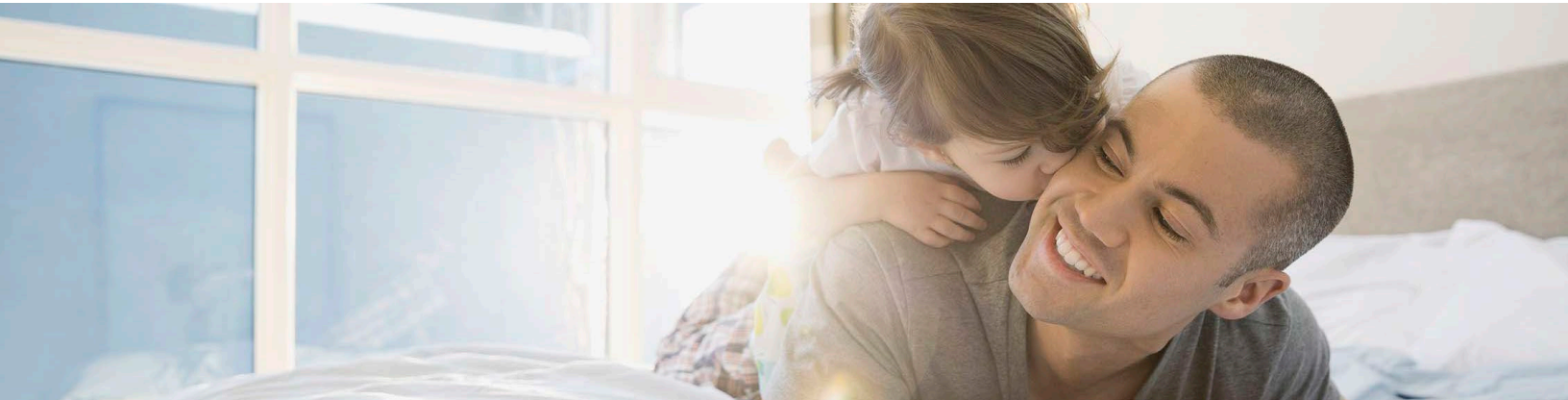
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- **A family recipe book.** Ask each of your close relatives for one or two favorite recipes, then copy them and make a family cookbook. You might put the recipes in an inexpensive three-ring binder, or send an electronic version. Be sure to include one of your own recipes.
- **A batch of your famous chili, taco or spaghetti sauce, or soup that the recipient can freeze.** If you need to give gifts to several or more relatives, make a large batch and divide it up. A great homemade bread, salad dressing, or jar of preserves can also make a wonderful gift.
- **Cuttings from plants.** Cuttings from many houseplants or garden plants will grow into new plants your loved ones can enjoy all year. Search online for how to make cuttings from the type of plants you have, or ask a florist or garden shop.
- **An audio or a video recording of bedtime stories or songs for a child.** Depending on the technology available to you and the child who will receive the gift, you might record stories or songs to share.
- **Make something that takes advantage of one of your special skills.** Think about what you do well. Do you sew, knit or crochet? Do you do woodwork or scrapbooking? Make a small but unique gift that makes use of that skill, such as a special box if you love to work with wood.
- **A copy of an heirloom photograph.** Do you have a few cherished photographs that relatives don't? Make copies to give as gifts. You can find inexpensive frames at most discount stores as well as at yard sales.
- **A handwritten note describing what you most love, admire or appreciate about a loved one.** You might tuck the note into a gift card, leave it on a pillow, or put it in a box and wrap it up by itself. No matter how you package it, your note might be the best gift your family member has received all year.

With a little creativity, you can also wrap gifts for little or no cost. Instead of using expensive store-bought paper, consider wrapping gifts in items you have on hand, such as unused wallpaper or shelf paper or brown paper that you've hand-decorated or tied with yarn or ribbon. Or, wrap a gift for a child in the comics from the Sunday newspaper and for a sports fan from the sports section. This is also a good way to recycle old papers and go green over the holidays, and to show your respect for the environment as you celebrate.

By enjoying simple pleasures, you'll send the message that what's most important at holiday times is being together as a family – not spending money on costly activities or gifts. This will bring you closer as a family and remind you that, whether your budget is large or small, you will always have many wonderful ways to enjoy each other's company during the holidays.

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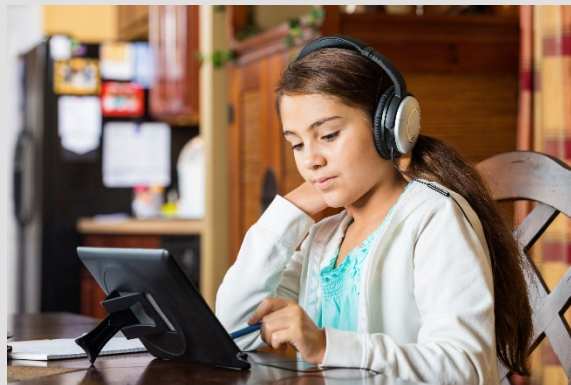


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