

Holiday budget how-tos

Every December, I blow my budget and then hate myself in January. I'm tired of the hamster wheel. What can I do to enjoy my holidays but stay within my means?

Last year, a survey from a major credit card company found that we each planned to spend a whopping \$1,013 on holiday-related expenses. In other words, you're not alone. For those of us without a lot of wiggle room in our budget, overspending can be a source of much joy-quashing stress and anxiety. But with a little planning, we can all make merry without bringing on the January blues. Here's how:

Find the meaning

The key to a sense of financial well-being is to focus your spending on the elements of the season that are most meaningful to you. Begin with a review of last season's credit card bills and bank transactions: take note of food, liquor, entertainment, party clothes and grooming, gifts, travel expenses (including extra gas for shopping and family visits), cards, postage and long-distance calls. Take a deep breath and tally the total. Then determine what you can afford to spend this year, honestly, without help from your credit cards. Pull out a red pen and look for whatever didn't bring you joy – the pricey lunch date with the friend you no longer click with, the \$100 in baking ingredients that turned into two days of hard work and disappointingly ordinary cookies.

Make changes

Now use your imagination. If baking those \$100 cookies was a pleasure instead of a chore, and the results were divine, consider sharing them with your loved ones as an alternative to more expensive gifts. What about a potluck appetizer party instead of the \$400 Boxing Day open house you usually host? Or, rather than buying a

new party outfit, ask a friend if you can swap with her.

If you're caught in a gift cycle you can't really afford, free yourself by giving loved ones a bit of notice about your new way of thinking. Try something such as, "Sis, I would love it if you and I could just enjoy some time together rather than exchanging gifts. How would you feel about that?" Then take in a holiday movie, or pour some hot cider in an insulated mug and look at Christmas lights. And, instead of buying gifts for each niece and nephew, buy one terrific board game for the family.

Shop smart

A few preventive measures will help curtail the urge to splurge. Begin by setting a spending limit. You can even open an account with a set amount in

it and use your debit card to draw money from only that account. Another good strategy: make a list of all the unsuccessful gifts you've given and received, such as the toy that turned out to be the previous year's must-have or the sweater that just wasn't you. At the top of the page write "Money doesn't equal love." Fold your list to the size of your debit card and attach it with an elastic band. While you're at it, figure out what last year's shop-a-thon cost you in credit card interest. For

example, if you put \$1,500 on your department-store credit card and didn't pay it off for a year, you racked up more than \$400 in interest. Remembering that number should make you think twice about "essentials" such as that shiny new karaoke machine.

In January, begin planning for next year. Divide your annual spending by 11 (12 if you aren't paying off a credit card bill in January) and each month, put that amount in a savings account with a decent interest rate (look for at least two per cent).

Putting aside the money will remind you to look for great cost-appropriate gifts throughout the year and give you an opportunity to dream of a joyous, stress-free holiday season in 2005. ▷



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