

Holiday Debt Hangover

By Siobhan Leftwich

Dreading those nasty credit card bills? Here's how to get your finances back on track after the holidays.



charge card is unthinkable, you may want to take Stephens' advice. "Consider reducing your line of credit—you'll spend what they'll allow."

Shop in the off-season. "If your state has a tax-free shopping day, take advantage of it and do your holiday shopping then," says Lawrence. You can also snap up bargains at back-to-school and end-of-season sales. Fairley looks for small gifts, ranging in price from \$5 to \$10, throughout the year. You'll also find bargains on the Internet, says Hunt. And next year, once you're solvent, you can take advantage of after-Christmas sales!

Remember the reason for the season. "Christmas is a time of remembrance," says Pulley. "We celebrate the holiday by spending it with our family and treating it as an extension of Thanksgiving," says the mother of three. Instead of lavishing their friends and family with expensive gifts, the Capers have an annual holiday dessert party—and yes: they do include the expenses on their holiday spreadsheet.

"Give practical gifts or offer to do things for each other," suggests Stephens. "A friend of mine helps me with office work and computer stuff and I give her 10 babysitting coupons."

Don't forget to consult your other half about how you plan to celebrate the holiday—and about how you plan to avoid going into debt throughout the year. While Dana, who is a bank vice president, has always been careful with her money, it took Marty a few years to get with the program. "When I was single I spent a lot on Christmas—\$1,000 was nothing for me," says Marty, 40, who is a respiratory sales representative for a pharmaceutical sales company.

Today the couple shops for the holidays together, but it took a while for them to get on the same financial page. "It was tough for me to cut back, but my priorities changed when we got married and began building a house, paying off debt, and planning for the birth of our daughter, Tara, who is 21 months old," says Marty. He came into the marriage with almost \$5,000 in credit card debt with 18% interest, which he promptly paid off by using money from annual bonuses. He also got rid of his car, which means the couple only has one car note. "Because I have a company car, I decided to pay off my car, which had a three-year loan, by borrowing against my 401(k)," says Marty. "I ended up saving almost \$400 per month, which we used toward debt." Marty then paid off the 401(k) loan within a year. By putting their heads together and making the commitment to pay down debt and live within their means, the couple was able to purchase a larger house when they applied for a home loan.

Remember to save. "Many people feel it's wrong to save while you're in debt," says Hunt. "But saving helps to eliminate that 'poor me' attitude that credit card companies want to 'fix' for us." And it also reminds us that we're responsible for our future. "We're not going to wake up one day and be debt-free—there is no fairy godmother," says Stephens. "When you realize that you're spending \$600 a month on debt and that money could be going toward investing in a comfortable future, your priorities will change." And that holiday debt hangover will be a thing of the past. **BE**

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