

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.



Gift Giving Worksheet

The old adage “an ounce of prevention is worth a pound of cure” certainly pertains to holiday spending. Budgeting and planning out expenses will help prevent falling deeply into debt during the season of giving. Consider using these gift-giving and holiday spending worksheets to help avoid the post-holiday blues.

Name	Amount: Holiday	Amount: Birthday	Actual Month Due	Other Events Happening*	Amount: Other Events	Actual Month Due
PARENTS/ SELF	\$	\$			\$	
CHILDREN/GRANDCHILDREN						
SISTERS/BROTHERS						
GRANDPARENTS						
AUNTS/UNCLES						
NECES/NEPHEWS						
FRIENDS/WORK/OTHER						
CHILDREN'S FRIENDS						
TOTAL AMOUNTS						

*Other: anniversaries, weddings, showers, births, Mother's Day, Father's Day, graduations, religious events.

Christmas/Holiday Expense Worksheet

Item	Estimate	Already Have	Actual Cost
Tree/Wreath			
Lights—House/Tree			
Baked Goods			
Parties/Food/Liquor/Beverage Host Gifts			
Poinsettias/Candles Decorations/Crafts			
Gift Wrap Greeting Cards			
Postage Shipping/Boxes			
Film Processing/ Family Portraits			
Clothes/Shoes/Jewelry			
Meals Out			
Movies/Ballet/Plays/Galleries Travel/Tour			
Workplace Events			
Donations			
Batteries/Misc. (Gifts) Other			
TOTAL AMOUNT			

Source: The Budget Kit

Source of Money for Gifts & Holiday Expenses

Total Amount of Gifts:
(See Gift Giving Worksheet) \$ _____

Total Amount of Expenses:
(See Worksheet at left) \$ _____

TOTAL AMOUNT NEEDED: \$ _____

List how much is available from the following sources to cover these holiday expenses:

Source	Amount	Notes
Current Income		
Overtime/ Part-time job		
Savings Account(s)		
Gift Money/ Bonus		
TOTAL AMOUNT AVAILABLE TO COVER EXPENSES		
AMOUNT SHORT/EXTRA*		

*Total Amount Needed - Total Amount Available to Cover Expenses = Amount Short or Extra

Outline a plan for covering amount that is short for holiday expenses:

Source	Amount	Notes
Charge on Credit Cards		
Borrow		
Other		
TOTAL AMOUNT NEEDED TO BORROW		

stop creating debt. And Websites like cheapskatemonthly.com, Lawrence's moneytracker.com (www.moneytracker.com), Stephens' Website (www.brookestephens.com) and blackenterprise.com provide users with a sense of community and offer invaluable information.

Unless you begin planning for Christmas 2005 now, you may end up in the same situation next year. Lawrence advises creating a plan for 2005 and budgeting for unexpected holiday expenses, such as shipping, wrapping paper, trees, decorations, holiday entertaining, and travel.

Marty and Dana Capers of Bedford Heights, Ohio, start thinking about Christmas shopping in November. They budget about \$1,100 for the holiday and pay for gifts with cash or their American Express card, which they pay off the following month. "I do a spreadsheet of all the people I have to buy for and I assign a dollar amount," says Dana, 36. They begin setting money aside in Octo-

ber, November, and December and by foregoing restaurant meals and entertainment. If they find they're reaching their budget limit, they will nix holiday get-togethers or deduct the money from their January budget.

Open a Christmas Club account. "To get an idea of how much you'll need to save, look at how much you spent this Christmas and divide the amount by 52," suggests Hunt. "That's how much you'll need to put aside every week." If you really went way over budget and plan to scale down your gift giving next season, Broussard adds that if you save \$3.33 a day—less than the cost of a latte—you'll have \$1200 in cold cash by next Christmas.

Leave the plastic at home, says Fairley, author of *Cash in the City: Affording Manolos, Martinis and Manicures on a Working Girl's Salary* (John Wiley & Sons Inc.; \$14.95). "Consider cutting up your credit cards and operating on a cash basis," she says. "To

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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