

The Lexington Group Employee Assistance Program

NEWS YOU CAN USE

Information and tips to help you live healthier and happier

5 tips to avoid holiday debt

Financial experts say it takes most people six to 18 months to pay off their holiday credit card bills. Why should you limit your holiday credit purchases?

- **Gifts bought on credit end up costing you more...** Add in months of finance charges and you'll ultimately pay more for your holiday gifts than if you'd paid cash.
- **Your credit score may fall...** Spending more than 30% of your credit limit will cause your credit score to drop.
- **Emergency spending...** Unexpected post-holiday expenses may postpone your credit card payment plan, lengthening your credit card debt.

Follow these suggestions to help you eliminate overspending and avoid paying for holiday gifts until the next holiday season:

- 1. Set a budget and do not exceed it** - Set an overall budget for all holiday spending and do not exceed it, under any circumstances. This is the amount you can afford to spend on the holidays, without going into debt.
- 2. Create a written spending plan** - Create a written plan for holiday spending and gift giving a month or two in advance of the holidays. Be sure to include all holiday spending including gifts, wrapping paper, cards, party supplies, wardrobe, food, etc. Estimate the cost of each planned expenditure. If the total exceeds your allocated budget, delete, revise or rethink your projected purchases until the budget covers all expenditures. Finalize a written shopping list of projected holiday expenditures.
- 3. Bring your shopping list** - Enter a store only when you have your shopping list and the total amount you plan to spend. Review your spending at the end of each shopping day. If you overspend in one area, deduct that amount from another area you had planned to spend money on.
- 4. Treat credit card purchases as part of your total budget** - Your goal this year is to avoid holiday debt, so any purchases made by credit card must be subtracted from your budget, just as you would account for a check or cash purchase.
- 5. Plan ahead for next year** - Open a holiday savings account in January and save for holiday spending year 'round. Save a specific amount of cash each month throughout the year. You'll have a great head start on your holiday budget.



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For confidential services 24 hours every day, call us toll free at:

United States 1-800-676-HELP (4357)
Canada 1-800-567-4343
England 0-800-169-6706
Grand Cayman 1-855-280-6793

Mexico 001-888-819-7162
Marshall Islands 1-800-676-4357
Puerto Rico 1-800-676-4357
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