

3 Holiday Planning Tricks to Dodge Debt

Feel the holiday cheer long after your credit card bills arrive.

Have a happy, healthy and debt-free new year.

The holidays often arrive with a burst of excitement and end with a crash of fear and despair as people wait with baited breath for the holiday credit card bills to arrive in the mail. If you're looking to avoid that January letdown, consider these tips that can help you plan for expenditures and avoid racking up holiday credit card debt.

1. Set a holiday budget. It's easy to get into the habit of spending mindlessly during the bustling holiday season, but your wallet will thank you if you make a detailed list of your gift-giving and holiday obligations, and set a budget for each expenditure.

You can start by making a list of each gift recipient and setting a monetary limit on how much you can comfortably spend (in cash) on each person. From there, make a list of other holiday obligations that may cost you money such as:

- Social gatherings
- Family events
- Work parties
- Charitable donations

After you list your obligations, set a dollar limit for each one. Be creative as well when setting that dollar limit. For instance, if you're hosting a holiday gathering, search online for tips on how to do that frugally. If you need formal clothing for an event, search your closet for long-forgotten outfits or check local consignment shops for deals. The clearance sections at online and brick-and-mortar stores can be a great source for outfits and presents for those on your holiday gift list, too.

By knowing exactly what expenditures are coming your way during the holiday season, and what each of those expenditures roughly cost, you can better prepare to have cash on hand to pay for those purchases.

2. Give gifts that don't cost money. If your holiday budget is tight, consider giving gifts of time or service, both for your holiday gift recipients list and your charitable obligations list.

For instance, gifts of time or service to family members or friends could consist of:

- Babysitting time for a sibling's children
- A day spent with a niece or nephew at a local zoo or a movie night at your home
- An offer to do the labor for a housing project, such as painting or landscaping
- Free skilled services you can offer such as cutting hair or organizing a room or closet

Gifts of valued time or service are a terrific way to bring a loved one joy during the gift-giving season and save your pocketbook some strain.

3. Make a Countdown Fund. The Countdown Fund is a terrific way to avoid dealing with holiday debt in January. To start, create a list of expected holiday expenses, add them up and divide by the number of weeks or months before the holiday arrives. Put that weekly or monthly dollar amount in a savings account so the cash is available for holiday expenses when needed.

Besides the holidays, a Countdown Fund can be used for other expenses such as upcoming vacations and semiannual bills like insurance bills.

The thought of holiday costs and how they'll affect your financial situation can be stressful. However, by using the tips you can avoid those dreaded January credit card bills, reduce spending and pay for holiday costs with cash.

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