

## *Financially Speaking*

With Trisha Arndt

### Avoid the Holiday Spending Hangover

I find it amazing how quickly stores tear down Halloween displays and plaster the aisles with twinkling lights and singing snowmen. It was still nearly 60 degrees outside when we started being bombarded from every angle with the hot new toy and the hippest trends in holiday decorating.

Now let me say that I am no Scrooge – in fact I eagerly anticipate the holidays each year like Ralphie in ‘A Christmas Story’ anticipated his Red Rider Beebee gun. I love the family get-togethers, cheesy carols and goofy traditions. Much to the annoyance of my husband I even adore holiday movies and TV specials.

It’s not the holidays themselves that bring up feelings of cynicism - I just question whether people really need all of the stuff that advertisers dangle so tantalizingly before us.

I’ll admit that I start a personal count down for the annual Thanksgiving Day sales flyers weeks in advance. I’m there slugging my way through the crowds at 5:00am every Black Friday like many others out there. Unfortunately I’m saddled on that journey by a sense of financial concern for those shopping around me.

I cringe as I watch people weed through their credit cards to find the “good one” to use for their purchases. I shudder as I hear the banter between friends about how they are “still paying for last year”. Sadly I know that those comments made seemingly in jest are all too often true.

Through the years I have learned that most often people get into financial dilemmas due to intermittent expenditures – those that don’t happen every month. It’s not the cable bill that leaves most running for a credit card or dipping into all too often inadequate savings accounts – it’s the new brakes on the car, the annual insurance bill or, you guessed it, holiday spending. The common lack of a cash reserve, coupled with an economic slowdown of mammoth proportions, has the hackles on the back of my neck already starting to rise.

One of the first lessons I teach my clients about budgeting is to account for all expenses on a monthly basis. If you know you will be spending \$600 on the holidays then I recommend that you set \$50 aside in a separate account each month to plan for it. That way the money is available when you get there and you don’t have to adjust your normal activities to pay for it. The same can be done for any periodic expenditure – just like escrowing real estate taxes you can set money aside on a monthly basis for insurance bills, vehicle maintenance, vacations, etc. It can even be set up to happen automatically so you don’t have to remember to do it each month.

I realize it is a little late for this plan to help for the coming festivities but I would highly recommend adding it to your New Years resolutions. Several clients have told me that doing so was one of the best things they ever did for their finances.

There is still time to do some things for this year. Some amount of holiday spending is probably inevitable but overspending doesn't have to be. One of the best things you can do is to establish a budget and stick with it. Prepare a list of what you are buying for and approximately what you intend to spend. Keep track as you go of what you have bought and how much it cost. Doing so can help avoid mistakenly buying multiple gifts for the same person and keep within spending limits.

And don't feel like you have to spend like others. I firmly believe that it's time together that makes memories. Looking back I clearly remember singing in the car on the way to Grandma's house, eating lutefisk and performing plays with my cousins. My husband talks about the year they rode the garbage can lids down his grandparent's front lawn and his mom giggling like a little girl while they decorated the tree. Neither of us can remember what toys we got those years.

One of the best things you can gift at the holidays is of yourself, either by giving something you made or donating your time. Our grandparents are thrilled for us to gift them a "work day". We help them do projects that are physically difficult for them on their own and get to spend precious time with them while we are at it. Similarly a night of free babysitting or help with snow shoveling are great ways to give something meaningful without breaking the bank.

Homemade gifts can be very appreciated as well. A few years ago I started gifting homemade lasagna and cookies to a couple of bachelor relatives and I truly think they mean it when they say those are their favorite gifts of the year. I may be old fashioned but I truly believe that it is the thought that counts, not the price tag.

The holidays can be a time of great joy and great anxiety. Finding a way to survive them without overspending can make it a time of year to be treasured – and not a party that will leave you with a financial hangover.

If you have a question that you would like answered or a suggestion for a topic that you would like to see in a future issue, e-mail [trisha@wealthstrategies.biz](mailto:trisha@wealthstrategies.biz).

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