

Consumer and Family Sciences



Department of Consumer
Sciences and Retailing

To Your Credit: Fact Sheet 8

Controlling Your Holiday Credit Use



Janet Bechman, Extension Specialist

*Adapted from Credit Card Smarts,
a series published by the University
of Illinois Extension (copyright 1997,
Board of Trustees, University of Illinois).*
<http://web.aces.uiuc.edu/cfe/ccs/index.html>

It is tempting to use credit cards to solve the problem of extra cash for the holidays. You want to make the holidays a happy time, yet finding money for the extra expenses can be difficult. You do not plan to run up high balances on your credit cards — it just happens. Before you know it, you have spent \$100 to \$500 more than you expected. When the credit card bills arrive in January or February, you may be surprised at how much you spent for the holidays. Then you will spend many months paying for those holidays.

How can you control your holiday spending? Start by making a written plan. Begin making your plan early in the year but no later than October or November. Think about how much you can afford to spend for decorations, meals, travel, and gifts. Set spending limits for gifts for each person as well as for the other items in your spending plan. Use the chart on the next page to start your spending plan.

Decide how you are going to pay for holiday spending. If you are going to use only cash, leave your credit cards at home when you go shopping. If you write checks, record each check in your register and figure the balance before writing another check. This will help you stay within your limit!

If you need or want to use a credit card, choose one to use for all of your holiday spending. You can control your spending on one card much more easily than on three or four cards. You may want to pull out your latest statement for each card, check the annual interest rate, and plan to use the one with the lowest annual interest rate.

Keep track

One easy way to stay within your spending limit is to write your limit on an envelope and put the envelope in your wallet. When you use your credit card, write the amount you spent on the envelope and subtract it from your limit. Put the receipt in the envelope. Keeping a running total will help you think before charging something new. When you have reached your limit, stop using your credit card!

There are many ways you can cut holiday costs. Be alert early for bargains. Separate shopping trips from spending trips. Make one trip to compare prices and value, but do not take along your cash, checkbook, or credit cards. When you have decided what you can afford to buy, go back to make the purchases.

Talk with friends and family about drawing names for a gift exchange, setting dollar limits on gifts, or not exchanging gifts. Make gifts by hand or give gift certificates promising your time or talents. The most cherished gift is often the one that involved someone's time and thought, not large amounts of money.

Invite friends or family over for dessert rather than for the whole dinner. Try a pitch-in or potluck meal that the guests contribute to rather than providing the entire meal yourself. Make your own decorations from materials around the house.

Be careful if your credit card company offers to let you skip a payment or two. If it invites you to pay back only the minimum or even reduces your minimum payment, be cautious. The interest does not stop accumulating. These offers can cost you more in the long run.

Make a plan

One easy way to stay within your spending limit is to start by making a written plan. Use the chart below to develop a spending plan.

HOLIDAY SPENDING PLAN

How much money can I spend? \$ _____		
Item	What?	How Much?
Gifts (family)		
Gifts (friends)		
Gifts (work/school)		
Gift Wrapping		
Cards, Postage		
Phone Calls		
Decorations		
Holiday Meals		
Special Clothing		
Parties		
Travel		
Donations		
Other _____		
Other _____		
Other _____		
Other _____		