



Save money this holiday season

By: Katelyn Andersen, MSU/Ravalli County Extension Agent

The holiday season is quickly approaching and there are some perceived expectations this time of year such as throwing big parties and gift giving. But with the economy, many people have limited funds and cannot have the same level of financial commitment as past holiday seasons. It can be very easy to use the plastic credit card and charge your expenses but simple planning techniques can help reduce the stress of spending too much money.

Plan the shopping list. Whether it is the holiday dinner, the football game or the New Year's party, food can be a key part of the event. The cost of food is higher than past years so it can make a big dent in the budget. Plan your meals in advance and stock up on items weeks and months ahead of the event. Check out the local grocery store sale advertisement's that offer lower prices for holiday meal ingredients.

Economic gift giving. Every family has different traditions of gift giving and it is okay to follow those traditions. It is also okay to take a real look at the spending level of your gifts and cut back if needed. Brainstorm gift ideas that are free or low cost, such as baking bread for your gift to friends and neighbors or offer a free hour of child care.

Credit card woes. There are pros and cons to using a credit card to make holiday (or any) purchases. Credit card users can receive air miles, rebates, coupons and other incentives but credit cards can be a major pitfall if balances are not paid in full every month.. There are also various fees that can be racked up if a payment is late or the card is not used.

The average annual interest rate for a credit card is 18 and it may not seem like a large cost for using the credit card until the cost is broken down. If a family charges \$1000 on holiday goodies to their credit card, it will take eight years to pay off that debt if only the minimum monthly payment is paid. The family will end up paying \$X in interest charges in addition to the \$1000 charge.

If you have credit card debt, the wisest decision is to pay more than the monthly payment and not charge anything else. According to Dr. Marsha Goetting, MSU Professor and Extension Family Economics Specialist, credit card debt can be paid off in 3.88 years following some easy guidelines. If a family continues to pay the initial monthly payment (3% of the initial debt) the debt can be paid off in 3.88 years if nothing else is charged to the credit card.

Most people have a mixture of attitudes, values and beliefs about money. Some people save money on some items where others splurge. The main idea this holiday season is to spend only what you can afford and be creative in gift giving ideas. If you would like more information on family finances, please contact the MSU/Ravalli County Extension Office at 375-6611.