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Eight Steps to Avoid Post-Holiday Debt

By [Entrepreneur.com](#)

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In our wistful imaginations, the holiday season is a simple, joyful time of snowfall, sparkling trees and soft candlelight. But in 21st century reality, it's a carousel of stress and spending. Think about it. You put off shopping 'til the last minute. Then, frazzled and anxious, you hit the malls, spending big bucks on "obligation gifts" and trying to forget the credit card bill that will be arriving in January. As you sit fuming Grinch-ishly in a crush of traffic, you wonder, "Where did the joy go?"

From a personal finance standpoint, the holidays has become a nightmare. Somehow we've come to think we have to spend and spend and spend every year, yet few of us can truly afford to do so. If you're going into debt to buy frivolous gifts for each one of your 18 nieces and nephews, something's wrong.

The typical American is now spending 130% of his or her disposable income. Holiday spending is not so much the problem as it is a symptom of our society's lack of financial self-restraint. For too many of us, the holiday spending frenzy yields an unhealthy and often paradoxical mix of entitlement ("My family deserves a big Christmas!") and resentment ("I can't believe I have to drop \$250 on groceries and spend all day cooking again this year!").

The good news? It doesn't have to be this way. Armed with a realistic budget and the desire to change your ways, you can get off the holiday carousel and actually enjoy the holidays this year. Here are a few suggestions:

1. Make a spending list based on hard numbers, not emotions. I am big on budgets. Indeed, my book, *How Much Is Enough? Balancing Today's Needs with Tomorrow's Retirement Goals*, helps you delve into your money attitude, identify your personal pitfalls, separate your wants from your needs, and chart out a realistic financial road map.

Look at your holiday preparation as a time to get a better handle on your overall finances. When you have some hard numbers in front of you, you'll be much less likely to overspend out of guilt or desperation or just simple ignorance of how much you've already spent.

But what if you "crunch the numbers" and realize you really can't afford a big holiday this year? Accept that you're going to have to downsize. If you're already in debt, digging the hole deeper is no solution. At least you know -- and if having an extravagant holiday is important to you, you can plan for one next year.

2. It's OK to break your holiday spending traditions. Just warn your family in advance. If you decide to alter your usual holiday pattern, send out a mass email, make some phone calls or have a face-to-face discussion with your fellow celebrants well before the big day. (Otherwise, you can expect some awkward moments at gift-opening time.)

It's fine to say to your extended family, "Money is a little tight this year, so we're going to make a small donation to our local animal shelter in lieu of buying gifts for everyone." You might find that everyone breathes

a big sign of relief and says, "What a great idea!" Just don't spring it on them after they've spent the usual \$150 on gifts for your family.

3. Respect people's differences. Don't impose your thrifty new values on others. Once you've expressed your intention to have a pared-down holiday, let it go. If Aunt Sylvia wants to throw her usual big, glittering party complete with three Christmas trees, a gourmet meal and a mountain of perfectly wrapped gifts, don't try to talk her out of it. But don't feel obligated to reciprocate. Don't cave under the perceived pressure to follow her lead.

Some people truly love the shopping/decorating/cooking/gift-giving ritual. If you love it -- and can afford it -- go for it! I'm speaking to the silent, suffering majority who dread the spending and stress of forced holiday merriment.

4. If your extended family wants to cut back, suggest some money-saving ideas. Draw names or set a price limit or settle on a gifts-to-kids-only policy -- or do any combination of the three. You may even decide as a group to forgo gift-giving entirely. That's fine! Just be sure to come up with some activity to replace the annual gift-opening ritual. Break out a board game or go ice-skating or spend the afternoon working at a soup kitchen. If you don't plan something, the day may feel strangely hollow.

5. If you're hosting the holiday feast, make it a potluck event. There's a lot to be said for having extended family under one roof during the holidays. But if it's your roof, the stress and expense can override the fellowship. Unless you really thrive on playing hostess, spread the work (and the cost) around. Have everyone sign up to bring a dish or a drink. And when dinner is done, put on some holiday music and give everyone a cleanup task.

6. Think edible, biodegradable, or readable ... or homemade! Most of us suffer from "Too Much Stuff Syndrome." When you're buying gifts, don't contribute to the recipient's clutter. Most people appreciate gifts like sugar cookies, a beautiful candle or a good book. These gifts are generally inexpensive and won't be shoved in a closet somewhere.

Creative homemade gifts can be delightful, too. Consider giving a coupon for some service you'll provide, like car-washing or babysitting. The gift of your time can be the best gift of all.

7. Favor holiday activities over holiday stuff. Since budgeting by its very definition means you can't do it all, think about what means the most to you during the holidays. Is it the gifts you receive ... or the time you share with loved ones? Most people would say the latter.

Allocate your money -- and your time -- accordingly. Wouldn't you really rather take your children to see *The Nutcracker* than spend the ticket money on another toy to clutter up their rooms? And instead of spending two hours on the Christmas Eve gift-opening ritual, wouldn't you rather go caroling or worship at a nearby candlelight service?

8. Create new traditions. Whether you're a young parent wanting to build memories for your kids or a Baby Boomer wanting to savor your parents' twilight years, you probably feel a deep longing for family traditions. That's all the more reason to rethink how you're spending the holidays.

My own holiday tradition centers on inviting friends to my cabin. After we put the turkey in to bake, we go for a long walk in the woods. It's usually snowing, so it's gorgeous. And, I might add, it's free. My point is, creating your own traditions is far more rewarding than going along with the expensive, stressful status quo of giving and receiving lavish gifts.

Money and time really are connected. When you spend too much, you worry too much, and then you can't relax and enjoy your free time. Plus, you redouble your efforts to work longer hours so you can pay the post-holiday bills -- so you have even less free time.

Don't fall into that vicious cycle. Simplify. Breathe. Have some eggnog and rest by the fireplace. Enjoy your holidays. Enjoy your life.

This article was written by Diane McCurdy, CFP, a financial planner with more than twenty-five years of experience working with clients. For bios of and stories by Entrepreneur.com columnists, please [click here](#). For more information about subscribing to Entrepreneur, [click here](#).

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