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Stop the Holiday Spending Frenzy: Have a Financially Sane, Stress-Free Holiday Season

by Diane McCurdy • Hoboken, NJ

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 frenzy of stress and spending. Think about it.

You put off shopping until 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?" Somehow we've come to think that we have to spend and spend every year, and few of us can truly afford to do so. If you're going into debt to buy frivolous gifts for each one of your eighteen nieces and nephews, something's wrong.

The typical American is now spending 130 percent 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 great holiday!") and resentment ("I can't believe I have to drop \$250.00 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 stop the madness and enjoy the season this year. Here are a few suggestions:**

- 1. Make a spending list based on hard numbers, not emotion.** With 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. 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 okay to break your holiday spending tradition.** 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. 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. Just don't spring it on them after they've spent the usual \$150.00 on 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. Some people truly love the shopping/decorating/cooking/gift-giving ritual.
- 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. 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 is a lot to be said for having extended family under one roof during the holidays. 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 clean-up task.
- 6. Think edible, biodegradable, readable, or homemade!** Most of us suffer from Too Much Stuff Syndrome. Most people appreciate gifts like a nice bottle of wine, a beautiful candle, or a good book. 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. Create new traditions.** 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 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 less free time. Don't fall into that vicious cycle. **Simplify.** Breathe. Enjoy the holidays. Enjoy your life.*

*Based on the book: **How Much Is Enough? Balancing Today's Needs with Tomorrow's Retirement Goals** (Wiley, 2005, ISBN: 0-471-73871-9, \$14.95) available at bookstores nationwide, major online booksellers, or direct from the publisher by calling 800-225-5945. In Canada, call 800-567-4797.*



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