



## **BUDGETING AT CHRISTMAS**

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### ***A guide to managing your finances at Christmas***

Responsible spending over the holiday period can make for a much less stressful New Year. Making sure that your expenses are kept in order can help keep your Christmas spirits high and make sure you don't blow your budget in the meantime. This guide will give you some helpful tips on how to save money over Christmas without even the slightest hint of Scrooge.

#### **Develop a spending plan**

Determine how much you realistically have to spend over Christmas and write a list of everyone you have to buy a gift for and how much you can afford to spend on each. Try to keep a record of what you are actually spending so that you can make sure you can allocate your money properly.

#### **Avoid buying with credit**

Pay cash. When you shop with a credit card you will usually end up spending more than you would if you paid cash and it may make you think twice about large unnecessary purchases. Paying cash will also help you to avoid interest charges and can help you to steer clear of paying for presents long after the festive period has ended.

#### **Don't leave it to the last minute**

Avoid last minute splurges. If you have limited time left to buy your Christmas presents, you are more likely to panic and buy things that cost more than your budget allows. Give yourself plenty of shopping time so that you can find the right gift at the right price.

#### **Look for special offers**

Retailers are often offering incentives such as two for one or buy one get one half price. Make sure that you are paying the best price - look for special offers, check online and compare prices between stores. But be careful; stick to your shopping list and steer away from 'bargains' that you wouldn't have otherwise bought.

#### **Don't forget to budget for food and drink**

Your Christmas budget will need to cover more than just presents. Entertainment over the Christmas period can add additional costs that need to be in your spending plan. We also spend more in the supermarkets at this time of year and this might be one occasion where it pays to leave it to the last minute. Be aware of when supermarkets are closing for Christmas and go shopping in the last few hours when prices are often reduced. One final tip for the supermarkets; avoid shopping when you are hungry because you will probably buy more food than you need.



### Find alternatives to wrapping paper

Christmas wrapping paper and gift tags can become expensive, and huge quantities will be thrown away this year. To save money (and to help the environment a little more), an alternative to traditional shop-bought wrapping paper is recycled brown paper. You can then decorate the paper yourself adding a personal touch. If you simply don't have the time to get creative, coloured tissue paper makes a great and cheap alternative to traditional wrapping paper.

### Make your own

The homemade theme can continue through to the decorations in your home and can help to reduce the cost of Christmas further. There are many craft ideas to be found online including gingerbread tree decorations, paper chains from recycled paper and glitter spayed pine cones. Not only can this be a fun activity for children but it can also be a good way to reduce some of the waste created at Christmas by recycling. Cards can also be handmade and you can avoid expensive (and often disappointing) Christmas crackers by making your own.

### Shop online

In addition to the advantages of not having to fight through crowds, find a space to park and wrestle with unhelpful and stressed shop assistants, shopping online can be a good way to save money. Online prices can be cheaper than on the high street and some retailers offer a special discount only available when ordering online. If you would still prefer to go to the shop and purchase the item, don't forget to look online first to compare prices and products so you can make sure you are getting the most for your money.

### Avoid store cards

Store cards are often offered at the till as an alternative means of paying, usually with incentives of introductory discounts attached. The value of the incentive rarely, if ever, outweighs the cost of the card itself with some stores charging up to 30% interest. Paying with store cards also make it difficult to keep track of how much you are spending and a low cost present can end up costing a lot more. If the introductory incentive is just too good for you to pass by, make sure that you pay off the card immediately to avoid the interest.

### Take action quickly

If you do spend more than you have budgeted for, do not ignore the fact and hope for the best. Many people find themselves going into the red over Christmas when they have not agreed it with their bank in advance. Unauthorised overdrafts carry far heavier penalties than those that have been prearranged. So if you are concerned that you might spend a little more than you have available, contact your bank first. But remember that any extra money spent will need to be paid back in the New Year, so don't think of an overdraft as a free extension on your budget.



### **Finally, plan ahead**

It might be too late for this year, but it will be easier to budget for next year's festive season if you start early. Look at how much you actually spent this year as a guide for how much to save for next year. Create a Christmas fund at the beginning of the year and add to it each month. It is much easier to spread the cost of Christmas over 12 months than try to pay for everything with your December wage packet.

December is never going to be a cheap month but with careful planning and sensible budgeting it does not need to be a financial disaster.

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