



# Credit Card Smarts

Fact Sheet 11

*Nearly one-third of adults say they spent more than they planned on holiday gifts. Most spent \$100 to \$500 more than they planned.*

Last year, the National Retail Federation estimated the average U.S. consumer will spend more than \$900 on holiday-related shopping. That breaks down to \$832 for items like presents, decorations and food, with an additional \$106 that the average person will spend on themselves.

Download other *Credit Card Smart* fact sheets at:  
<http://uiedev.extension.uiuc.edu/creditcardsmarts/>



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## Control Your Holiday Credit Card Debt

The holidays should be a joyful time for you and your family. But for many families it's tough to find the extra cash for holiday expenses. Using your credit card solves that problem for now but can create other problems. Most families don't plan to run up high balances on their credit cards during the holidays – it just happens. Nearly one-third of adults say they spent more than they planned on holiday gifts. Most spent \$100 to \$500 more than they planned. Many families find it hard to pay off an extra \$500 on their credit cards after the holidays.

How can you control your holiday spending? Start by making a written spending plan for the holidays and gift giving. Start making your plan no later than October or November. Think about how much you can afford to spend for gifts as well as decorations, holiday meals, and travel.

Set spending limits for gifts for each person as well as for the other items in your plan. Start looking for bargains early. If it's been a tough year for you, think about cutting back on what you usually spend during the holidays. Talk with friends and family about not exchanging gifts, drawing names so you give fewer gifts, or setting dollar limits on gifts.

Decide if you are going to use a credit card for holiday spending. If you decide to use only cash or a debit card, leave your credit cards at home when you go shopping so you won't be tempted. If you write checks or use a debit card, be sure to record each purchase in your register and figure the balance before writing another check. Stay within your limit!

If you need or want to use a credit card, pick just one to use for your holiday spending. It's much easier to control your spending on one card than on three or four. Write your spending limit on an envelope and put it in your wallet. When you use your credit card, write the amount on the envelope and subtract it from your limit. Put the receipt in the envelope. When you've reached your limit, stop using your credit card!

Separate shopping trips from spending trips. Make one trip to compare prices and value, but don't take along your checkbook or credit cards. When you've decided what you can afford to buy, make the purchases, whether it is online, by catalog, or in a traditional store. Don't buy gifts for yourself. Drop a hint or give your wish list to others who may be wondering what to give you.

There are many ways to cut back on holiday costs. Print photos as gifts in low cost frames. Use photos in a small scrapbook. Make gifts by hand or give gift certificates promising your time or talents. Have friends or family for dessert instead of a meal. Make your own decorations from materials around the house. The gift that each of us remembers as most special is usually one that involved someone's time and thought, not lots of money.

Once the holidays are over, your credit card company may offer to let you skip a payment or two. Or, it may invite you to pay back only the minimum or even reduce your minimum payment. Don't be tempted to take these offers since you'll pay more in the long run.

Use the chart on this page to start your holiday spending plan.

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For more information on credit, see other *Credit Card Smarts* fact sheets. A related fact sheet is "Decide How Much Credit Is Too Much."

## Holiday spending plan

Activity/Event	Estimated Cost	Notes
Gifts (family)		
Gifts (work)		
Gifts (friends)		
Gifts (school)		
Gift Wrapping		
Decorations		
Holiday Meals		
Linens or Table Decorations		
Baking		
Parties (work)		
Parties (school)		
Parties (organizations)		
Parties (family)		
Special Clothing		
Hairdresser/Barber		
Impromptu Entertaining		
Cards, Postage		
Phone Calls		
Travel		
Charitable Contributions		
Holiday Plants/Trees		
Other		
Other		
<b>Total</b>		