

How to manage holiday spending

By Maria Cote Special to The Denver Post The Denver Post

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The holidays are looming large, but your wallet is looking pretty slender.

To help you with that panic, we spoke with two experts from Englewood-based A&I Financial Services LLC (assetsandincome.com). In early October, Karl Frank and Cameron Morgan helped put on a workshop sponsored by the Financial Planning Association, a nonprofit organization with about 500 members in Colorado. Both are on the board of the volunteer organization of financial planners who offer advice and workshops to groups on such topics as managing money in hard times and budgeting.

Q: Cameron, both you and Karl have children. Isn't it tough to be frugal during the holidays when you have small children?

A: It is. But it's also important to manage their expectations. At the end of every day, your daughter will have to realize there are some thing she wants that she can't have. And at the end of the day, it's an experience that she'll remember. It's a funny story you shared. It's a sweet moment when you hugged. It's a photo you captured from a day trip. It's not an object.

Q: Can you give some more examples of that, Cameron?

A: Take someone snowshoeing. Find a way to spend a day with a person you love. Find the highest-elevation coffee shop in Colorado. Make it an adventure. They'll enjoy that, and remember it, far more than those slippers you thought about buying them. Also, bake cookies. Home-baked food will show that a lot of heart went into the gift. Oh, and I'm a big fan of re-gifting. No shame in that.

Q: Karl, is there one piece of advice you could offer folks that would keep them from maxing out that credit card?

A: Turn part of your paycheck to cash. When you have a wallet full of bills, and you actually see that wallet shrinking, you realize what you're spending. You're pulling out 20s, and that wallet is getting thinner and thinner. It's a visual reminder. Also, we talk a lot about the emotions associated with money. We grow up hearing that money is the root of all evil. But in truth, we know that money can mean love. It's only when January rolls around and you see the huge credit card debt that you start thinking of money as evil.

Q: Any other tips , Karl?

A: Donate to a charity. You can write it off! You and the gift recipient will feel great about it. And think about this: If I were in Iraq right now, and I received an iPod, I'd be happy. But if I were to get a tin of home-baked cookies, with a hand-written note from a loved one describing how much I mean to them, that's what would stick with me. I'd think about that forever.

Plan your holiday budget

How much are you planning to spend on holiday shopping? According to a survey by Consumer Reports, what you plan to spend and what you actually do spend are very different.

You've saved nearly \$700 for the holidays. But you're likely to spend more than \$800.

Dale Mingilton, president and CEO of the nonprofit Better Business Bureau serving Denver and Boulder, offers these tips to ticking to your budget:

- 1. Add up what you have coming in.** This includes salaries, bonuses and other sources of income.
- 2. Add up your expenses.** Be realistic, and start with your mortgage, utilities and credit card payments. How much are you spending on gas, car maintenance, health care and food? Look through past bank statements and figure out where your money is really going.
- 3. Estimate holiday expenses:** Make a list of everyone you have to purchase gifts for, then figure out how much you're going to spend on them. But don't stop there. Remember how much you spent on stamps and shipping costs last year? You'll face that again. If you plan to have a holiday gathering, add up the costs of food and beverages. If you're planning to eat out more, add that in. And if you're traveling, those costs must be included. If you purchase an 8-foot blue spruce every year, include those dollars. If you donate to a worthy cause, learn how to be a savvy donor from the BBB Wise Giving Alliance (bbb.org/charity).
- 4: Evaluate and revise your budget often.** If you've added up what's coming in and what's going out, and things are a little lopsided, it's time to revise and cut back on expenses. Stick to that budget, and you won't be facing huge credit card debt in January.