

Budget eases Christmas woes

Sticking to it may make next year easier

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You knew it was coming -- it happens every December -- but if you believe the reports that show Canadians don't save money, most of us apparently prefer to live in holiday denial rather than put aside money for the most wonderful, and expensive, time of the year.

Most Canadians plan to spend \$877 on gifts and other holiday items this Christmas, a hefty 12 per cent more than they spent last year, according to a new survey.

And since we currently spend more than 100 per cent of what we earn, that means the bills will arrive just after the decorations are stored away, then the cycle continues as the countdown to Christmas 2007 begins again.

It's far too late to save for this year's expenses, but there's still time to take control of holiday spending and make a plan to change your habits for next year.

Vancouver money coach Sheila Walkington, advises her clients to set real limits on how much they plan to spend for each person on their list, then stick to it.

"If you decide you're going to spend \$40 on someone, make sure to include the tax, wrapping, card and the little chocolate ornament you put on top," Walkington said. "If you spend \$40 on the gift alone, by the time you put together the whole package, you've spent \$60."

Using cash rather than a credit card also reduces the chances of out-of-control spending, she said.



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Money coach Sheila Walkington urges clients to set real limits.

"It's tough, but when it's gone, it's gone."

With Christmas just three weeks away, it's probably too late to draw names to reduce the number of people on your gift list, or to cancel gift-giving altogether, but Walkington has a couple of suggestions to help maintain a budget:

- Buy gift cards rather than gifts. The cards are for specific amounts and don't cost much to wrap or send in the mail.
- Buy a family gift instead of individual presents. A membership to Science World, a local museum or the art gallery can be appreciated all year, or pick out a great board game.
- Make a donation to charity in someone's name. You can buy a couple of chickens for a family in a developing country, or choose an organization closer to home that would be meaningful to the person on your gift list.
- Invest time -- but not a huge amount of money -- in a photo calendar or book of family snapshots, handmade ornaments or a coupon book of services, such as dog walking or cookie baking.

If you have to finance Christmas with credit cards, Walkington suggests setting a spending limit you can repay in a few months.

Monica Loeppky, program manager for the New Westminster-based Credit Counselling Society, said people may have already started their Christmas shopping, but there's still time to make a plan that will control spending.

Think about what you have to buy -- gifts, wrapping paper, cards, postage, food, clothing, travel costs -- and figure out how much you will spend, then work out a budget. Make another list of the people to buy gifts for, and keep it with you when you shop.

"Before you make a purchase, check your list and be sure the item matches," Loeppky said. "Is it what you agreed to spend? If so, buy it and cross the name off your list and don't keep looking at other things the person might like."

Keep a running tally of how much you spend and check often to see whether you are on budget. If you're using a credit card, stick with one card to make it easier to keep track of spending.

Knowing what Christmas really cost this year will make it easier to plan for 2007, she said.

If you spent \$1,000 this year, divide that amount by the number of paycheques you receive and set aside the money in a savings account. And if you used credit cards to finance the \$1,000, it may be time to consider cutting back next year. That way, you could save a little less during the year, but work to pay off the 2006 Christmas bills before another year slips away.

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