

A FINANCIAL GUIDEBOOK FOR THE HOLIDAYS



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Introduction

Financially speaking, the holidays can be a tricky time. The expense can be great, and unless you're financially well off, it isn't something that can be managed successfully without sound planning. Between the gifts, trips, parties, and holiday outings, the period of time between Thanksgiving and New Years can be a real financial burden for many families.

Although you want your family to have a wonderful holiday season, the costs can be prohibitive. **Planning is the key to having a great time without breaking the bank.** Creating a plan and sticking to it can make all the difference.

The sooner you get started, the easier it will be to save money and boost your income.

Think about how painless it would be if you had started saving for the following Christmas in January! It might be too late for that now, but you can still get started before December 15th.

The other important factor for enjoying the holidays is the quality of the experience. There are many meaningful activities that you and your family can enjoy for very little money. Some are even free!

“There's something about a holiday that isn't all about how much money you spend.”

- Hilarie Burton

Creating a Budget

Creating a budget is the first line of defense for getting any financial situation under control. ***A budget is like a game plan or a roadmap for your holiday spending.*** With a good budget, you stand a great chance of financially navigating the holiday season with success.

No one likes to make a budget, but it might be helpful to do so for this upcoming holiday season. If you haven't made a holiday budget before, odds are you'll be surprised at how much it helps.

At the very least, you'll know where you stand. The sooner you make your budget, the sooner you'll be able to formulate your financial plan.

Tips for creating a successful budget:

1. ***Consider using budgeting tools. Relying on a pencil and notebook can be cumbersome when you consider all the budgeting spreadsheets and software programs available.*** Even Microsoft is kind enough to provide a free,

downloadable [spreadsheet](#) for your convenience. Check out these suggestions:

- Dave Ramsey – [My Christmas Budget](#)
- Organized Home – [Christmas Budget](#)
- Computer/Phone Apps – [Google Play](#)
- These are just a few examples. A quick search will reveal countless more.

2. **What do I anticipate needing to spend this year?** Think about the holidays as a whole. For most, that means Thanksgiving, Christmas, and New Years. Depending on your faith and family traditions, it might mean something else.

- **Gifts.** Take all gifts into account. It's easy to remember your immediate family, but what about your friends? Are you attending any parties that will require a gift? What about your coworkers?
- **Charitable donations.** Many of us like to donate time, money, toys, or food to those in need during the

holiday season. Include these items in your calculations.

- **Food.** Everyone eats more around the holidays. The special food items add to the holiday spirit. ***How much will you spend this year above and beyond your normal food budget?***
 - **Parties.** Are you planning on throwing any parties this year? What is the expected cost? Parties are frequently more expensive than anticipated, so you might want to pad your budget.
 - **Travel.** Are you going to visit grandma and grandpa? Will you be going to New York City for New Year's Eve?
3. **Decide how much you can afford to spend.** The majority of us don't have an unlimited budget like Donald Trump. ***Consider how much you can afford to spend around the holidays without it taking months to dig yourself back out of a financial black hole afterwards.***

- Assess your savings. How much do you have available for holiday spending without creating financial challenges in other areas of your life?
 - Are you anticipating a bonus at work? How certain are you regarding the amount and timing?
 - Is it possible for you to earn additional income between now and the holidays? Can you pick up an extra shift at work? Perhaps you can look for a second job.
 - Are you able to cut back on your normal expenses and save the difference? Every little bit helps.
4. **Go over your budget with your significant other.** Do they agree with your numbers? It's practically guaranteed that your partner will come up with at least one item you overlooked. ***Try to reach an agreement on the expected holiday expenditures.***
5. **Make adjustments as you go along.** A budget is subject to modifications, particularly with a unique situation like

the holidays. Holiday events can be highly fluid. Plans and schedules can change quickly.

6. **Keep track.** As you're spending and earning, keep track of where you stand. Does it appear like you're going to hit all of your numbers? ***The earlier discrepancies can be found, the better.***

Making a budget may not be fun, but it's a critical first step. Although your budget may evolve over time as other factors come into play, it's still very important to have a starting point. Future considerations can be incorporated as they occur.

Make a budget today!

"I don't need a holiday or a feast to feel grateful for my children, the sun, the moon, the roof over my head, music, and laughter, but I like to take this time to take the path of thanks less traveled."

- Paula Poundstone

Slash Your Budget

Once you have a budget, take a closer look to see how you can reduce your anticipated spending. With most budgets, you'll find there's room for adjustments. Take the time to investigate ways to minimize your spending.

Consider these ideas:

1. **Suggest a gift exchange.** *Many families and groups of friends choose to do a gift exchange to save money.* Rather than buying for ten friends and twenty (or more) relatives, draw names at a social get-together. You'll dramatically lower the amount of money you spend!
2. **Be proactive.** Sometimes the best policy is to be forthcoming about your financial situation. Talk to your family and friends and say something like, "Our holiday spending has gotten out of hand the last several years. Let's do something more moderate this year." Altering the expectations can make things much easier.

3. **Rely on your creativity.** Fixing a leaky faucet or squeaking door might mean a lot to someone that lacks the know-how or skills to do it themselves. Free babysitting is also popular.
 - ***If you have the skills and creativity to make some of your gifts, that's another great way to save some money.***
4. **Limit your travel.** Flying or driving all over the country can get expensive. Hotel rooms, dining out, and entertainment become costly after a few days.
 - During the holidays, try to see your extended family in a single location, close to home!
5. **Eliminate the extras.** Holiday shopping involves more expense than just the items you purchase. It's also the fancy coffee, lunch, snacks, dinner, movies, massages, and other items that make a shopping trip more exciting and costly.

With a little work, you're likely to find additional ways to cut back without diminishing the overall experience. Brainstorm

ways to slash your holiday costs. Decreasing your costs can be the easiest way to put yourself back in the black!

“I love Thanksgiving because it's a holiday that is centered around food and family, two things that are of utmost importance to me.”

- Marcus Samuelsson

Shopping Tips

It's important to shop intelligently to minimize the financial impact of the holiday season. For many families, gifts are the primary expense associated with the holidays. ***A sound shopping strategy can make a big difference.***

Most individuals grab their keys and head for the mall. That's hardly the best solution. You're unlikely to find the best possible gift at an affordable price at an expensive shopping mall.

Try using these shopping strategies:

1. **Make a list and stick to it.** You'll probably already have a good idea of what you need to buy when you create your budget. You're likely to purchase less if you take your list on your shopping trips. If you stick to the list, it will be much more difficult to overspend.
2. **Plan your trips wisely.** There's no reason to drive back and forth all over town. With good planning, you might be able to hit each store once, in an order that makes sense.

You'll save time, gas, and money. You'll also be less likely to buy those extras during your travels.

3. **Put the credit card away. *It's so much easier to overspend while using a credit card because the bill doesn't come for a month.*** You'll come up with the extra money by then, right? Wrong!

- There's something about cash that makes it much more tangible. When you hand the cashier \$100, you really feel like you've lost something. Stick to cash whenever possible. You'll spend less.
- The interest on a credit card can be a real financial thorn in your side, too.

4. **Start shopping early.** There's no rule that says you have to wait until Thanksgiving to start shopping. It might be too late this year to get a big jump on your holiday shopping, but ***try buying a couple of items each month next year.*** By the time the holidays roll around, you'll be practically finished!

- Waiting until the last minute can be both stressful and costly. It's also possible to run out of money before you're done shopping.
5. **Think about next year.** Post-Christmas sales can be amazing. It's the perfect time to start purchasing for the next holiday season. ***If you need a new Christmas tree or decorations for next year, this is the time to purchase them.***
 6. **Look for sales.** Not many people purchase a newspaper anymore, but the stores still use them to advertise. Pick up a local Sunday paper and look for the best sales.
 - Keep a pen and paper near the television. You can record the necessary information when you see a commercial related to holiday shopping.
 7. **Start using coupons.** Some people love them, and others hate them. Now might be the time to bite the bullet and take advantage of the savings they provide. Remember, it's only a good deal if you actually need to purchase it.

- **Money-saving coupons can be found both in the newspaper and on the internet.**

8. **Look online.** Nearly anything can be purchased online and sent directly to your home or the home of the gift recipient. Gift-wrapping can also be included for a small fee. Unless the item is exceptionally large or heavy, it can most likely be found for less money online.

- Avoid the crowds and save money by shopping from the comfort of your living room.

9. **Consider used items.** Pawnshops and antique stores can have fun and interesting gifts. Vintage items continue to be popular.

10. **Look at last year's model.** Each year, manufacturers seem to come out with a new model for every gadget. In many cases, the change to the product is minimal. With a little digging, you might be able to find last year's offering for cheaper. ***The savings can be considerable.***

11. **Keep your receipts.** Have you ever made it through the holidays without needing to return at least one item? You

might even find that the price has dropped. Many retailers will simply give you the difference. If not, it might be worth the time to return the item and then repurchase it.

No holiday financial plan can ignore shopping and gifts. Know what you're shopping for and put the credit cards back in your wallet. It isn't wise to accumulate additional debt around the holidays. You don't want to be disgruntled when looking back at times that are supposed to be happy.

Keep in mind that the more time you have to shop around, the more likely you are to find a great deal on the perfect gift.

“Christmas is not a time nor a season, but a state of mind. To cherish peace and goodwill, to be plenteous in mercy, is to have the real spirit of Christmas.”

- Calvin Coolidge

Saving Money

One way to control your holiday financial situation is to simply save more money. Aggressive saving can solve many financial challenges. The issue is that most people start too late. That's why you ought to get started today.

Use these tips to accumulate a nice holiday nest egg:

1. **Save a little each week.** *If you spend \$1,000 around the holidays, you can accumulate that amount over the course of the year by saving just \$20 per week.*
2. **Save your annual raise.** Most of us get the common 2-3% raise each year. No one says you have to spend it immediately. Have it put into another account and leave it alone until the holidays roll around.
3. **Cut back on your other expenses.** Consider all the usual options to save a little extra money. Adjust the thermostat, eat at home, and avoid unnecessary purchases.

4. **Sell your unwanted items.** Nearly everyone has items that don't get used. Take some of those things and sell them. Yard sales, pawnshops, classified ads, and auction sites are all possibilities for turning unwanted items into cash.

Accumulating savings specifically for holiday spending will remove a lot of the financial pressure you may feel during this time of year.

“It’s true. Christmas can feel like a lot of work, particularly for mothers. But when you look back on all the Christmases in your life, you’ll find you’ve created family traditions and lasting memories. Those memories, good and bad, are really what help to keep a family together over the long haul.”

- Caroline Kennedy

Making Money

If you won't be able to save enough from your regular paycheck, it might be necessary to increase your income. Finding a part-time holiday job is a common phenomenon.

Boost your income and increase your savings account balance with these strategies:

1. **Get a second job.** Although this isn't an original idea, it works. ***Nearly all retailers are looking for additional help from Thanksgiving until a few weeks into the New Year.*** Ideally, you'll be able to find work at a store that provides an employee discount.
 - There are other opportunities besides retail work. Look around and find something that fits your schedule and pays well.
 - Consider applying to businesses similar to your current employer. For example, if you're an accountant or a nurse, a similar position might be available on a

part-time basis elsewhere. This is likely to pay a lot better than the typical part-time job opportunities.

2. **Freelance.** The most common websites with freelance jobs include oDesk, Elance, and Freelancer. If you have skills that match up with a company's needs, you can make some serious money in a hurry.
3. **Work more at your current job.** Since a lot of people take time off during the holidays, you might be able to pick up another shift or at least some additional hours. Your boss might even be thrilled that someone is volunteering to pick up the slack.
4. **Provide a service. *You could walk dogs, shovel snow, run errands, offer a shopping service, or even wrap presents for others.***
5. **Test apps, websites, and other software.** A quick search will yield several companies that will pay you to review apps and websites. Earning \$10-\$15 per test is the norm. You're simply looking for bugs and other interface issues.

6. **Be a tutor.** Between Thanksgiving and Christmas, many high school and college students are desperate to get their grades up. You might be just the right person to make that wish come true. It's not unusual to earn at least \$20/hour by tutoring.

7. **Offer a shopping babysitting service.** No one likes to shop during the busy season with smaller children. ***Offer a service that will allow parents to shop without the little ones in tow.*** You'll both be happy!

8. **Clean gutters.** If you have a ladder, that's all you need. Few people go through the trouble to do it themselves, but the late fall is the ideal time to clean gutters. The leaves have all fallen, and the snow has yet to fall. You'll be surprised how many people will take you up on your offer. You can probably charge about \$20-\$50, and it will only take a few minutes.

Boosting your income might be a necessity, but that doesn't mean you have to work for minimum wage at a retail job. There are many ways to boost your income during the holidays. Find the most lucrative way that fits into your schedule.

Remember that many others will have the same idea. Find your ideal income booster before someone else beats you to it!

“Let our New Year's resolution be this: We will be there for one another as fellow members of humanity, in the finest sense of the word.”

- Goran Persson

How to Make the Holidays More Meaningful

One way to cut expenses is by creating a more meaningful holiday experience. The good feelings associated with the holidays can be a substitute for additional gifts and expensive outings. ***The true spirit of the holidays can be priceless and remembered forever through the experiences you have, rather than by the money you spend.*** But it's unlikely to happen without effort.

Reflect on the enjoyment and meaning that you can find beyond the exchange of gifts:

1. **Create your own rituals.** Some families like to open a single gift on Christmas Eve. Others like to gather around the piano and sing carols. An annual snowball fight or a walk through the woods can also serve as meaningful rituals.

2. **Volunteer.** The whole family could visit a nursing home or volunteer at a soup kitchen. Check out some volunteer opportunities near your home.

3. **Be thoughtful with your gift purchases.** Others know when you've taken the time to find the perfect gift. It's so much more meaningful than a gift card from Target.

4. **Turn off the TV.** Go ice-skating or play a game of cards. Have a snowman-building contest. Find a big hill and try sledding. Everyone remembers the time that Uncle Bill fell while trying to ice skate backwards. ***No one will remember watching the movie that was on the television.***

5. **Eliminate the excess from your schedule.** It can be difficult to find the time for meaningful activities if you're overbooked. Start paring down your schedule while there's still time. Make a calendar and stick to it.

6. **Use cards and letters.** Although many of us send Christmas cards, few put any real effort into it. Most just sign their names and stick a stamp on the envelope.

- Take the time to write a personalized note in your Christmas card.

The more meaningful the holiday experience, the less the gifts will matter. Everyone in your family will quickly discover the true meaning of the holidays. And you'll be likely to spend less money.

Start brainstorming ideas with your family now. They'll surprise you with their creativity.

"I'm bad on Valentine's Day, but even worse on Christmas. I go shopping at nine o'clock on December 24th every year. Nobody else is there. I'm in Toys'R'Us all by myself. I get there five minutes before closing."

- Jamie Foxx

The Post-Holiday Financial Cleanup

Hopefully, you'll make it through the holidays without any financial hiccups. If you did end up going a little overboard, now's the time to rectify the situation. ***Financial challenges only seem to worsen without prompt attention.***

Follow these tips to get your finances back on track:

1. **Figure out where you are.** It's much easier to make good decisions when you have good information. Be able to answer the following questions:
 - How well did you stick to your budget? How far off were you?
 - Did you accumulate any debt? What is the interest rate?
 - Did you earn as much money as you expected?

- Did you save as much money as you expected?
- What is the final number? In other words, how much will it take to put yourself back in the same financial situation you were in before the holidays started?

2. **For future reference, where did you overspend or underestimate? Avoid missing the opportunity to learn from your mistakes.** Reflect on your missteps by answering these questions:

- Did the presents cost more than you anticipated?
- Did you buy items that weren't on the list?
- Did you spend money on extras while on your shopping trips?
- Did you underestimate how much extra money you would earn?
- What issues can you identify to prevent this from reoccurring next year?

3. **Avoid making the situation more challenging.** Avoid accumulating any additional debt. You might have to really dig in to make that a reality. It could mean cutting back for a few weeks or even months.
 - Now may be the time to differentiate between needs and wants. Review every purchase and make smart spending decisions.
4. **Pay more than the minimum.** It's common to make minimum payments on credit card debt. You could make minimum payments for 20+ years and still have a large part of the debt left.
5. **Consider continuing with your second income. *If you have holiday debt, keep that second income going until the debt is paid in full.*** If you don't already have another job, think about finding a second income.
6. **Take back unwanted gifts and keep the cash.** If you wait too long, you might be limited to store credit. Gift cards are easy to sell for nearly face value. If you received gifts you don't like or know you won't use, returning them can be the best option.

- 7. Transfer credit card balances to cards with lower rates.** Many credit card companies don't charge interest on balance transfers. They do this in anticipation that you'll miss a payment, and then all the interest is added to the debt. ***Transferring high-interest rate balances can be useful, as long as you avoid missing a single payment.***
- 8. Leave your other accounts alone.** Avoid using retirement money or getting one of those horrible payday loans. Just get busy and put in the work necessary to pay off that holiday debt.

If you follow an intelligent plan of attack, your debt will be gone before you know it. Assess your situation and get started on your financial cleanup immediately after the holidays.

"I find shopping too stressful. I get hot, flustered and irritated and feel sick after I've bought something."

Alison Goldfrapp

Conclusion

The holiday season is a series of major financial events for most families. It can be difficult to come out of the holidays in a healthy financial state if that isn't your intention from the very beginning. ***All major financial affairs require a plan and sound decision-making.***

Start building your savings account as soon as possible. With enough money in the bank, most of the other financial challenges associated with the holidays simply fade away. But that's no excuse to ignore those other factors.

Create a budget. A budget provides a view into your starting position and is the first step toward having a viable plan. The numbers provided by the budget determine everything else.

Cut your holiday expenses, boost your income, and shop intelligently. Avoid accumulating any debt.

Remember to create memories throughout the holidays. Memories are more easily created than they are purchased. ***The best moments in life are often free.***

If you do find yourself in a less than desirable financial state after the holidays, start solving those challenges immediately. Maintain your means of extra income until your debt is paid.

Use this guide to have the best possible holiday season. Focus on creating wonderful memories, but keep your eye on the bottom line! Be sure to create a plan as soon as possible.

Remember that it's not too early to get started on saving for the next holiday season!

“The holidays stress people out so much. I suggest you keep it simple and try to have as much fun as you can.”

- Giada De Laurentiis