

# Christmas Cheer or Credit Woes?

Wouldn't it be nice if this Christmas you could make all your purchases with what you had and didn't have to use your credit card?

I like to think Christmas is the most wonderful time of year, but for many the yuletide season means being broke, stressed and overtired. Sound familiar?

You probably know what I mean if you have ever tried to do your shopping at the last-minute on the only remaining Saturday afternoon before Christmas...

Before you enter the hustle and bustle of shops this December, consider trying a few of these tips to help you avoid the January blues.

## **Plan**

Yes, it does take time, but planning ahead will save you money. Set aside a time when you will not be interrupted and make a list of the people you want to give to and the amount you want to spend on each one. You can set a spending limit as a family. Everyone should agree ahead of time not to spend more than a certain amount on each person's gift.

In your budget you should also include any other Christmas expenses including wrapping paper, cards, decorations, lights, etc.

Some people find it helpful to budget for Christmas all year by having a pre-determined amount automatically deducted from their payroll and placed in their savings account.

Making a Christmas budget isn't easy. No one wants to be a Scrooge. But spending an amount you can afford and enjoying Christmas, is far better than spending Christmas feeling guilty and/or sick at the thought of how long it is going to take you to pay for your purchases.

Once you have finished your budget put every ounce of effort you have into sticking to your resolutions. Remember "nothing is a bargain if you can't afford it" (repeat this sentence to yourself as many times as necessary while shopping).

Remember that if you use your credit card to purchase an item on sale, it may end up costing you more than the regular price if you have to pay interest.

## **What to buy?**

It is easy to stick to your budget by giving a gift certificate to a favourite store or a yearly contribution to an investment such as an RESP (Registered Education Savings Plan). With an RESP your growth is on a tax-deferred basis and you may collect up to \$7200 in grant money from the government. The government could pay up to 20% of what you contribute to a maximum of \$400 per year per child.

You can select more than one beneficiary and both principal and interest are guaranteed. There are no fees of any kind and at OMISTA we offer RESP certificates in Christmas envelopes.

You can also save money by buying gifts people can share like games or videos.

**Plastic or paper?**

When you have the choice, choose paper or debit. You are more likely to spend less if you pay with cash or debit than with credit. If you want or have to use credit, choose a card with a low interest rate and only carry one as it is easier to keep track of your spending.

When you are choosing a credit card, compare the following:

1. Late fees
2. Over-the-limit fees
3. Hidden transaction fees for cash advances, balance transfers, etc.
4. Grace periods
5. Minimum Payments
6. Interest Rates
7. Reward points programs

And always read the "fine print".

Also, for safety reasons, always take your credit card and ATM receipts with you after a purchase and be sure to destroy them when you no longer need them.

If you do use credit, look for "interest free" deals and check the time limit on repayment. Before you sign on the dotted line, ensure you can afford the monthly payments.

Plan to have your credit card paid off by June, before summer vacation and Fall, when it is time to purchase Christmas gifts again.

If you follow some or all of these tips I'm sure you will have a richer and brighter New Year. Happy Holidays.