

TIPS ON REPAYING HOLIDAY BILLS

Winter 2014

by Carrie Peterson, LCPC

Are you starting off the new year with holiday debts? If so, you're not alone.

In most years, the typical consumer does not pay off their holiday debt until May or June. Think about how it would be to save money for the coming holidays during that time, rather than paying off the previous credit card debt. Many people set up a "Christmas/Holiday Club" through their bank or credit union to prepare for the coming year, but perhaps in order to get to the point where you can do that, it might take a real commitment to pull back and reorganize the way you choose to spend for a while. Some folks may even have a savings account that gives them a budget for the holidays, and then, they spend beyond that budget and still end up with significant debt. It can feel like a recurring nightmare every January when the bills start coming in until you teach your money where to go before it tells you where it went.

First, we'll take a look at a couple of ways that you might consider to reduce your overall monthly payments in a general way.

If your mortgage rate is at 6.5% or higher, then refinancing could reduce your monthly payments. This is not a suggestion that you take any equity out of your home. But you could use the monthly savings to pay down your credit cards.

Another suggestion is to "shop" your home and/or auto insurance. Call your current insurance agent or provider and ask them to see if you can get better rates on these types of insurances. In some cases it can save hundreds of dollars. Ask if there are any changes in coverage that could bring down the rates. There may also be unadvertised discounts that you might qualify to receive so be sure and ask. Then, make a few calls and compare the quotes you've been given. A few phone calls could result in some serious savings.

Additionally, finding small savings on a monthly basis may be challenging but also possible. Start by reviewing your credit and debit card statements – and your checkbook. If you're like most families, you'll see certain bills that repeat every month. These are candidates for possible reduction or elimination until your holiday debts are repaid.

What about eliminating your cable TV just until your holiday bills are paid off? Does that seem extreme? Well, it's usually a pretty sizeable amount and if you were to put that toward the bills, it would help. Plus, there would be an incentive to get the debts paid off as quickly as possible so that you could start seeing your favorite shows again. An added bonus might be that you spend more family time or rediscover some things that you like to do other than watch TV.

In reviewing your bills, you might notice that you spend a fair amount on food. This includes your grocery store trips, fast food stops, convenience stores, coffee shops and purchases at work. For most of us, food expenses total about 28% of our monthly budget. The advantage of reducing food expenses is that you will have opportunities to save every day. Many of these changes would have little impact on your lifestyle, but the savings add up quickly.

Here are some other ideas:

Avoid restaurants. If you're really serious about saving money, avoid take-out food, or, if you take out frequently, cut back to a couple of times a month. It's easy to cook at home if you make use of a few favorite recipes, your slow cooker, microwave and freezer. And remember, this can be a change you make for a limited time period just until you feel as though you have a handle on getting your bills paid off. However, you may find that you like eating at home and saving the money for future treats – like buying holiday gifts without credit card debt.

Try the store brands. If you really don't like them, you can go back to the brand names. But many people who at least try the generics, find that they are no different, and actually, in some cases, better than the more expensive names.

Take your own coffee and snacks to work. It may not seem like much, but the \$3 or \$4 dollars you spend each day, if you work five days per week, adds up to an additional \$80 a month. And, if you're eating fast food lunches like McDonalds or Burger King, that can cost anywhere from \$8 to \$11 dollars a day. Big savings there!

Eliminate food waste. Studies show that we throw out about 15% of the food we buy because of spoilage. Plan your meals for the week and buy accordingly. Plan to use the leftovers as well. The “science experiments” in the back of the fridge are expensive.

Next, think of creative ways that you can save money. Can you carpool?

Can you eliminate a club membership, at least for a while? Can you delay magazine subscription renewal a few months? Don't assume that you just can't live without a particular product or service. Think about how you would adjust if that were not available to you.

Finally, try NOT to worry about the bills all the time. Designate a specific time (maybe one night a week) to “worry” about them and then, let it go. At a certain point, thinking and worrying about the bills won't do you any good and will only leave you exhausted. Be glad that you are taking charge of eliminating them and celebrate each step toward financial independence. Once you have achieved this, you can plan ahead with regards to your holiday spending.

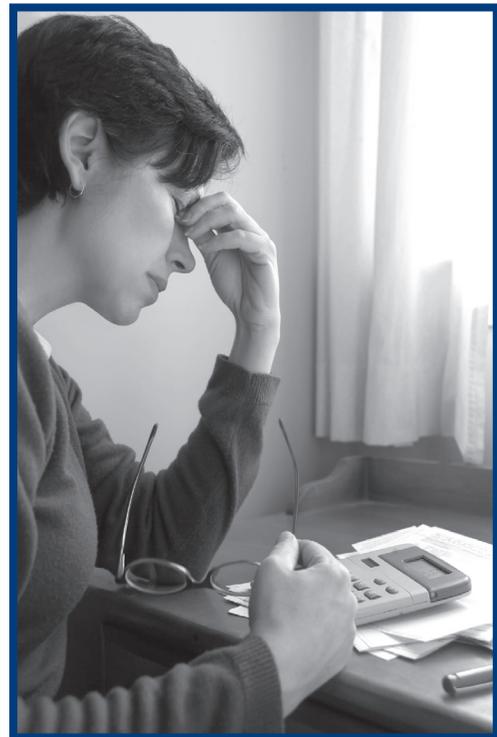
Be BOLD and disciplined in your conviction to deficit reduction. Consider using CASH ONLY for all purchases until all credit card balances are \$0 for two months.

(Some content for this article was found in the Employee Assistance Report, February 2011)

A good resource for money saving tips is The Dollar Stretcher at www.stretcher.com. It is “dedicated to helping people live better on the money they already have.”

www.daveramsey.com is a wonderful resource for ways to manage your money well

The American Consumer Credit Counseling program offers workshops on debt and credit counseling at no cost to groups and has information for individuals seeking debt reduction, money management and help with budgeting. 1-800-870-2383



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