

STOP and shake off the Christmas blues!

Did you get caught up in the spirit of Christmas? Did you overspend on gifts, food and holidays? Are you dreading the next credit card statement?

Then it's time to **STOP** and think about where the money went, how to pay off your Christmas debts as quickly as possible and how you can better prepare for the next one (*it will be here sooner than you think!*)



Spread your buying throughout the year. Buying presents throughout the year can help spread the cost of Christmas – an old fashioned way of doing things, but still relevant. It also saves you having to rush out and grab everything in a short space of time, while battling every other shopper doing the same thing. Impulse buyers or 'stressed' shoppers tend to spend more than they originally budgeted for.



Track where your money went. Get a piece of paper and spend 10 - 20 minutes listing your Christmas expenses – from food and presents to babysitting and taxis. This is the best way to see what your highest costs were and what really 'blew' your budget.

Now that you know how much you've spent, you'll have a better idea of your potential costs for next Christmas, and can start planning to save for them.



Open up a savings account. Christmas accounts were once a popular way to save for end of year expenses - each month money was debited straight from your pay, and was only accessible between November and January in time for Christmas shopping.

Online savings accounts can be used in a similar way - the interest rates are generally higher, there are no fees, and no easy ATM access! Divide your total expenditure from last Christmas by 23 (fortnights) or 46 (if you are paid weekly) and arrange a direct debit to your 'Christmas Account' on pay day. Why only 23 fortnights or 46 weeks? Most of us need to access the money a couple of weeks before the 25th of December!



Pay it off as soon as you can! On 15 January 2009, the RBA announced that the average credit card bill in November 2008 was \$3,157.¹ So, even before the Christmas splurge many of us were already deep in debt via the plastic! How do you get your credit card under control and keep it that way?

P1: Pay off your outstanding balance as quickly as possible. If you can't clear it in one hit, make sure you pay more than the minimum payment each month. After Christmas and the post-Christmas sales most of us should be 'shopped out', so unless it is an emergency, try to avoid using cards until your current debt is paid off.

P2: The only shopping around you should be doing at the moment is for the best credit card option for you - if you use your card for everyday purchases and usually pay it off in full each month, look for a provider that offers the maximum number of interest free days.

If...like many of us, you don't pay off the full balance each month, choose a card with a lower interest rate and low annual fee. While there may be no interest free period, with rates on credit cards currently ranging from anywhere between 9 - 20+%, *shopping around* for the best deal could save you a lot of money in the long run.

Remember – Choose a card that matches your income and spending patterns and use it prudently. Following the steps above will help STOP those post Christmas blues next year.