



## JINGLE BILLS: HOW TO AVOID A HOLIDAY DEBT HANGOVER

The holidays are here, bringing that familiar urge to spend a little extra on the people we love. It's a good feeling...until the bills arrive. If you've ever found yourself dreading your January credit card statements, you're not alone. With thoughtful planning, you can keep your holiday joy intact without taking on holiday debt.

### Start with a Holiday Budget (and Stick to It!)

It sounds like a buzzkill, however, creating a holiday budget is actually liberating. Instead of worrying about where all your money went, you can confidently enjoy the festivities, knowing you've set boundaries. Make a list of everyone you plan to shop for and set a spending limit per person. Don't forget the "extras" (decorations, meals, travel expenses, etc.).

As a rule of thumb, it's wise to aim to spend no more than 1.5% of your annual income on holiday expenses. For example, if you make \$50,000 a year, try to keep holiday spending under \$750. This percentage can be adjusted based on what's realistic for your situation. Having a target can be incredibly helpful.

### Use Cash or Debit to Curb Impulse Buys

Credit cards make it easy to overspend, especially when retailers make holiday shopping enticing with promotions and discounts. Studies show that using cash or debit card reduces the likelihood of overspending. If cash isn't an option, consider using a prepaid card specifically for holiday shopping. Load your budgeted amount onto the card and use it like cash. When it's gone, it's gone! It's a simple way to keep spending in check.

### Don't Get Caught Up in the "Buy Now, Pay Later" Trap

"Buy now, pay later" (BNPL) options have exploded. Services like Afterpay and Klarna offer small, interest-free installment plans that seem harmless, and these little debts add up. A survey by Credit Karma found that 38% of U.S. consumers who used BNPL services missed at least one payment, and nearly three-fourths said they saw their credit scores drop as a result. If you're tempted, ask yourself if you'd buy the item outright if you had the cash in hand. If the answer is no, it's probably best to skip it.

### Get Creative with Gifting

Homemade or personalized items often mean more to loved ones than store-bought gifts. Put together a "Movie Night" gift basket, offer a "free night of babysitting" coupon, or create something if you're artistically inclined. These ideas cost less while allowing you to give something heartfelt. If you're celebrating Christmas with family, opt for a Secret Santa, so everyone buys just one gift instead of one for each person.

### Plan for Next Year

If this year's shopping is already underway, start planning for the next holiday season. Small steps, like setting aside \$20 or \$30 a month, can add up by the time next year's holiday season rolls around. You'll have a holiday fund ready to go, reducing the temptation to pull out the credit card.

## Bottom Line: Keep It Simple and Savor the Season

Remember that the holidays are about spending time with loved ones, not just spending money. Connect with your financial institution to see what resources they offer to support your goals this season. GreenPath Financial Wellness also offers free financial counseling and a personalized Debt Management Program designed to lower your interest and help you pay down debt sooner.

### RECOMMENDED FOR YOU

- [Holiday Budgeting Worksheet](#)
- [Recorded Webinar: Prepare for Holiday Spending Now](#)

## The Path to Financial Wellness Starts Here

<https://www.ngcu.org/greenpath-financial-wellness/>

If holiday costs feel overwhelming, let our trusted partners at GreenPath Financial Wellness be a resource for personalized guidance on budgeting for travel expenses (so you can enjoy the holidays without the weight of financial stress.)



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A BUDGET



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