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**Plan Now to Avoid Ringing in the New Year Bracing for Bills
—ByDesign Financial Solutions Offers 10 Tips for Smart Holiday Spending**

LOS ANGELES (November 7, 2005)—Every year the holidays seem to creep up on us sooner and sooner. Even if consumers haven't been setting aside money for the holidays on a monthly basis, quick planning now can help avoid ringing up costly credit card debt spanning into 2006.

According to the National Retail Federation (NRF), holiday sales represent from 25-40% of many retailers' annual income and total sales are expected to increase 5% over last year. The average consumer who uses a credit card already carries \$9,312 in debt (Source: Cardweb.com). To protect themselves from becoming further overwhelmed in this spending rush, informed consumers design a strategy to tackle holiday spending.

"Most people wouldn't dream of planning a wedding without a budget," says Laura McGrew, education director of ByDesign, "yet a third of consumers wing it, when shopping for the holidays. Shopping for such a huge holiday without a plan is inviting a financial disaster."

Non-profit ByDesign Financial Solutions (dba Consumer Credit Counseling Service of Los Angeles, Sacramento, Stockton and Fresno) offers these holiday-spending suggestions:

- **Prepare a written holiday spending plan in early November.** This is the most important step. Make a list of all your anticipated holiday expenses including gifts, cards, decorations, travel, entertainment, etc. Allocate a specific spending limit to each item and tally up your holiday budget. The total should be less than 1% of your net annual income and, not more than you can afford to pay back by the end of 2005. If your total is too high, you'll need to cut items or reduce expenditures as needed.

(Free downloadable holiday budget forms are available at www.bydesignsolutions.org.)

- **Don't lose track of the spirit of the holiday.** If you have trouble reducing the total of your spending plan, remember the true meaning of the holidays. You don't need to buy everyone you care for a gift. If you wish to give everyone a little something, get creative: bake treats, make handcrafted items, shop in fun ethnic neighborhoods for unusual goodies, buy in bulk and break up the package into numerous gifts, write poems, give framed photos, give coupon books filled with the gift of your time (dog walking, babysitting, massages, etc.), have friends over for dinner--the possibilities are endless!

- **Boost your holiday spending account.** Work overtime when possible. Look for seasonal, part-time employment. Consider using part of a holiday bonus to offset expenses. Hold a yard sale.
- **Track your expenses.** Each time you make a holiday purchase, staple the receipt in a small notebook, note the purchase on your budgeting form and keep a running tally of what you have spent. Don't spend more money than you've allocated for each item, unless you've spent less than expected on another item.
- **Pay in cash.** It may make you more cautious about the amount you are spending. Those who avoid paying with credit are much less likely to spend beyond their means.
- **Use credit carefully.** If you must, carry only your lowest-interest rate credit card when shopping. Believe it or not, in 2004, only 30% of consumers used credit card to pay for holiday purchases (NRF)--it is very possible to shop without charging yourself into debt.
- **Avoid "No Payment" and Deferred Billing Promotion.** If your credit card issuer sends you a "skip paying your bills this month" offer, or a shop offers deferred billing, don't fall to temptation or your gifts could end up costing you significantly more than you originally planned.
- **Give yourself time.** Shopping at the last minute or when you're tired or hungry is not only stressful, it also doesn't allow you to comparison shop and makes it tempting to buy on impulse, just to get it over with. The least appropriate gifts are often bought under these circumstances. 37.4% of consumers begin holiday shopping in November. Don't be one of the 22.5% who wait until December to get started!
- **Shop smart and look for deals.** Look for sales, discounts, coupons in newspapers and deals on-line. Purchase items at warehouse or discount stores, which offer high-quality items, such as gift cards, wrapping paper, bows, and many choices for nice gifts at lower prices.
- **Stop shopping** when you've reached your total holiday budget amount. If you've exceeded your spending limits at that time and you still have more people to buy for, reevaluate your priorities. Consider sending cards to the last people on the list or celebrating with them in January when you both can take advantage of post-holiday sales. True friends and close relatives don't expect you to buy them something if it will cause you to go into debt--on the other hand, they do expect you to remember them in some way--even if it's just to call and say, "Happy holidays!"

ByDesign Financial Solutions is dedicated to helping individuals and families, learn how to prevent and solve financial difficulties. As a member of the National Foundation for Credit Counseling (NFCC), and established more than 38 years ago, the organization offers personal finance education, confidential individual debt and housing counseling, and the implementation of debt reduction plans in offices located in the Los Angeles, Fresno, Sacramento and Stockton areas. A Department of Housing and Urban Development (HUD)-approved counseling agency, the group also offers home pre-purchase counseling and education, reverse mortgage counseling, as well as default and foreclosure prevention and intervention.

For low-cost, confidential, debt counseling, in person or by phone, please call **(800) 750-2227** or visit the organization on the web at **www.bydesignsolutions.org**.