

Looking for the Perfect Holiday Gift? Start With a Spending Plan That Keeps You Out of Trouble

For many, 2009 will be remembered as the year when they drastically reset their spending priorities due to job trouble, investment woes or the fear of more economic troubles ahead. That's not a particularly bad starting point for a spending season that gets so many people in trouble.

That said, it's still wise to approach the holiday shopping season with a plan that can keep debt at bay and your finances safe all year long. Here are a few ideas:

Give yourself the gift of financial analysis: If you're trying to get your finances in order, plan a visit now with a financial advisor such as a financial planning professional. This meeting should extend beyond your holiday spending goals to setting targets for saving, investing and extinguishing debt and setting financial goals for the future. At the meeting you can also examine your spending patterns and the emotional drivers behind many of our financial decisions. It will give you a whole new perspective on handling money.

Set a budget: Obviously if you have credit card debt now, you don't want to elevate those numbers. Remember, your credit score depends more now than ever on how high your balances are. Start by setting a holiday spending number you will *not* exceed and make cash your first priority in paying for those gifts and other goods. If you haven't started shopping yet, determine how much money you can realistically set aside and stay as close to that number as you can. Commit to avoiding ANY unplanned purchase above a certain threshold, such as \$25.

Revamp your gift policy: Does everyone on your gift list over the age of 21 *really* need a present? The answer is as individual as your family and friends. But, if you think it might be welcome, make a suggestion for a gift drawing, a budget limit, or a moratorium on gifts for adults or some other alternative where you trade off gifts for quality time. For instance, you might agree to take each other out to dinner during the New Year or find some other fun way to spend time together. You could help a friend or family member with a household project that could save them money. And in the end, children seem to enjoy their holiday gifts the most, so focus on buying presents for them.

Go debit: Debit cards with a bankcard logo are typically welcome at most stores where credit cards are accepted. This way, you pay cash without carrying cash. If you don't have such a card, you can probably get one from your bank to replace your traditional ATM card, but remember to tell them to limit your buying power to the cash balance in your account. Also, review your bank's debit card theft policies in case your card is lost or stolen.

Browse online, and then compare at local stores: Whether you plan to shop online is a separate issue, but browsing online can be a very good idea. "Shop-bot" price comparison websites can help you determine general price ranges for gifts you need that are sold online. Once you have those ranges, get on the phone and determine whether you can buy the same items more affordably at retailers close to home – save gas whenever possible.

Don't forget the coupons: Coupons aren't just in newspapers or direct mail anymore. If you know particular stores where you'll shop, get on their e-mail lists – you'll start getting coupons and news of specials on a regular basis. Also, sign up at manufacturers' websites for coupons or discount codes for shopping online.

Don't forget taxes, shipping or fine print when shopping online: Online prices might look like a great deal until you realize you may be spending another 20 percent of the gift's price to send it to your house or the recipient. Also, read product descriptions very carefully to make sure what you're buying contains all the features of the item that you could buy at the store. At the same time, if there is a legal opportunity to avoid paying sales tax, watch for that.

Allocate spending for charity: You can either make charity a separate item in your annual budget or part of your holiday budget, but if there are specific charities you want to support by yearend, it's a good idea to decide on those amounts before the holiday shopping season gets underway. This way, you'll support the organizations you wish to without going outside your budget. Also, don't forget to check with your employer to see if they'll match your contribution and consider gifts of appreciated stocks rather than cash if it fits your charitable goals and tax situation.

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