

# Budgeting For The Holidays

Learn how to set a budget and take control of your holiday spending.

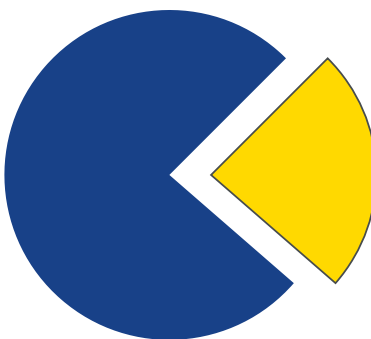


## Do you currently have a holiday budget?

- The holiday season can sneak up on us, along with the seasonal expenses that come with it. Learn how to take control of your holiday spending while discovering tips for setting a holiday budget, doing research to find the best deals, and getting creative to save money

## Did you know?

- The average salary for an individual in 2018 is \$29,456. (<https://www.census.gov/quickfacts/NC>)
- The average planned spending for the top 10 holidays is \$3644.99 annually. (<https://nrf.com/insights/retail-holiday-and-seasonal-trends>)
- Winter holidays take the majority of spending at \$1047.38 annually.



Winter season takes 24% of your winter income.

## Planning

- When looking to budget for the holidays we first need to identify our holiday needs. This is the planning stage to setup up a budget. Here we must look at tendencies and habits from previous holiday needs. Some common areas of spending are presents, decorations, travel, and food. Ask yourself what items are being regularly purchased year after year?
- This is a step to take before setting up your budget to gain an accurate understanding of where you are spending your money every month. An accurate budget depends on first being highly aware of every purchase you make.
- There are several good methods you can use to track spending. However, when you begin the process, try to spend as you normally would. You can make adjustments based on your discoveries later.
  - Write it down. You can record your purchases using a tracking worksheet or a small notebook. Make sure to note the date, item, and cost. Add up your spending at the end of the day and week. After several weeks of doing this, you will have a good idea of where and how you spend your cash.
  - Keep receipts. Keeping receipts from each purchase, you make and tallying them up at the end of the day is another method of tracking expenses. However, it will not be accurate if you make purchases where no receipt is given, such as a newspaper or soda from a machine.

- Use checks or debit cards. While you are not guaranteed a completely accurate record, using a debit card or credit to track purchases gives you a handy electronic record of expenses. Of course, remember that using a credit card does not give you an excuse to expand your spending habits.
- Monitor ATM use. While monitoring how much cash you extract from the ATM will not help you with tracking all of your purchases, it will help you become aware of how often you go and how quickly you spend that cash.
- Use expense-tracking software. Plugging your expenses into tracking software cuts down on paperwork and makes it easier to look at your past spending habits. Some software even links to your accounts and automatically imports checking account and credit card purchases.
- Think about all expenses so that nothing goes unnoticed and potentially busts your budget. Items like holiday cards, postage stamps, gift-wrapping, and more can easily add up and be unaccounted.

## Making The List

- Go through all the holidays you and your family participate. Again, try not to leave out any expenses. You can create a master list and/or specific holiday lists. In addition, you may want to include birthdays in the holiday category since expenses are usually the same in nature.

## Budgeting

- Once you have identified your holiday needs, your next step is to list create a formal budget. Budgeting means analyzing what you have coming in and then developing a reasonable and goal-oriented plan for what goes out. Though your budget should be as unique as you are, there is a common rule: expenses should never exceed income. It should also be livable– flexible enough to allow for some changes, but not so loose as to be ineffective. Essentially, a budget is a tool to make the most out of your money. With it, you will be able to identify and eliminate wasteful spending while keeping and even adding to those expenses that are truly important to you.

## Constructing Your Budget

- What does a budget look like? Remember that a budget is nothing more than a spending and savings plan. You can create it with a pen and paper using our Budgeting Worksheet, or with a computer spreadsheet. Many financial institutions offer money management software within online banking. In addition, there are third party groups like [mint.com](http://mint.com) or [budgettracker.com](http://budgettracker.com) that offer money management tools at no cost.

Whatever shape it takes, your personal budget should include your income, expenses, and action items.

## Income

- Begin with income, as it will determine what you can afford to spend and save each month. Do not forget the primary rule of budgeting: expenses should always fit within earnings.
- When completing the Monthly Income try to avoid overestimating your income. If you work overtime hours, include the extra income only if you are sure that it will continue. It is always best to use conservative figures for income. You may not be able to (or want to) work those hours in the future. Bonuses are also problematic when estimating income for the purposes of a budget – include them only if they are guaranteed.
- If you are self-employed, or your income fluctuates because of commissions or seasonal work, you may have some challenges estimating your income exactly. In this case, use the previous year’s income as a base and estimate whether you think you will be earning more or less. Again, be conservative. It is better to have money left over than be caught not being able to meet your expenses.
- You should list both your gross (pre-tax) and net (post tax) income. If you get a large tax refund, you may want to increase the exemptions you claim on IRS Form W-4. This will reduce the amount of money taken out of each paycheck for taxes, increasing your net income. It is better to have the extra money throughout the year to put in savings and/or pay down debt than to wait until you file your return to get the cash. However, you do not want to increase your exemptions so much that you wind up owing money come tax time. The IRS’s withholding calculator ([www.irs.gov/individuals](http://www.irs.gov/individuals)) is a helpful tool for determining the proper number of exemptions to claim.

## Expenses

- When developing the expense section, you should have two columns to work with – one for what you have been spending your money on (using the tracking work you have already done) and the other for proposed spending.
- Evaluate your cash flow by listing all of your expenses in the current column. Make sure you include everything. Many well-intentioned plans are tripped up by not accounting for such “unexpected” expenses as food for holiday hosting. A workable budget makes room for the financial outlays that arise throughout the year. Of course, there are those truly unexpected expenses that you simply cannot plan for. This is why an emergency account should be part of your budget.

- Some essential expenses will be fixed (the same amount every month, such as your rent) while others will be variable (for example, your gas and electric bill may be more or less expensive based on the season). For those bills that fluctuate, determine an average by totaling what it typically costs you for the year, then divide that amount by 12 months.
- Discretionary expenses are those that if you had to, you could live without. Holiday spending usually falls in this area. This is not to say they are not important – they make life fun and interesting. However, they will probably be your focal point when determining where to make cuts. Reducing nonessential expenses may be your answer to repaying debt, living within your means, or saving for a more important goal.
- Total your current expenses and then subtract the sum from your current income. Are you over or under? If you find there is more going out than is coming in, do not panic. Very often, this means you are charging what you cannot afford to pay with cash. This realization may be the very call to action that you need to make positive budgetary changes.
- The proposed column is where you actively decide where you want your dollars to go each month. Using the current side as a guide, consider each expense carefully. If you are spending more than you are earning, some expenses will need to be reduced or cut. If you are not spending more than you are earning, you may want to keep things as they are now or you may want to rearrange your spending to better suit your wants and needs (e.g., reduce your dining out costs so that you will have money to take tap dancing lessons). As long as you are spending less than you are earning and dedicate enough money to meet your needs, you can spend your cash; however, you want.
- It can be so easy to get carried away with holidays and it would be a best practice to look to limiting how much were spending. One indicator to assist with this is to not exceed 1.5% of your annual income. ([practicalmoneyskills.com/learn/budgeting/seasonal\\_budgeting/holiday](http://practicalmoneyskills.com/learn/budgeting/seasonal_budgeting/holiday))
  - Ex. If your income is \$30,000; your holiday spending should not exceed \$450.

## Food & Party Saving Opportunities

- Once we know how much money we have to spend for the holidays we can now look to making our purchases. Food is among the most common expenses around holiday events. Amounts of food can vastly range depending on the event, family size, culture, and budget. As events get bigger in size so does the potential for a larger food expense. A couple practices to consider assisting with lowering food costs include;

- Take a headcount to reduce food waste and overspending. This can be done very easily through group chats or evites.
- Suggest a potluck alternative to reduce the potential burden of preparing or purchase all the event food. As a benefit, this option provides a variety of dishes that may not have been present.

## Holiday Decorating Opportunities

- Decorations are something many of us enjoy to give us a visual of what a holiday embodies. Decorations can vary in size depending how many holidays we participate in and additional factors like culture, family structure, and budget. This expense can really add up, but can also be the easiest to reduce.
- If you have, a need to tighten this area you can consider utilizing free or cheap resources. Make displays from items that can be found outside. Depending on your craftiness, the sky is the limit. For the autumn season, have leaves/pinecones/garden grown veggies on display.
- Find free printable signage from websites to post or hang seasonal art or words around your home. This is a great fit for homes with children or even group gatherings.
- For those that would rather purchase than create you can hunt for decorations at a reduced price or possibly free in online social and bartering platforms. Among these platforms are Facebook marketplace, Offer Up, and Craigslist. As a best practice try to hunt for decorations out of season to receive the best deals.

## Take our quiz

### What kind of gift giver are you?

- Extravagant Givers – You could make Christmas year around. You are smart with your budget, but don't mind paying a little extra if it means quality because you can't put a price on love.
- Thoughtful Givers – Practical; and do not waste money. You believe a gift that has personal meaning is the best kind. You may be the kind of person that identifies when someone is missing or needs something and makes a mental note.
- Laid Back Givers – Do not enjoy the crowds and craziness. Also, do not believe in wasteful spending. Because of your delay you tend to buy last minute gifts.
- Crafty Give – You're good with your hands and would rather create something than just buying.

**There is no wrong answer. Here are some pro-tips to consider helping with your gift giving.**

- Extravagant Givers – If you know you are likely to spend more; try shopping year round to catch the best deals.
- Thoughtful Givers – Just ask what people are in need of instead of stressing. Send survey through email/text/or can call.
- Laid Back Givers – Gift cards are a great fit for your process. Stores like Sam's club/Costco offer bulk deals on gift cards as well as online shopping.
- Crafty Giver – Check out local craft fairs/craft stores for deals; possibly bulk deals. For fairs – try to negotiate and sales ads for the stores.

### Gift Saving Opportunities

- It is important to understand how we go about our gift giving. Have you ever felt the need to give similar priced gifts to a group? Maybe for siblings or for children. Have you ever felt the need to give the same amount if not more than the previous year?
- Look to reduce some of this stress and create some uniformity among your gift giving by utilizing a gift list. List all the details; name of recipient, gift, budget, and actual amount spent.
- Try to have a separate gift lists for groups.
  - Ex. family, friends, and work colleague
- It is easy to get carried away with spending for Children. They may receive multiples of the same gift from family. Try to collaborate with family around gift giving ideas.
  - Ex. Something they Need/Want/Read/Wear  
Assign an area to each family member
- And finally look for ways to reduce gift giving and staying within your budget. Some Do It Yourself ideas may include;
  - Utilize skills around hobbies like sewing
  - Putting gift mugs/baskets together
  - Utilize recycled paper/ribbons
  - Re-use previous gift bags
  - Create cards with stencils

### Applying Tips To Your Budget And Shopping

- As a rule; first always try to free up funds within your budget; try to identify where changes can be made. If your funds are tight, you may find some opportunities to adjust your current lending schedule. Check with your lenders to see if any “skip-a-payment” programs are available.

- Plan ahead. We know we are spending more during the holidays. Try to shop throughout the year to catch the best deals possible.
- Our budgets can be tight. If we exceed our budget, it's important to re-adjust our budget and create a plan for the new debt. Set payoff dates for any debt balances.
- Finally stick to your list to limit impulse buys. Stores, website, and apps on your phone are all designed to entice you to buy. Try to stay within your means by knowing what you are shopping for and only use sales as a means to stay within your budget.
- Shop discount websites. Some popular sites include:

 <p><b>Groupon</b></p> <ul style="list-style-type: none"><li>• Local food and goods</li><li>• Sales data can dictate extra discounts</li></ul>	 <p><b>Rakuten</b></p> <ul style="list-style-type: none"><li>• Portal for purchases</li><li>• \$10 sign-up bonus</li><li>• Earn cash back on your purchases</li></ul>	 <p><b>ibotta</b></p> <ul style="list-style-type: none"><li>• Platform for Savings</li><li>• Receipt Scanning</li><li>• \$20 welcome bonus using App</li></ul>
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### Take Action

- Budget – Build a formal budget with average costs and goals!
- Decrease spending – Find ways to improve costs by planning, substituting, or foregoing
- Feed your goals! – Prioritize and reallocate income to your true goals in life.

### Resources

- [www.mint.com](http://www.mint.com)
- [www.budgettracker.com](http://www.budgettracker.com)
- [www.groupon.com](http://www.groupon.com)
- [www.rakuten.com](http://www.rakuten.com)
- [www.ibotta.com](http://www.ibotta.com)

# Budgeting Worksheet

Our spending habits should match our priorities in life. This organizer helps us ensure that we're using income effectively and accomplishing goals!

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

## 1. Goals – List your financial goals.

Goals	Target Date	Total Needed	Current Savings	Savings Needed	Pay Periods Until Target Date	Savings Needed Per Pay Period	Savings Needed Per Month
Short-term Goals (under 1 year)							
Mid-term Goals (1-5 years)							
Long-term Goals (over 5 years)							
TOTAL MONTHLY SAVINGS NEEDED TO REACH GOALS ON TIME:							

**2. Average Spending** – Track current weekly spending using receipts/statements to understand your averages.

Item	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Expense Totals	Monthly Projection (total x 4)
Groceries									
Restaurants									
Laundry									
Medical/ Dental									
Auto/Gas/ Parking									
Other Transportation									
Child Care									
Personal Care									
Clothing									
Bank Fees/ Postage									
Streaming Entertainment									
Books/Music/ Videos									
Cigarettes/ Alcohol									
Gifts									
Home/Garden									
Church/ Charities									
Other									
Other									
Other									
Other									

**3. Essential Expenses** – Use receipts/statements and Table 2 to list average monthly spending.

Category	Expenses	Average Per Month	Goal Per Month
<b>Housing</b>	Rent/ Mortgage		
	2nd Mortgage/ Equity Line		
	Homeowner's/Renter's Insurance		
	Condo Fees/HOA Dues		
	Home Maintenance/Monitored Alarm		
	Lawn/Garden/Pool		
	Gas/Electric		
	Water/Sewer/Garbage		
	Internet/Cable/Satellite		
	Cell Phone/Landline		
<b>Food</b>	Groceries/Household Items		
	At Work/School		
<b>Insurances</b>	Health/Dental/Vision/ Life/Disability		
<b>Medical Care</b>	Doctor/Chiropractor		
	Optometrist/Lenses		
	Dentist/Orthodontist		
	Prescriptions		
<b>Transportation</b>	Vehicle Payment #1		
	Vehicle Payment #2		
	Auto Insurance		
	Registration		
	Gasoline/Oil		
	Maintenance/Repairs		
	Public Transportation/Tolls/Parking		
<b>Childcare</b>	Daycare		
	Child Support/Alimony		
<b>Miscellaneous</b>	Credit Card/Personal Loan Payments		
	Banking Fees		
	Union Dues		
<b>Income Taxes</b>	Federal/State Tax Repayment		
	Estimated Tax Payments (Self-Employed)		
<b>Savings</b>	Emergency		
	Goals		
<b>MONTHLY TOTAL ESSENTIAL EXPENSES:</b>			

**4. Discretionary Expenses** – Use receipts/statements and Table 2 to list average monthly spending.

Category	Expenses	Average Per Month	Goal Per Month
Personal	Beauty/Barber		
	Clothing/Jewelry		
	Laundry		
	Cosmetics/Manicure		
Entertainment	Movies/Concerts/Theater		
	Books/Magazines		
	Music Subscriptions/CDs		
	Dining Out		
	Sports/Hobbies		
	Vacation/Travel		
	Video Subscriptions/DVDs		
Miscellaneous	Tuition/Lessons		
	Pet Care		
	Postage		
	Holiday/Birthday/Gifts		
	Cigarettes/Alcohol		
	Charity/Religious Contributions		
	Other		
	Other		
MONTHLY TOTAL DISCRETIONARY EXPENSES:			

**5. Income** – List average monthly income, separating all sources.

Source	Yours	Spouse/Partner
Primary Employer		
Part-Time/Second Job		
Retirement/Pension		
Child Support/Alimony		
Social Security		
Food Stamps		
Unemployment/ Insurance		
Support From Family/Friends		
Rental Income		
Other		
TOTAL MONTHLY INCOME:		



**6. Sustainability Check** – Use the totals from the previous tables to check your budget's sustainability.

_____	-	_____	-	_____	=	_____
Total Monthly Income - Table 5		Total Essential Expenses - Table 3		Total Discretionary Expenses - Table 4		Surplus or Deficit

**TIPS AND TRICKS:**

- Be honest and conservative when planning
- Round income down and round expenses up
- Adjust goals as needed to find the right balance
- If left with a deficit, reduce discretionary spending before reducing goals
- If left with a surplus, consider accelerating your goals by saving more
- Refinance old and inefficient loans to save money - Talk with a Truliant specialist to discover your options!

[Click here to schedule your Personal Financial Checkup today for helpful guidance and more tips!](#)

Or contact us directly via email:  
[TruliantAtWorkTeam@Truliantfcu.org](mailto:TruliantAtWorkTeam@Truliantfcu.org)

[truliantfcu.org/tawmembership](http://truliantfcu.org/tawmembership)

