

3 Tips For Spending This Holiday Season



3 Tips for Holiday Spending Without the Post-Holiday Financial Hangover

As the holidays draw near, we approach one of the busiest shopping periods of the year and spending in most households will likely increase. Whether it be on holiday gifts, entertainment, or just general holiday expenses, it's easy to overspend during this period. Therefore, it is important to make a "financial plan" for the holidays and stick to it. Call it a gift from you, to you. If you've been following the news at all, you would've heard about the surge in the price of goods worldwide due to increased demand and supply chain disruptions. And so, that's one thing we know for sure will be different this year: December 2021 will cost us significantly more than December 2020. This is even more reason to ensure that every dollar is used wisely.

Another thing to keep in mind is that the salary you've been paid in December, because it is early, will need to last about another week more than your other paychecks. January also ushers in the new year, typically a time to rethink and set new goals, including those around our finances. Why not get an early start on those resolutions by ensuring that spending this holiday season takes into account your 2022's financial goals and not just impulse buying or overspending, which will leave you in a financial hangover in the new year? We've put together three top tips on planning for a more frugal Christmas that will not only allow you to enjoy the holidays but give you a good start to 2022.

It's Beginning To Look A Lot More Expensive This Christmas!

No two ways about it, this Christmas is more expensive than the previous two, and so Christmas shopping will take a little extra care. Of note, 12-month inflation for November was 7.8% and this is just a measure of the increase of an

indicative basket of select goods used by the average Jamaican consumer. We know that the price of some goods has increased by much more. This simply means that almost everything on your Christmas shopping list will be more expensive relative to last year. To keep a lid on your spending this holiday season, set a budget before you begin Christmas shopping of any kind this year. This will help you to determine how much you can afford to spend on presents, food and all of the holiday niceties. Overspending is a common theme this time of year and can be a very stressful aspect of Christmas shopping. Once you've made your budget and your list, consider where you'll be shopping; shopping around for the best prices, before making an actual purchase, will allow you to get better value for money.



Credit Cards Are Nice, But Please Spend Wisely!

If you don't have enough cash to cover the cost of Christmas shopping, it may be wise to rethink your list. Think carefully before borrowing money, including from a credit card. While credit cards are convenient and a more secure way for Christmas shopping, it is important to remember that it represents a very expensive loan if you are unable to pay your bill in full in January. Usually, the minimum repayment amounts on a credit card are small, but beware! If you don't want the burden of high rates hanging over your head, you will need to pay off your balance in the shortest possible time. Paying the minimum balance will only cause that credit card bill to make you feel that financial hangover in 2022. Interest on a credit card can be well in excess of 20 percent a year, so it would not be

a good idea to rack up expensive credit when you're unsure about the repayment. It really doesn't take a math genius to see that credit card interest charges can become expensive and burdensome. The last thing you want to be doing in the new year is paying off old debt, so do yourself a favour and budget, budget, budget! Spend only what you can comfortably repay.

Give A Gift That Keeps On Giving!

Christmas shopping can be tedious, especially if you've been caught in the last-minute rush. Younger children may desire toys, (they'll probably lose interest in a few days), and buying gifts for older persons is notoriously difficult because you're not sure what is quite right. Finding the perfect gift can become a very time-consuming and frustrating process, but don't panic! NCB Capital Markets has the perfect gift idea for you. Give the gift of wealth this season by purchasing stocks or an NCBCM Gift Certificate for your child, family member, or friend. In many ways, you can't go wrong with a gift certificate for investments. It is one of the few things that has a decent chance of growing in value and turning money into more money; there are very few gifts in stores that have this attribute. This certificate can be used to purchase stocks, bonds or to participate in upcoming IPOs, APO's or cross-listings. These gift certificates can be a great way to introduce children to the important concepts of saving and investing, or a fun way of creating interest in the stock market, bond market, a particular company, or industry. And with the anticipated shortages for certain high-demand toys this holiday season, it might be a good idea to consider an alternative option like gift certificates for an investment account this Christmas.

These Christmas shopping tips should help you get through the shopping period with as little overspending and accompanying stress as possible. After spending Christmas in lockdown in 2020, the instinct may be to splurge this Christmas. But remember, what you don't want is to start 2022 in the red, scrambling to pay down exorbitant and expensive debt balances. Remember, the key to avoiding a financial hangover is to have a plan, have a budget, shop at the right places, and most importantly, track your spending. While this year's holiday season feels a little more normal than last, it's more expensive for sure and will require a little more care with each dollar to ensure that you enjoy the holidays but start the new year "financially sober."



Author: Chivel Greenland, Research Analyst, NCBCM

