

NOTES TO AGENTS: This release is part of the Money Matters series offered by the Family Financial Education Team. This release will not be sent to statewide media.

-- Please add local contact information.

-- Please remember to alter the quotes if you substitute your own name in the release.

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Contact: Gayle Rose Martinez, 715-743-5121, gaylerose.martinez@ces.uwex.edu [YOUR NAME, PHONE, EMAIL]

Do you have a holiday spending hangover?

NEILLSVILLE [YOUR TOWN], Wis.—Did you spend more money over the holidays than you wish you had? Take a moment to sort out what you did spend. This will help you be better prepared next year. Many Americans overspend during the holidays. It can be difficult to avoid the traps of sophisticated marketing techniques utilized during the holiday season.

“Attractive holiday marketing displays lure shoppers into purchasing presents that they had no intention of purchasing merely because at that moment it looked like the perfect gift,” says Gayle Rose Martinez, University of Wisconsin-Extension family living educator for Clark County [or alter the quote and add YOUR NAME, TITLE, COUNTY].

Whatever the reason, overspending can leave us with a holiday spending hangover: increased debt.

There is a remedy for holiday spending hangovers: stop creating new debt and develop a plan to decrease the debt you have already incurred. The first step in preventing additional debt is to put your credit cards away.

Here are five strategies you can use to take control of your credit card spending.

1. The most powerful and most difficult is to stop carrying your credit card with you. The average household has ten credit cards. If your credit card is not on your person, it decreases impulse spending and allows you time to find other creative solutions to a financial situation other than incurring more debt.
2. Make a plan before using your card. Choose a spending limit, develop a plan to repay the debt you are about create, or make a list of the items you intend to purchase with your credit card. By simply having a credit card available when they shop, a person is likely to spend 34 percent more.
3. Discuss your intended use of your credit card with another person to help you brainstorm other alternatives. Sometimes it is difficult to access creative strategies and problem solving skills when we are feeling anxious and stressed. Talking to a person who is not going to judge but will partner with you in finding alternative solutions can be very helpful.
4. Paying off your credit card debt over time may also deter use of the card. Sometimes when people pay off substantial credit card debt all at once it creates a false sense of

wealth, and the debt is reestablished within a year or two. If that has been your experience, pay off your credit card balances over time, allowing time for behavioral changes.

5. Give yourself a 24-hour “cooling off” period before making a purchase. This works especially well with catalog purchases. The next day they are not quite as appealing.

The next step in preventing new debt is to start to build savings. If you do not have savings you will eventually incur more debt. Saving money goes hand in hand with repaying debt. Next time the car needs repair you will have the money already saved and that will keep you from putting the repairs on your credit card. Start saving now for the next holiday season.

Finally, use effective strategies for debt repayment. There are many, but these three are very powerful, especially if you use them together.

#### Strategy #1 - The Power of Negotiation

Find an alternate creditor that offers a lower rate. Not just six-month offers, but also a permanent rate for the life of the loan or credit card. Then call your creditor and tell them you are tempted to transfer your balance to another creditor and ask them if they would consider decreasing your interest rate to keep you as a customer? It doesn't hurt to make the call, even if they say no.

#### Strategy #2 - Maintain Level Payments

The strategy of maintaining level payments is to maintain the same level of payment even when the total amount due decreases. So if your debt payment is \$80 a month, you keep paying \$80 a month toward your debt even when minimum payments decrease to \$65 a month. The tool Power Pay utilizes this strategy. You can access Power Pay on the Internet at: <http://extension.usu.edu/cooperative/powerpay>.

#### Strategy #3 - Consistently Pay More Each Month

Consistently paying a little extra each month, over time, can make a big impact on your debt. Mortgage loans are a great way to demonstrate how this works. Visit the Choose to Save web site at [www.choosetosave.org](http://www.choosetosave.org) for online calculators.

Using these strategies will stop the holiday hangover and prevent any more!

Spending hangovers take more time to cure than party hangovers, but the feeling of satisfaction is enduring. When these strategies become second nature, you are building wealth.

To learn more about family financial management, contact your county UW-Extension office [ADD LOCAL CONTACT INFORMATION].

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<http://www.uwex.edu/ces/news>

File: Consumer Issues, Family financial management