



How to Have a Wonderful Holiday ... Without Overspending

Experts tell us that many Americans become compulsive spenders during the last three months of the year. Here's what you can do to enjoy the holidays and still manage expenses wisely.

By MARIE SHERLOCK

The Rhoads of The Woodlands, Texas, are a pretty typical American family. And they used to celebrate the holidays in fairly typical American fashion. Kate Rhoad describes their standard Christmas of the past as "a major event."

"There were huge amounts of presents under the tree. Stuff the kids didn't need and couldn't appreciate," she recalls. She and her husband, Rusty, would spend as much as \$1,000 just on gifts alone. One year they bought Rusty's

family a microwave, expensive camping equipment, and an Ansel Adams print. "We were trying to make a good impression," says Kate.

Despite these efforts—or perhaps because of them—the Rhoads, like millions of other families, were finding the holidays frenetic and unsatisfying. "It was very stressful, very tension-filled. We really didn't have fun at Christmas," admits Kate.

So five years ago the Rhoads made an about-face. By adopting a variety of cost-cutting strategies, they brought their total holiday expenditures down to about \$200—still enough to purchase gifts for

their kids Travis, Saxon, and Dakota, and 11 in-laws.

Buying Holiday Happiness. Although limiting costs to \$200 may be extreme, the pre-1993 Rhoad family holiday outlay was pretty much the norm for an American household. According to the National Retail Federation, the average American family planned to spend \$779 on holiday gifts in 1997. That year Americans collectively spent over \$163 billion on holiday purchases. And for most of those purchases they used their credit cards, charging almost \$3 million *each minute* between Thanksgiving and Christmas Day. ➤

DARREN THOMPSON

What's more, we aren't using those little plastic cards just for convenience, wisely paying off the balances each month. According to a study commissioned by The Center for a New American Dream, a nonprofit organization promoting responsible consumption, more than half of those surveyed extend their holiday debt well into the new year.

Ironically, the same survey found that 70% of respondents would welcome lower holiday spending and less emphasis on gift giving. So what's stopping us?

Many experts believe that the forces that compel most Americans to overspend during the holidays have much in common with those that produce compulsive spending in general.

A Look at Compulsive Spenders. In case you're wondering, those women you've seen on *Oprah* who own 300 pairs of shoes and have their mail delivered to the mall don't represent the typical compulsive spender. "The stereotype is that they're mostly women, but that's not necessarily true," says Donna Boundy, a therapist and "money coach" in Woodstock, N.Y., and author of *When Money Is the Drug* (currently out of print; check your local library). "Men spend on different things—like gadgets, tools, electronics, vehicles. Women are more visible spenders, spending on clothing and home furnishings."



The Rhoad family cut holiday spending from \$1,000 to \$200 and became more mindful of the season and family.

DID YOU KNOW ...

- The amount of money the average American planned to spend on Christmas gifts in 1997 was approximately \$800.
- 96% of 8- to 12-year-olds included a big-screen TV in their holiday wish list.
- The average number of months it takes to pay off credit-card bills from the holidays: six.
- Total credit-card debt is over \$450 billion.
- Consumer debt is growing at twice the rate of wages.
- 5 million extra tons of trash are produced in the United States each year between Thanksgiving Day and New Year's Day.

Source: Center for a New American Dream

Olivia Mellan is a psychotherapist based in Washington, D.C., who specializes in counseling individuals who have money-related conflicts. She describes a compulsive spender as "anybody whose desire to spend is emotionally based and not based on the money [he or she has] available."

Mellan, who has written two books on the subject, *Money Harmony* (Walker Publishing; \$9.95; 800/289-2553) and *Overcoming Overspending* (Walker; \$12.95), explains that "[compulsive spending] is an addiction, and, as with all addictions, people do it to avoid feelings of incompetence, lack of self-worth ... They do it to 'numb out' against the pain of some old hole, some childhood deprivation."

With her overspending clients, Mellan takes a two-step approach. The first is the "inside work," which Mellan calls a "money dialogue." "[Compulsive spenders] need to talk to themselves about the connection between their spending and their feelings and tell themselves that [spending] won't work to fill up the hole."

The second step is behavioral, according to Mellan, involving specific actions that individuals need to take to curtail their overspending.

The Compulsive Holiday Spender. During December—and often, much earlier—many Americans take on the characteristics of compulsive spenders, according to Mellan and Boundy. "The holidays are a primitive emotional time," explains Mellan. "Many people have feelings of loss, nostalgia of the love they never got as kids. They want to recreate something that will fill the emptiness, make them feel loved, successful, accepted."

Additionally, our national custom of holiday excess gives us permission to overspend. According to Boundy, "at Christmastime our culture puts forth the notion that there are no limits."

What's the result of all of this? A national spending spree. "Christmas is a time that triggers so many feelings and those feelings bring on the compulsive behavior," explains Mellan.

As with compulsive spenders generally, women—although they may seem to

ROCKY KNETEN

7 ALTERNATIVES TO COSTLY HOLIDAY SPENDING

1. Have the entire family participate in producing a "family gift" for relatives and friends. Possibilities include assembling a written family genealogy or creating a family history on audio cassette or videotape with commentary from parents and grandparents. Or make a tape of someone's favorite music.
2. Give the gift of time. Offer to babysit for stressed-out parents, take your child, another relative, or friend on an outing, or make dinner for a busy family. Design a fancy gift certificate that includes the details.
3. Agree to purchase gifts only for the kids. Draw names from a hat for adults in the family. Put a reasonable dollar limit on purchases. Or, along with their names, have family members indicate their favorite charity. Whoever draws the name makes a donation to the charity.
4. Agree to give "preowned" or "recycled" gifts. This alternative is both environmentally conscious and fun. A twist on this is to do a white-elephant exchange. Everyone wraps a gift—either used or inexpensive—and numbers are drawn. Each family member then takes a turn selecting either a wrapped gift or one that is already opened. No gift can change hands more than three times.
5. Frame one of your best photographs or prepare a small photo album or collage with favorite family moments. Kids can even make the frame using cardboard covered with construction paper and decorated with stickers, shells, ribbons, or sequins. Or you can help them make a real one out of wood.
6. In lieu of exchanging gifts, adopt a family or help the homeless. Contact a social-services agency to find a family in need and then make their holiday brighter. This will teach your children to appreciate their own good fortune and instill in them the value of helping others.
7. Finally, remember the planet. Use Sunday comics to wrap gifts, recycle gift bags, boxes, and ribbons, buy only environmentally safe gifts, and consider cooking with locally grown or organically grown food.



Publishing; \$14.95; 800/642-6480), goes further and recommends that folks remind themselves of what they spent last holiday season by poring over credit-card statements and checks. "Once you realize how much you spend, it's easier to set up a realistic budget," claims St. James. She feels that cutting expenditures in half is very doable for most families.

Follow Through by Tracking Purchases. Once you've put your budget together, you need to keep track of your expenditures. Mellan recommends recording each purchase in a notebook and later transferring that information to a personal accounting software program. You can also attach your running list of purchases—and total spent—to your credit card with a rubber band.

Get Support. For those who feel particularly vulnerable when shopping,

enlisting the help of a supportive friend who is aware of your budgeting limitations may be the answer. Ask that person to shop with you and give him or her a copy of your budget to help you monitor purchases.

Avoid the Mall. Another strategy for folks who have difficulty putting limits on their spending is to avoid "slippery" places, explains Mellan. For many of us, that means malls or outlet stores. Instead, shop at department stores or other locales "that won't put you into a trance-like state," says Mellan.

Walk Away. If you've happened upon the "perfect" gift—only it's way beyond your budget—walk away, and wait 24 hours before deciding whether or not to purchase it. This "cooling off" period may bring you back to your senses.

Putting Purchases in Perspective. Mellan urges, particularly with large

purchases, that shoppers ask themselves, "How many hours of work does it take to afford this? Is it worth it?"

Some Old Standbys. Putting money away throughout the year into a special savings account—the old Christmas Club idea—is still a good one, according to Mellan. So is setting up a separate checking account funded with your pre-determined holiday budget amount.

St. James says that "if buying is a compulsion for you, use cash." When the money is gone, your shopping is done for the season.

Recognize Feelings. Boundy reminds folks who are trying to cut back on holiday spending that they need to "expect to be walloped by feelings." Among the possible emotions that may spring up are anxiety and feelings of low self-worth and deprivation.

"Be prepared to ride those feelings out," says Boundy. "If you're expecting them, it's a little easier."

Start now. The soul-searching, the family talk, and the budget all need to be dealt with early on. "Once the holidays begin, we're in 'automatic-pilot mode,'" explains Mellan.

It's Worth the Effort. On a more hopeful note, Boundy claims that, cutting holiday shopping "gets easier each year." "And, ultimately," she says, "you'll find that your satisfaction with the season is not reduced but enhanced."

Kate Rhoad has found this to be true. "We put less stress on dollars now. We're more mindful of the season and of our family." Does she want to return to her "thousand-dollar holiday?" "Absolutely not! I love the fact that we've made these changes." ■

Marie Sherlock specializes in writing about money-saving topics.

FOR MORE INFORMATION

Debtors Anonymous. P.O. Box 888, Needham, MA, 02492-0009; www.debtorsanonymous.org; 781/453-2743.

The Center for a New American Dream. www.newdream.org; 877/683-7326.

The New Road Map. PO Box 15981, Seattle, WA 98115.

Unplug the Christmas Machine: A Complete Guide to Putting Love and Joy Back in the Season. By Jo Robinson and Jean Coppock Staeheli; William Morrow & Co., 800/237-0657, \$8.75.