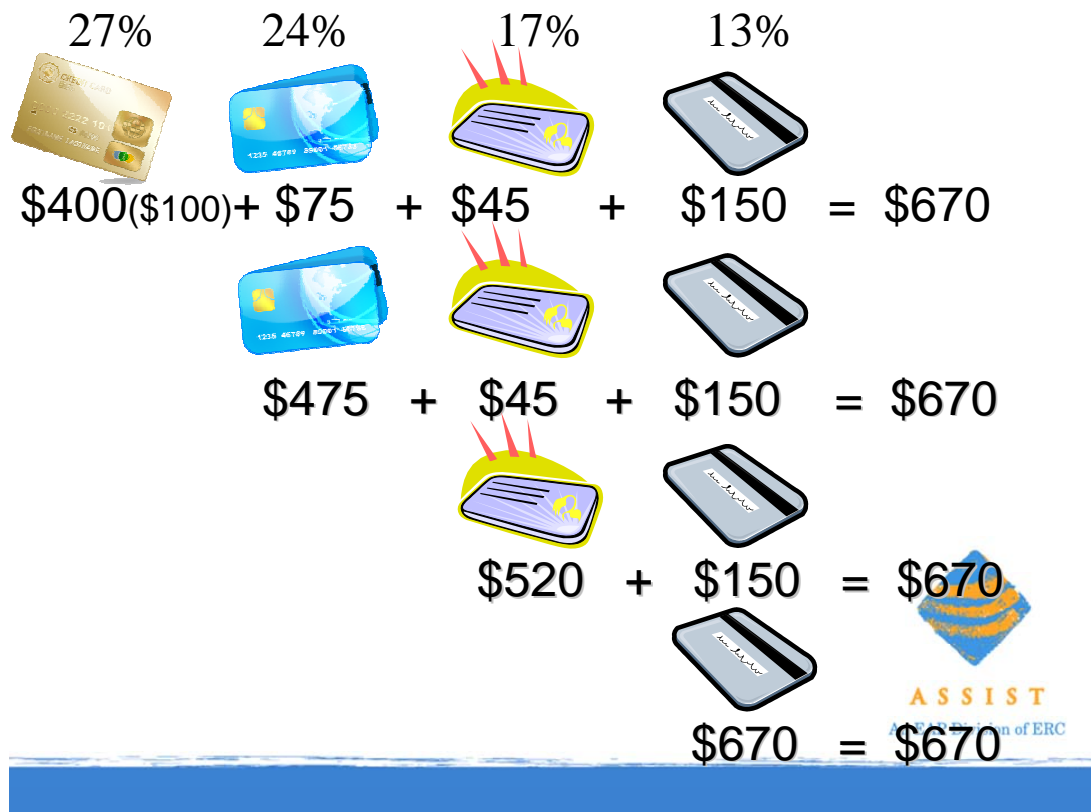


Recovering from the Holidays – Financially

It's a start of a new year, the holidays are finally over and you can relax – until you received your first credit card bill from all of your holiday purchases. All that stress just returned in a heartbeat. Here are a few tips for financial recovery and a surefire way to avoid debt in the next holiday season

Paying off your credit cards – When trying to pay off multiple credit cards at once you should always focus on the card with the highest interest rate. If you have four credit cards (Card One at 27%, Card two at 24%, Card three 17% and Card four at 13%) you should be putting all you can afford to pay towards Card One and only pay the minimum payments on your other 3 cards. Once you have paid off Card One, put all of the money you were paying to Card One towards payment of Card Two. You'll now be paying Card Two's minimum payment plus everything you were paying towards Card One. Once Card two is paid off, repeat the process for cards 3 and 4. Visit www.therealdamage.com to see what a purchase you put on your credit card really costs you after interest.



Unexpected Income – A great way to pay down your holiday debt is by using *unexpected income* to pay down your credit cards. Unexpected income would include tax returns, profit sharing and bonuses. Even though it's tempting to use that money for something fun, in the long run it will be more profitable, as you'll be paying less interest by paying off your cards sooner.

Planning Ahead for the Next Holiday Season– The best time to start saving for the holidays is January. Take advantage of direct deposit from your paychecks.

1. Have a separate account for only holiday expenses.
2. Determine the amount you spend on gifts, food, gift wrapping, any extra donations you might make, travel, Christmas cards, stamp and any other holiday expenses.
3. Add them to get your total, divide the number of paychecks you have per year. Have that amount directly deposited into the separate holiday account and don't use it until you start your holiday shopping.

Here is a sample of a holiday budget

- Gifts – 10 x \$20 = **\$200**, 5 x \$50 = **\$250**
- Gift Wrapping - **\$20**
- Party Food - **\$100**
- Holiday Cards and Postage– 50 x \$.50 + 50 x \$.44 = **\$47**
- Wreaths – 2 x \$25 = **\$50**
- Tree - **\$20**
- Gas – 2 tanks x 12 gallons x \$3.50 = **\$84**
- Work Gift Exchange - **\$10**
- Cookie making - **\$100**
- Heifer International Donation- **\$50**
- Name for the Giving Tree at the YMCA- **\$20**
- **Total = \$951**

Total = \$951 or **\$1000** - just in case

Divide Total by number of paychecks until the holiday season

$\$1000/26 = \38.46 per paycheck directly deposited into a separate holiday account

Setting aside \$39 dollars per paycheck is a much less daunting task than coming up with \$1000 at one time.