



HOW TO SURVIVE THE HOLIDAYS FINANCIALLY

TRAINING TECHNIQUES

BETA TEST: This 60-minute holiday presentation is included in this version of the PFM Standardized Curriculum as a beta test. The program is designed for all ages, and should be presented prior to the holiday season in the fall. Relevant statistics should be updated prior to presentation. The program was designed and developed by the Hampton Roads Fleet and Family Support Center Financial Educators. Your feedback will be valuable in determining if this program becomes a standard module in the next version of the PFM Standardized Curriculum. Components for this Beta Test are Training Techniques, Slides and the “Cost of our Happy Holiday” budget handout. There is not a separate content module.

INTRODUCTION

Consider using props/costumes to help create the holiday atmosphere since this is a seasonal program. This can include playing Christmas music, bringing a stocking, or wearing a Santa hat. Necessary training materials should be distributed before beginning the programs.

1

Introduce Self: Give any background on yourself that may be of interest to the class.

2

State Purpose: This training will provide the class with information, tools, and ideas necessary to develop a holiday spending plan. The tips and techniques referred to are ways to lower holiday costs.

- Financial Management for Every Season
- Financial Management for the Holiday Season
- Tips and Techniques

Optional Icebreaker:
Display prize and ask
people to write down
their guesses.

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Motivating Statements:

Have you ever...

- Spent more for the holiday season than you wished to, or could afford?
- Still been paying the bills from one holiday season when another season arrives?
- Done all of your holiday shopping in one last minute dash to the mall?

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Optional Icebreakers:

1. *Optional Prize Event:* Trainers may wish to bring a candy train, cookies, or similar inexpensive holiday-oriented gift. Keep track of how much the gift costs. At the start of the program, tell the attendees that later on you are going to talk about alternatives to expensive gift-giving. Have them take their green card, write their name on it, and write a guess as to how much the gift cost. When they have their guess, have them pass the card to their neighbor. The neighbor should hold on to the card, and when you get to the green card exercise (see Slide 31) they should put their free or inexpensive thing to do on their neighbor's card. Then, when you are done discussing free and inexpensive alternatives to gift-giving, tell the cost of the inexpensive holiday-oriented gift, and find out who had the closest guess (without going over the price). Give the gift to the winner and have participants return the green card to their neighbor. A secondary prize may also be awarded to the person with the highest guess to illustrate how easy it is for holiday expenses to get out of control. Suitable secondary prizes may include a "Debt Sucks" bumper sticker, or Federal Trade Commission credit report bookmark. Hide Slide 4 if you do not plan to do this exercise.

What does it cost?

On the green slip...

- Write your name.

- Guess how much the gift cost.
- Pass the card to your neighbor.
- Hold on to this for later in the program.

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If the following option is not chosen, the trainer should hide overheads 5-9 before beginning the program.

2. *Optional Sing-Along:* Trainers may wish to have the participants sing along with the song “Uh-Oh We’re in the Red, Dear” (sung to the tune of “Rudolph the Red-Nose Reindeer”).

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Holiday Sing Along

- Uo-oh, we’re in the red dear.
- On our credit bill it shows
- The season’s nearly over,
- But the debit line still grows.

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Holiday Sing-Along

- Shopping like Santa’s zombies
- Sent our budget down the drain,
- But all our season’s greetings
- Helped the giant retail chains.

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Holiday Sing Along

- We’re so foggy with no plan,

- Wond'ring how we'll pay.
- Holidays don't seem so bright
- When our finances are tight.

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Holiday Sing Along

- So here's a plan for next year-
- Let's forget the shopping spree.
- Let's give a gift of love, so
- We will always be debt free!

3. *Optional Poem:* Trainers who do not wish to sing the song may have the class recite the following poem (Slides 10-17) as a group. If the trainer does not choose this poem option, ensure that these slides are hidden prior to beginning the presentation.

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'Twas the Day After Christmas

'Twas the day after Christmas, and all through the house,
Every creature was hurtin', including the mouse.
The toys were all broken, their batteries dead;
Santa passed out, with some ice on his head.

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Wrapping and ribbons just covered the floor,
While upstairs the family continued to snore.
And I in my T-shirt, new Reeboks and jeans,
I went into the kitchen and started to clean.

12

When out on the lawn there arose such a clatter,
I sprang from the sink to see what was the matter.
Away to the window I flew like a flash,
Tore open the curtains, and threw up the sash.

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When what to my wondering eyes should appear,
But a little white truck, with an oversized mirror.
The driver was smiling, so lively and grand;
The patch on his jacket said "US Postman".

14

With a handful of bills, he grinned like a fox,
Then quickly he stuffed them into our mailbox.
Bill after bill, after bill, still they came,
Whistling and shouting he called them by name.

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"Now Dillard's, now Penney's, now Sears and Broadway,
Here's Hecht's and Home Depot, and Kohl's and Target.
To the top of your limit, every store, every mall,
Now charge away, charge away, charge away all!"

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He whooped and he whistled as he finished his work.

He filled up the box, and then turned with a jerk.
He sprang to his truck and he drove down the road,
Driving much faster with just half a load.

17

Then I heard him exclaim with great holiday cheer,
“Enjoy what you bought...YOU’LL BE PAYING ALL YEAR!”

4. *Optional Quiz:* If singing or poem is not appropriate or not preferred, a short quiz with holiday related questions is available. If this option is not chosen, hide slides 18-21.

Answers: The Saturday before Christmas; Jingle Bells; Back to School shopping; Sales gimmick of M. Ward.

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Holiday Quiz

What is the busiest shopping day of the year?

- a. The Friday after Thanksgiving
- b. The day after Christmas
- c. The Saturday before Christmas

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What is the holiday song most played at malls during the winter holidays?

- a. I’m Dreaming of a White Christmas
- b. I Saw Mommy Kissing Santa Clause
- c. Jingle Bells

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The Winter Holidays (Thanksgiving to New Year's Day) are, by far, the busiest shopping time of the year. What is the 2nd busiest shopping time of the year?

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Rudolph the Red-Nose Reindeer...

- a. Was a character originally conceived by Ernest Hemmingway for a novel.
- b. Started as a sales gimmick for Montgomery Wards in 1939.
- c. Was shot and killed in a tragic 1963 hunting accident.

■ FINANCIAL PLANNING FOR EVERY SEASON

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Introduction: Practicing good financial management all year will help make holiday planning easier and more effective.

Lets discuss a few of the rules of money and the basics of creating a financial plan.

- Creating a plan.
- The gift you give yourself.

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Creating a Plan for Every Season: Creating a financial plan can help you control your money and reach your goals – all year! Think of Christmas as an expense like any other such as new tires for the car or buying new furniture for the living room. The cost should be estimated, and planned for throughout the year. Trainer may illustrate this section with the Financial Planning Worksheet (FPW).

- Financial Planning Worksheet
- Step #1: Determine net pay
- Step #2: Save and Invest
- Step #3: Record expenses
- Step #4: Manage credit
- Your CFS can help!

1. *Step One: Determine Net Pay.* The first step in creating a spending plan is to determine your net pay, or how much money you make after taxes are taken out of gross pay. Information needed to fill out the income page can be found on your LES. Refer to page 2 of the FPW. Refer to “Understanding Your Leave and Earnings Statement.” Make sure you are being paid correctly and plan ahead for any upcoming changes in pay.

2. *Step Two: Save and Invest.* Pay yourself first. Investments are for long-term goals such as retirement or college education. Savings are for shorter-term goals such as emergency expenses or a Christmas club account. How much do you need in an emergency fund? Usually 3-6 months living expenses is a good goal, but military families may need less due to the reliable paycheck. If you don’t have an emergency fund, how can you find the money to build one?

3. *Step Three: Record Expenses.* Step three in creating a spending plan is to determine where your income goes each month. Living expenses take most of your net pay, so it is especially important to make good plans for these limited resources. A good exercise for determining exactly where your money is going is to record your expenses for a month. At the end of the month, total your expenses for each category. You may have some surprises! Once you know where your money is going, you can make informed decisions about where you want it to go. Refer to page 3 of the FPW. Refer to the “Monthly Spending Record” handout.

For example: If you spend \$1 for coffee every morning on your way to work, you will spend \$20 per month, or \$240 per year. What else could you do with that money? Small expenses add up quickly and small changes can have a major impact in helping you reach your goals.

4. *Step Four: Manage Debt.* Step four is to measure and manage debt. Total your monthly debt payment and figure your debt-to-income ratio. Your debt-to-income ratio helps you to measure your financial health. It can help you decide how much more debt, if any, you can afford. Can you afford more debt or is it time to lower the amount you owe? Refer to page 4 of the FPW. Refer to the “Debt-to-Income Ratio” handout.
5. If you need help creating a financial plan, see your Command Financial Specialist.

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Benefits of a Good Plan: A good spending plan can provide you with many benefits impacting a variety of aspects of your life, not just finances. The following is a short list of some of the benefits. You may want to ask the group for their ideas regarding the benefits of a good plan prior to showing the list.

- Live within your means.
- Realize goals.
- Maintain a good credit history.
- Get more for your money.
- Achieve financial freedom.

A financial plan is one of the best gifts you can give yourself. It will help you get more for your money, lower stress, and show you how to achieve your goals.

■ FINANCIAL PLANNING FOR EVERY SEASON

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During the holiday season, financial management is especially important. Lets look at some average amounts spent and some general shopping trends from last Christmas.

- Shopping habits.
- Preparing a plan.

- Setting limits.

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Shopping Habits:

This slide may be helpful in getting people to think about how much they spend over the course of the holidays and what types of spending they may want to try to target in terms of setting limits. Note that about 32% of all expenses were non-gift items. Also, worth discussion would be how much is spent on gifts for people other than family members. These may be gifts that can be targeted for lower cost alternatives such as crafts or baked goods.

This is what merchants have come to expect of us...

The average consumer spent \$889 on the winter holidays in 2006:

\$451 Gifts for the family

\$86 Gifts for friends

\$67 Gifts for coworkers and others (babysitters, teachers, etc.)

\$99 On themselves

\$47 Decorations

\$31 Holiday cards and postage

\$91 Food

\$18 Flowers

Source: www.nrf.com (National Retail Federation)

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The most popular presents from Christmas 2006. This may be helpful in getting the class to begin to consider who is on their list, what they are going to be buying each person, and what the cost may be.

What are we buying?

1. Gift Cards
2. Clothing and Accessories

3. Books, CDs, DVDs, Videos
4. Consumer Electronics
5. Jewelry
6. Home Décor and Furnishings

Most popular items:

- For girls – Barbie/dolls
- For boys – TMX Elmo/Cars

Source: www.nrf.com



Prepare a Plan: Preparing a plan can help you prepare for expenses and reduce stress. Successful holiday financial planning starts with taking the time to make some decisions about what you would like to happen.

Take some time to sit down with your family and discuss your holiday plans.

Prepare a Plan:

- Family Conference
- To do lists
- Top priorities
- Dollar amounts per person
- Personal experience

Determine the “Cost of our Happy Holidays”. Prepare a holiday spending budget. Estimate costs based on what you have spent in the past and what you decided to do during your family conference. Develop a shopping list and remember to account for the “hidden costs” of the holidays, such as stamps, wrapping paper, decorations, and special foods.

Discuss the “Cost of our Happy Holidays” handout.

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Set Limits: In order for your holiday spending plan to work, you must set and maintain limits.

- **Examine Alternatives:** Instead of abandoning your priority list or gift cost limits, investigate your options. Stay motivated by reminding yourself of the benefits of sticking with your plan. Brainstorm ways to meet your goals with less expense. In a moment, we will discuss some low-cost alternatives to expensive gift giving.
- **Beware of Impulse Purchases:** Plan what you intend to buy and take a list with you. Buy only what is on the list; small extra purchases add up quickly.
- **Make a list and stick to it!** Plan your trips to make them as efficient as possible. You will save money by buying only what you planned, and save time by reducing the number and length of your trips.

■ TIPS AND TECHNIQUES

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Introduction: It is time to discuss some tips and techniques to help you get the most from your holiday spending plan. We will examine alternatives to expensive gift giving, and discuss making a checklist for your time, how to pay for the holidays, and post-holiday financial planning.

Tips and Techniques include:

- Alternatives to expensive gift giving.
- Holiday financial safety.
- Paying for the holidays.
- Post-holiday financial planning.

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Alternatives to Expensive Gift Giving:

Optional Green Card Exercise: (This is a continuation of the optional ice-breaker noted on slide 4) When you get to this point, have each person write down one of their favorite low or no-cost alternatives to expensive gift-giving on the green card. Give participants a few minutes to do this. Then ask for volunteers to tell the rest of the audience what they wrote down. Discuss as appropriate, reinforcing good suggestions. When participants are done, have them give the card to the person sitting next to them. Tell each participant that they now have their own idea and an extra one from their neighbor.

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Alternatives to expensive gift giving include:

- **Cooking:** Homemade cookies are always a welcome present. Children love to decorate cookies. If you have a holiday food that is traditional in your family, introduce it to your friends.
- **Personal Coupons:** Make a coupon and give it as a present. It might be redeemable for babysitting, time alone, or an activity. Be creative.
- **Homemade Crafts:** Give a gift you made yourself. People appreciate the time you spent in making something special. Homemade crafts are another great gift for children to give.
- **Your Time:** Offer your time as a gift. Mow your neighbor's lawn or spend an entire afternoon doing whatever your child wants to do. Take the time to tell someone how special he or she is to you.
- **Your Talents:** Do you do something particularly well? Give your talents as a gift. Change the oil in a friend's car or help your brother with his taxes.
- **Meaningful Gifts:** Give a gift that has symbolic or personal meaning. Introduce a friend to the traditions of your family. Send a gift that reminds you of a special time with the recipient and include a note sharing the memory.

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Saving Time and Money

- **Draw Names:** Drawing names and setting a limit is a great way for families to save money while ensuring that all members receive equal treatment.

Ask for examples for each category. Ask if anyone has ever tried any of these ideas and discuss the results.

After discussing all categories, reveal the price of the Optional Food Event prize and award it to the winner.

- Mail Order/Catalog Shopping: Shopping through catalogs can save time. In addition, they may gift wrap your purchases and shipping costs may be lower than or equal to what you would pay anyway.
- On-line Shopping: Shopping via the Internet can save time. In addition, they may gift wrap your purchases and shipping costs may be lower than or equal to what you would pay anyway.
- Lay Away: Putting an item on layaway allows you to pay for it over time without incurring large finance fees.
- Purchase After the Holidays: Purchase gifts after the holidays when many items are on sale.
- Plan Your Trips: Planning your trips saves time, money, and extra stress.

What is your favorite low cost idea?



Financial Safety: It is important to be aware of potential financial safety issues year round, but particular attention should be paid during the holiday season. Identity theft and unauthorized charges are becoming epidemic in our society. Some tips, particularly for the holiday season, but good practice all year are:

- Maintain control of your credit/debit cards and information.
 - Know with whom you are doing business.
 - Review statements upon receipt.
 - Immediately report any “missing” cards or unrecognized transactions to minimize damage.
1. Maintain control of your debit cards, credit cards, checkbook and identifying information (such as social security number and date of birth). Know where these items are at all times. Only carry with you the cards, etc. that you plan to use. This protects you two-fold:
 - if your purse or wallet is missing, you will know exactly what is lost, and
 - you will be less inclined to overspend if you don’t have other financial resources at your fingertips.

2. Know with whom you are doing business. This is especially important when doing business over the phone. Only give out identifying or financial information to companies or groups with whom you have initiated contact to avoid being scammed.
3. Review all statements upon receipt. This goes for bank statements and credit card statements. Review for accuracy and veracity of transactions.
4. Immediately report any “missing” cards or unrecognized transactions. The sooner you take action, the sooner you can minimize damage. (Instructor may want to review financial responsibility and time frames relating to fraudulent use of credit and debit cards.)

In 2004, consumers used credit or debit cards to pay for their gifts at the register, on-line or over the phone. Discussion: Check writing has essentially become a thing of the past. Encourage that a relatively small portion of the spending is on credit cards. How are you planning to pay for your purchases? Discuss the pros and cons of each.

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How are Shoppers Paying for the Holidays?

| | |
|-----|----------------------|
| 34% | Check or Debit Cards |
| 28% | Credit Cards |
| 29% | Cash |
| 9% | Personal Checks |

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Paying for the Holidays:

You have several choices for how to pay for the holidays.

- *Cash*: Using cash is the cheapest way to pay for the holidays as there are no interest payments or finance charges. Think of ways to cut costs in other areas to free up cash to pay for holiday expenses as you go. Then resolve to save money ahead of time for next year.
- *Christmas Clubs*: Christmas clubs are available at most banks and credit unions. Members contribute each month and their money earns

interest all year. When the holidays approach members receive a check to use for holiday expenses. Try one next year!

- *Credit:* Using credit will cost you more but there are still choices to be made. If you choose to use credit cards, try to put purchases on the one with the lowest interest rate, and always be extra careful to ensure that errors don't occur. Keep and check receipts. You may decide to take out a loan. This may be a good idea if the interest rates are lower than your credit cards and you are looking for a set payoff. Make sure that your contract has no prepayment penalties.

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- *Paying off the Cards:* Review your regular spending plan and only charge as much as can be paid off within three months. Then stick to your plan to pay off all of your holiday purchases within those three months by making adjustments to other expenses.

Post Holiday Financial Planning:

Holiday financial planning continues even after the holidays are gone.

Make a post-holiday plan.

Start Planning for Next Year: There is no time like the present to start planning for the future. Take the time to remember what worked and what didn't. Start saving so that next year your holidays can be debt free. Add up what you spent this year and divide by 12. This is what you will need to put into a savings account every month to be ready for next year.

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■ SUMMARY

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Today we have discussed Financial Management for every season, financial management for the holiday season and tips and techniques for lowering costs and stress.

Start with a little planning and Happy Holidays will be the result!

■ CONCLUSION

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