

Making your money last through the ‘Silly Season’ –

As the festive season approaches and the holiday season beckons, the temptation to splurge on things we don't really need grows. Studies show that more sunlight makes us feel happier and, coupled with longer days, this creates the perfect environment for spending our hard-earned cash. But while it feels great to treat ourselves and our loved ones to expensive gifts and holidays, the reality is that we live in tough economic times and overspending during December causes anxiety during January and may mean that you begin the new year with debt that you didn't intend for.

Herman Lombard, founder and Executive Director of African Unity cautions against buying luxury goods on credit or store cards as interest rates are high and the accumulation of more debt will increase your monthly expenses in the future.

“While credit cards can be useful for a necessary purchase, with interest rates as high as 27.75%, it is much better to save up over time for that big-ticket, luxury item. That way, the impulse to buy may disappear and you may even find that you can do without that purchase”, he explains. Lombard adds that if you do use a store card, then be aware of the costs involved and what this means to your monthly budget.

Lombard says that by wisely spending and saving during the festive season, you will be able to enjoy everything the season has to offer while still staying within your budget. He suggests these budget-beating tips to help you cut down on unnecessary spending.

“If you're lucky enough to receive a bonus, try to save a portion of it before spending it. That way, you will have a head start to the new year and will have the funds to cover back-to-school expenses or buy something out of budget that you need”, says Lombard.

Budget:

Plan a budget that has ‘wiggle’ room built into it for unplanned expenses, like an extra gift or outing. A budget that's too tight could mean that you become frustrated and throw it out altogether.

Stick to your list:

Write a list of gift ideas for each person for whom you'll be buying and a budget for each gift and stick to it.

Opt for home-cooked meals:

Eating out is expensive. Instead of splashing out on a restaurant, make a special meal at home using food you already have. If you usually buy cakes from a bakery, try your hand at baking them at home instead.

Look for bargains:

December often abounds with bargains and sales, so take advantage of these money-saving opportunities by stocking up on gifts and decorations for next year. “Be aware, however, that you can never save money by spending. If the money is not in your budget, then no matter how good the deal, you will be worse off than if you don't make the purchase”, stresses Lombard.

Home is where the heart is:

With ever-increasing petrol prices and holiday rentals at a premium over the holiday season, many families are opting to instead stay at home and treat themselves to a few luxuries in the comfort of their own home.

Create new, less expensive traditions:

Outings don't have to be lavish and expensive to be memorable. Be creative in planning festive outings that are free or inexpensive and can become part of your celebrations. Picnics at the beach or in the park or a hike with beautiful views can be just as memorable as an outing to an expensive venue.

Secret Santa

If your celebrations involve exchanging gifts, 'Secret Santa' is a great idea for gift giving. Rather than buying a gift for every family member or colleague, each person selects one other person for whom they will buy a gift.

Lombard explains the importance of checking over your budget directly after the festive season so that you are able to assess whether you managed to stick to it, where you could have saved and to make plans for paying back where you may have overspent as quickly as possible to avoid paying too much in interest.

"While the holiday season is a time for giving and for celebrating, it is important not to be tempted to spend funds that you don't have or to use money that would usually be used for protecting your family against risk, like insurance and medical aid premiums", he concludes.

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