



A few facts:

At the start of January 2009 the average household debt in the UK was approximately £9,600 (excluding mortgages) and £59,670 including mortgages. The average owed by every adult in the UK was approximately £30,420 (including mortgages). Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans had risen to £4,893 per average UK adult.

Festive spending sprees might be as much a part of Christmas as turkey and mince pies, but research from Alliance & Leicester Savings reveals that 42 per cent of Brits were worried about their spending in the run up to Christmas in 2007.

Cash-strapped families who turn to credit to pay for Christmas could be setting themselves up for a New Year debt disaster, children's charity Action for Children is warning. Their survey found that a quarter of people planning to borrow over the festive period will use catalogue credit, a fifth are planning to use store cards and one in seven are planning to go to doorstep lenders – three of the four most expensive sources of credit.

Financial Services Authority (FSA) research shows that 48% of people are more likely to go on a diet or book a holiday than try and sort out their finances in January.

(from Credit Action monthly debt facts and figures available at <http://www.creditaction.org.uk/debtstats.htm>)

A quick exercise:

Individually, or as a couple/family, carry out the following exercise:

Think about everything that you are planning or likely to do over Christmas. Off the top of your head write down the **total extra** amount you think you will spend over the Christmas **and New Year** period. If you have thought about it for more than ten seconds you are disqualified!! Write the figure below:

Total **extra** spending £ _____

Now think about/discuss what you think you spend **extra** in the following areas:

e.g. when it comes to the first item – food – don't include the bread and beans you buy every week, but think about turkey, Christmas cake/pudding etc

Food

Family £.....
 Entertaining £.....
 Treats £.....

Presents

Partner £.....
 Boy/Girlfriend £.....
 Mum/Dad/In-Laws £.....
 Brothers/Sisters £.....
 Children £.....
 Grandparents £.....
 Friends £.....
 Others £.....

Drink

Wine £.....
 Beer £.....
 Spirits etc. £.....

Christmas Cards / Decorations

Cards £.....
 Stamps £.....
 Wrapping Paper £.....
 Christmas Tree £.....
 Decorations £.....
 Tree Lights £.....
 Crackers £.....
 Holly / Flowers £.....

What ARE you going to do that you don't usually do this Christmas to make sure you get the most out of the season?

More than two million people who used credit cards to buy last year's Christmas presents will still not have managed to pay off the debt by this Christmas (a full 12 months later).

Going Out/ Work Outings

Clothes £.....
 Drinks after Work £.....
 Meals Out £.....
 Office Party £.....
 Panto/Theatre £.....
 Children Outings £.....

Transport / Visiting Relatives/Holidays

Rail Fares £.....
 Petrol £.....
 Hire Cars £.....
 Flights/Holiday £.....
 Hotels £.....

What are you NOT going to do that you usually do this Christmas to make sure you get the most out of the season?

Staying In

Videos / DVDs £.....
 Games £.....
 Family games £.....

Other

Charity gifts £.....
 Postman etc. £.....

Total Budget £.....



On the next page you will see the estimated amounts that the **average person** spent on Christmas in 2008.

CASE STUDY: A father who spoke to NCH (A children's charity) said: "One year, when I was working in a restaurant, I borrowed some money and went mad at Christmas, buying my daughter everything she wanted. It took nearly seven months to pay for it all. In the end I couldn't afford to take her anywhere on holiday the next summer. Most of the presents ended up collecting dust under the bed."



Top Tips at Christmas:

- ❖ **Remember the reason for the season.** It's Jesus' birthday, not yours!
- ❖ **Plan ahead.** Work out how much you can realistically afford before you start spending – use the planner overleaf. The worst way to do your Christmas shopping is at the last minute, in a panic, with a pocket full of Credit and store cards
- ❖ If you can afford to, **set a little aside each week** for Christmas and save it in an interest bearing account
- ❖ **Don't get stressed out in a last-minute present buying frenzy.** Be prepared, buy them now! Shop early - this will help spread the cost of Christmas. If you rush to the shops at closing time on Christmas Eve you are likely to spend a great deal more than if you had planned ahead
- ❖ **Don't overspend! Decide on a budget and stick to it!** Set a limit on how much you are going to spend on each person and stick to it. You'll regret it afterwards if you don't!
- ❖ Remember that **Christmas is an expensive time of year for everyone.** With some close friends and adults in the family you may be able to make a 'no presents' pact. Or agree to exchange only token gifts with a fixed limit on what you spend
- ❖ **Try shopping with cash only** - that way you can't spend more than your budget
- ❖ **Try not to feel pressurized by children** into buying expensive toys or other items you can't afford. Explain the situation to them. And don't be tempted to buy toys from home catalogues unless you've no other option - they can often work out more expensive
- ❖ **Don't go overdrawn** without telling your bank in advance. You will be penalised quite heavily, often with an initial £20 fine and then interest of as much as £5 a day
- ❖ **Don't go mad in the January sales** if you have overspent at Christmas and avoid the temptation of the numerous 'buy now pay later' offers
- ❖ **Help people whenever you can.** After all, it is the season of goodwill!
- ❖ **Be tolerant of visiting relatives.** They want to enjoy Christmas as much as you do, honestly
- ❖ **Don't eat too much when you have Christmas dinner!** There's nothing worse than feeling ill on Christmas day.
- ❖ **Forget all of your worries for one day of the year.** Whatever they are, just relax and enjoy celebrating the birth of Christ!
- ❖ **Be grateful.** Even if those lime-green 'Bob the Builder' socks weren't quite what you asked for, just smile and look thrilled!
- ❖ **Finally, if you do run into debt problems,** don't ignore them and hope they'll go away - they won't. Get advice as early as possible. Contact our free advice line (managed in partnership with CCCS) which offers free debt advice on 0800 138 1111 or contact your nearest Citizens Advice Bureau for free, confidential, independent money advice. (See <http://www.adviceguide.org.uk/> or your local phone book for details).



Don't blow all the dough on Christmas

**Christmas is coming, the bills are growing large,
We're all using credit, with no thought for hidden charge.
Christmas is coming, there's so much more to get
Every-one is spending, so let's take on some debt.
Christmas is over, nothing more to celebrate
Just a lot of growing credit, and some heavies at the gate.**

Have a look at the **Money Savings Guide** on the Credit Action web site which can be downloaded from <http://www.creditaction.org.uk/resourcesanddownloads.htm>

In 2008 it was estimated that consumers would spent on average £655 (food and drink £170; Gifts £359; Socialising £126) per person compared with £706 in 2007. This increases to **£856 per person** if you include cards and postage £53, Christmas tree and decorations £64 and travel £84.