

Your MONTHLY MONEY

brought to you by



6 Ways to Avoid Going into Holiday Debt

Want to start the New Year unburdened by holiday debt? Try these tips

Are you still paying off last year's holiday gifts, even as you draw up a new gift list for this holiday season? If so, you're not alone.

Nearly 3 in 4 holiday shoppers plan to use a credit card this year, according to the 2023 Holiday Shopping Report by Nerd Wallet. The personal finance site had the Harris Poll survey 2,000 U.S. adults on their purchasing plans for the winter holidays. Nearly a third of those respondents still haven't paid off last year's balance.

Don't beat yourself up for racking up too much debt in the spirit of the holidays last year. Use these tips to start the New Year with a bounce in your step instead of a worrisome debt burden on your back.

1. Create a holiday budget

If you want to stay out of holiday debt, create a budget with a strict limit of how much you want to spend for holiday gifts — then stick to it. If you start getting carried away and feel that you can't control your online or in-store holiday spending, close the laptop or phone screen or walk out of the big-box store before the next holiday song blasting makes you spend even more.

2. Drum up some extra income

Nobody wants to put in even more hours over the holidays. But taking a part-time job or side gig for even one or two months to supplement your full-time income could mean you earn enough to cover your entire holiday gift list, or at least a good portion that you'd otherwise have to charge to a credit card.

3. Cash in credit card rewards

If you've used your cash-back credit card(s) all year long (paying them off each month, hopefully), you likely have a tidy reward sum available that you can use towards a statement credit on items charged on those cards over the holidays.

Just make sure that you charge only what you can cover with cash back rewards — and apply those rewards to your next credit card statement.

4. Become a sales hound

This year, don't allow yourself to buy anything that's not on sale. Check on the items you want daily, watching for sales, discounts and coupons.

5. Don't buy in-store before price matching

Many retailers will match their website's online prices on items that are priced higher in the store. Once you price match a few times, you'll be amazed at how often the online price is lower than the in-store price tag.

Before you begin holiday shopping, check out your favorite retailers' price match policies. Then check in-store prices on your phone when shopping in person.

6. Whittle down your gift list

Nobody wants to look like the Grinch when the holidays roll around. But making some ruthless cuts on your usual gift list is in order if you want to avoid going into holiday debt. Before you make those cuts, however, let the people that you usually exchange gifts with know that you're working hard on not going into holiday debt and would prefer not to exchange gifts this year. If someone is so prickly that they're offended by your efforts to be more financially responsible, that's their problem.