

Christmas is not an emergency...it goes into the budget

By Tim C. Lee

You can really tell when Christmas is approaching. Homeowners start putting up Christmas trees and decorating their yards. A lot more people are seen shopping in malls, outlet stores, and other retail locations. You can even hear and see bell ringers at various places soliciting donations.

For many consumers, they start receiving several offers in the mail from loan companies wanting to loan them money to help finance the special holiday. From, "Call or come by today to receive your Christmas Day loan" to "Do you need cash this holiday season?" I can definitely attest to receiving numerous mailers these past couple of weeks.

If you have a car loan, many lenders will give customers the option of skipping a payment during the months of November, December, or January so they will have more spending money for the holidays.

Studies show that over half of Americans begin their holiday shopping on Black Friday. This distinctive date is the day after Thanksgiving and marks the first day of Christmas shopping.

Realizing that most consumers have the "early bird gets the worm" mentality, retailers have opened their stores as early as the evening of Thanksgiving instead of the traditional Black Friday date to capitalize more on American spending.

A poll conducted by Think Finance found that 45 percent of those surveyed, said they would prefer to skip Christmas altogether, and that the holiday season brings on so much financial pressure to spend money that they really do not have.

Until an individual gains a mentality of, "I can not afford it" and has the ability to delay gratification when it pertains to buying things that they want, I strongly encourage everyone to develop a budget each month.



In a society where over 70 percent of people are living paycheck to paycheck, the number one cause of stress is financial problems, and the number one cause of divorce is also financial problems; doing a budget every month only makes common sense for most people.

Author and speaker, John Maxwell says it best, "A budget is people telling their money what to do instead of wondering where it went."

When creating your budget, you should always do it before the month begins.

First, list all of your sources of income with the amount next to each one showing how much you will receive for the upcoming month. Once completed, calculate the total amount of income that you will receive for the upcoming month.

Secondly, list all of your expenses with the amount next to each one showing how much you will spend in that category for the upcoming month. For those expenses that vary in cost from month to month, you will

have to estimate. Once completed, calculate the total amount of expenses that you will spend for the upcoming month.

Your monthly budget must balance to zero. In other words, your monthly income must equal your monthly expenses. Always allocate any extra money towards your emergency fund, savings, and paying off debt.

Everyone should have an emergency fund. I recommend starting off with one equal to \$500, with an ultimate goal to build it up to cover three to six months of your living expenses.

Christmas shopping goes into your budget. For some, it might be a good idea to budget for the holiday beginning in January using a

designated savings account until it is time to use the money for Christmas.

As consumers, we have to understand what an emergency is and what qualifies as one. Emergencies are “unexpected events” that take place in our lives that force us to use our emergency fund. A few examples are car repairs, doctor bills, and insurance deductibles.

The last I checked Christmas is on the same day every year...December 25th. It does not constitute as an emergency, and it is definitely not an “unexpected event.”

To avoid going into debt for the holidays, start budgeting early for your Christmas shopping.

Tim C. Lee is the CEO and Founder of TCL Financial & Tax Services and the host of “The TCL Show” that airs every Monday from 6:00 p.m. to 7:00 p.m. CST on WMPR 90.1 FM in Jackson, MS. This is a show that is about “You, Life, and Money”. E-mail Tim at timclee@TCLFinancialTaxServices.com.