

# Paying Off Holiday Debt

Are holiday bills already starting to pile up? Whether you're still shopping or feel as if you've overspent, try these tips:

- ▶ **Add up your costs.** If you don't know how much you've spent, it will be difficult to determine a reasonable repayment plan. Go through your recent bank and credit card statements and flag every purchase related to the holidays (including gifts, food, and travel expenses).
- ▶ **Make a payment plan.** Divide your total holiday expenses into monthly payments, with a goal of having everything paid off by April at the latest. If you don't think your budget can handle that repayment schedule, consider what you can do to shed the debt sooner. Simple fixes include cutting back on expenses or committing your anticipated tax refund to the effort.
- ▶ **Tackle higher-interest debt first.** If you have debt on more than one credit card or store account, prioritize paying off the one with the highest interest rate. Once that's done, focus on the card or account with the next highest rate.

- ▶ **Reset.** If you're feeling overwhelmed, it may be time to reconsider your plans. While some purchases may be non-refundable, others could still be returned. Look at your gift list and see where you can make cuts or consider if there's time to rework your travel plans. Simplifying your holiday now may lead to far less stress later down the line.
- ▶ **Set limits on future spending.** Getting in over your head on holiday spending can be a good life lesson. Knowing how much is too much will help you establish a future budget and determine where to cut back next year. After your bills are paid off, consider setting aside the same amount of money toward next year's expenses. That way, you'll start the next holiday season ahead!
- ▶ **Contact LifeMatters.** If you are struggling to pay down holiday debt — or want to avoid accumulating too much of it in the first place — LifeMatters can help. Professional financial consultation is available to assist with developing a budget, managing debt, or determining how to save for future goals. Call 24/7/365.

Source: Balance



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