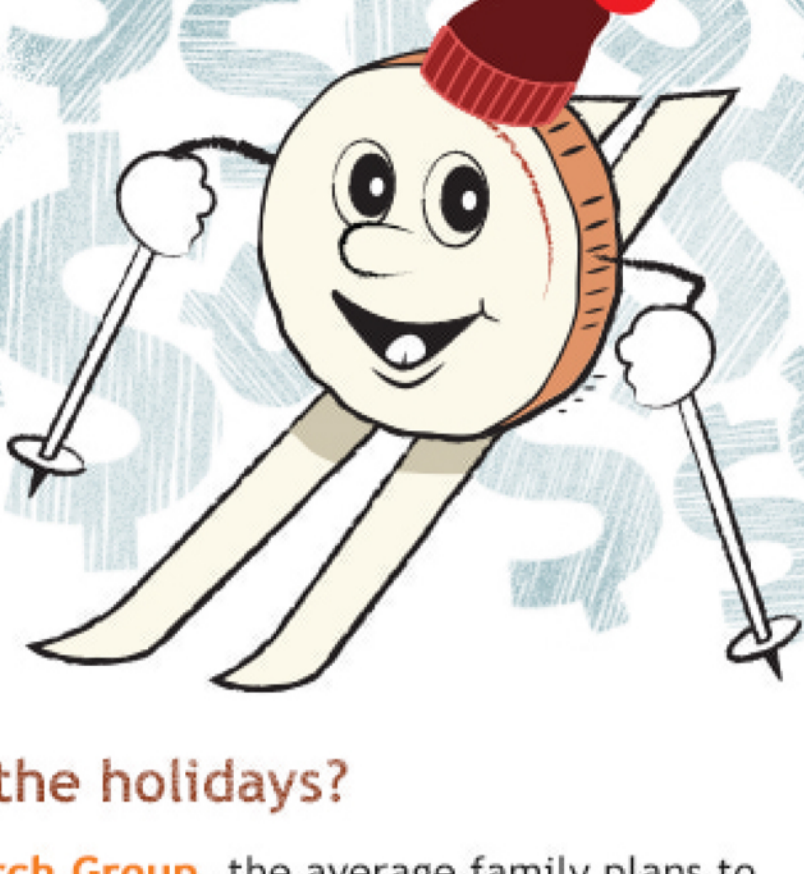




## Avoiding the Holiday Spending Hangover



### How much do you spend during the holidays?

According to a 2014 poll by **American Research Group**, the average family plans to spend just under \$900 dollars over the holidays. As a result, many Americans feel the sting of holiday spending well into the new year.

How do the holidays make you feel? Your mindset can affect how much you spend. Money and emotions are tightly related, so knowing what the holidays do to you can help you avoid emotional spending. If you love to celebrate the holidays, but don't love the financial pinch you experience afterward, here's some great advice for giving and celebrating, without breaking the bank.

- 1. Know your limit.** Sit down and plan out your holiday budget before you head to the malls this year. How much money do you have to work with? What about other costs? Do you have to pay to travel home? How would holiday spending affect the rest of your budget?
- 2. Plan ahead.** Make a list of what you're going to get. Too often we shop at the last minute and buy something we'll later regret on impulse. The more time you can give yourself, the less you'll spend. Using sites like Groupon and Facebook, and scanning apps can also get you the best deals.
- 3. Be a savvy shopper.** Here are a few ways to save on shopping, whether online or in stores:
  - Look for special "savings days" at your favorite retail stores.
  - Use coupons from your newspaper, online or in-store.
  - Look for unusual, handmade or upcycled gifts on Etsy or eBay.
  - Take advantage of free shipping with online purchases.
  - Buy gifts throughout the year, not just during peak season.
- 4. Trim your list.** Do you really need to exchange gifts with everyone in your family? Consider cutting your list back this year. List out who you'd like to give gifts to and who you think you're supposed to give a gift. A big area to look at is how to pare down what you're expected to buy for others. What gifts do you give every year that you feel you have to give or are generally unappreciated that you can take a new path with? Or suggest giving a group gift to certain members of your family rather than individual gifts. Just because you had a long gift list last year doesn't mean you need to repeat it this year. You may find that other members of your family love the idea. If you're worried about what others may think, you can announce early on that you're cutting back this year on spending. Preparing them may help avoid surprises.
- 5. Reduce your stress.** The holiday season is stressful enough with demands from family and friends, not to mention social commitments for work or other groups. Try to plan ahead as much as possible; avoiding last-minute buys will impact your budget. Also, remember to maintain your daily routines to keep stress levels low. If you usually take a walk or go to the gym every day, take the time to continue the habit during the hectic holiday months.
- 6. Enjoy the season.** For a truly memorable holiday consider volunteering with people you care about for a charity to make valuable memories. What experiences have you had during the holidays that were memorable? Chances are they weren't about stuff.

In the end, the holidays are all about enjoying friends and family. Staying focused on time with loved ones and other joys of the season can help you keep stress in perspective. Rather than feeling obligated to host an event every year, suggest a rotation for who will host holiday gatherings. Remember: keep spending down and stick to your budget to start off the new year on the right financial foot.

### Pack your lunch...Go to Hawaii!

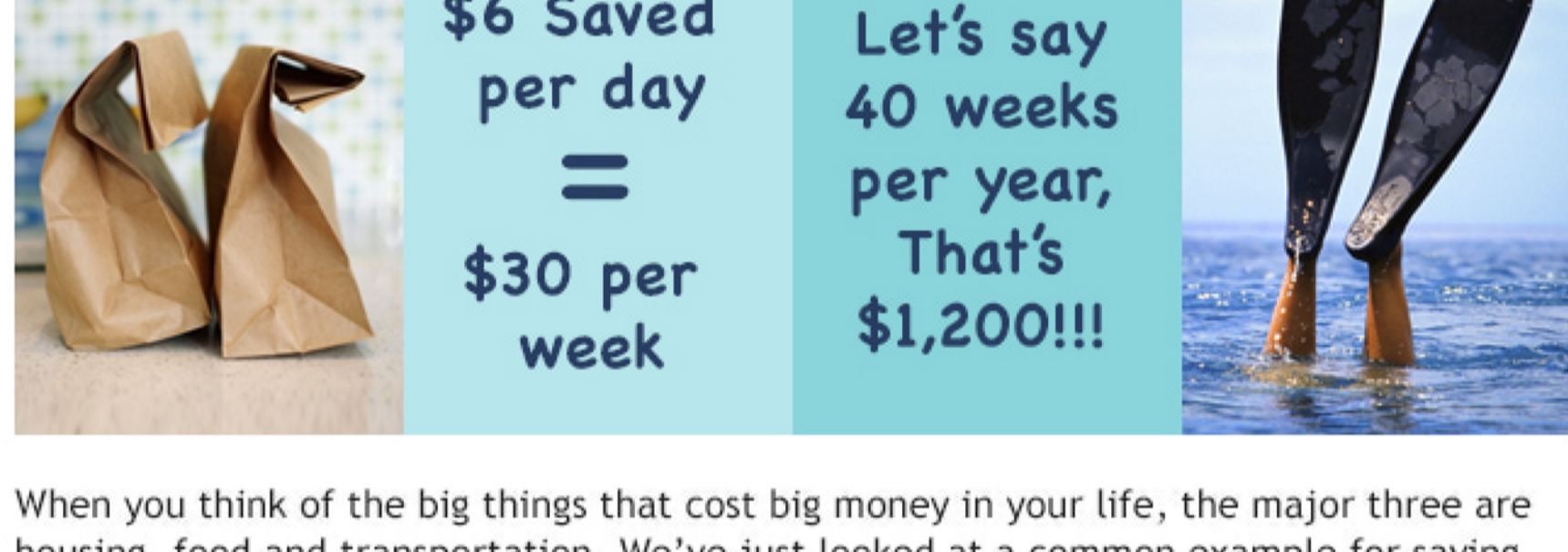
I'm feeling the urge to continue harping on the theme of how **small changes can add up to big things**. So let's do some math on how this might work in real life. Because this stuff really works!

Say you go out to lunch most days and you spend \$8 per day. I mean \$8 for lunch isn't bad, right? And say you've been longing to go scuba diving in Hawaii, but can't afford the plane ticket.

Well, what if you packed your lunch every day? Yes, it's more of a hassle—you need to grocery shop; you need to think about what you're going to eat; you need to pack it into plastic bags or containers. Let's say you try it and find that it averages you about \$2 per day for your brown bag feast. **That's \$6 bucks a day you save!**

So does it add up to anything? Well, \$6 times 5 days each week is \$30. Maybe you bring lunch about 40 weeks in a year (because sometimes you are on vacation, or it's a holiday week or whatever). When you do the math (\$30 per week times 40 weeks), you discover **this new habit will save you \$1,200**, which is about the cost of a round-trip ticket to Hawaii.

Here's how it looks in picture form:



When you think of the big things that cost big money in your life, the major three are housing, food and transportation. We've just looked at a common example for saving money on food; so think about what small changes in the other two categories can help you achieve a big reward.

See what I mean about small efforts adding up to big stuff? What's your big reward, and what small habits or changes can you make to get there?

### Stuff that's FAB!

- When Lunch Bites Back:**  
[www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)
- Your Year-End Financial Checklist:**  
[www.practicalmoneyskills.com/personalfinance](http://www.practicalmoneyskills.com/personalfinance)
- FREE Lunch Tracker App:**  
[itunes.apple.com](http://itunes.apple.com)

## Student Loan Basics



### STUDENT LOAN BASICS - New Plan: REPAYE

The Revised Pay As You Earn (REPAYE) repayment plan is similar to the current Pay As You Earn (PAYE) repayment plan—with one key difference. Until now, in order to qualify for the PAYE plan, you needed to have taken out your loan(s) on or after October 1, 2007. With the REPAYE plan, it no longer matters when you took out your Direct Loan(s).

#### The pros and cons of the new REPAYE plan

Of course, not everyone will qualify for this plan. However, if you have a relatively low annual income and your monthly student loan payments are proportionally high, the REPAYE plan might be a good fit for you.

#### Pros:

- The biggest benefit of the REPAYE (and PAYE) plan is that you can make lower monthly payments than with a Standard Direct Loan repayment plan. REPAYE monthly payments are capped at 10 percent of your discretionary income, so this may free up some of your income for other expenses, debts or savings plans.
- Potential interest subsidy.
- Loan forgiveness also applies to REPAYE plans—outstanding debt on undergraduate loans will be forgiven after 20 years, and graduate loans will be forgiven after 25 years.
- However, remember this doesn't mean you're home free—you may still have to pay income tax on the outstanding amount.

#### There are also some potential cons to consider before signing up for this plan:

- The length of your loan repayment may increase.
- If the length of your loan repayment does increase, you may pay more in interest overall—and this can add up to thousands of dollars, depending on the amount of your loans.
- In order to continue qualifying for the plan, you must submit income information annually to your loan servicer, just as you would with the other income-driven repayment plans. Your repayment amounts may fluctuate depending on your income and family size.

To view a summary of the Income-Driven Repayment Plans, [click here](#).

#### Bottom line

As student loan debt continues to rise, it's welcome news when more repayment options are made available for people who—for a multitude of reasons—may struggle to make their monthly student loan payments.

However, even if you qualify for an income-driven repayment plan, make sure you do your research before committing to switching plans, as you may end up spending thousands of dollars more over the lifetime of your loan(s). Use the Repayment Estimator at [www.studentloans.gov](http://www.studentloans.gov) to calculate each repayment plan to find the one suitable to your situation and goals.

## FAB Bits

### Did you know that the Outreach & Financial Literacy team hosts a FREE weekly national webinar?

It's TRUE! These are turnkey presentations delivered in a Train the Trainer format. Once completed, we share the presentation with you, including all speakers' notes.

#### Check out a sample of our upcoming topics and register [here](#):

**Growing your students' understanding of consumer debt**

Wednesday, January 6, at 1:00 p.m., PT

**Strategies to setting financial goals**

Wednesday, January 27, at 1:00 p.m., PT

**National Financial Literacy Month preparation**

November 18 at 1:00 p.m. PT

We also share important money management tips and resources on social media. Like our Financial Awareness Basics [Facebook page](#) or follow us on [Twitter](#).

#### Looking ahead

With the February arrival of draft cohort default rate (CDR) data from the U.S. Department of Education (ED), comes the process of reviewing and challenging incorrect data. Knowing how to approach the task, and where to find resources to simplify the process, can guide you smoothly through the annual draft CDR challenge period. We've got some tips to get you started.