AVOID A NEW YEAR SPENDING HANGOVER

Excessive credit card usage is typically highest in December - only for us to then be hit with a very scary statement in January. Not a great financial start to the new year!

Here are some simple tips to avoid a new year spending hangover. If you take action now to limit your spending, you may also protect your credit score in the process.

Start out on the right track this year with a simple festive season budget for individual gifts, food and drinks for entertaining. And maybe a summer holiday? Don't forget to factor in the cost of extra school holiday activities to keep the kids amused (eg trips to the movies).

Next, work out where the money is coming from. If you know you won't have enough saved in time, then change your budget now! At all costs try to avoid putting it all on your credit card at the last minute.

If you celebrate the festive season with gifts:

- suggest your family only give gifts to children this year.
- try Kris Kringle or set a small price limit on gifts for everyone.
- give family members your time instead of a tangible gift (eg a voucher for an hour of gardening or overnight babysitting).

Some great money saving ideas:

- Make a list **before** you go shopping – and stick to it!
- Homemade biscuits and treats are an inexpensive gift for children's teachers, work colleagues etc .
- Shop around for the best deals on Christmas food. Try not to over cater. While left over ham, wine and cheese might be nice for lunch on Boxing Day, it's an expensive indulgence for the rest of the week (and the residue often ends up getting thrown away).

I love this time of year! Why does it matter?

If you are keen to kick some new financial goals next year it's difficult when you're still paying dearly for last year's expenses. If you end up struggling to pay off the debt hangover - or even defaulting on payments - it could affect your credit score.

Keep reading to find out more about your credit score...

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What is my credit score?

A **credit score** is a mathematical assessment of the data included in your credit file. You will have a **credit file** if you have applied for a credit card, loan or even a mobile phone plan within the past five years. It contains a history of overdue debts, defaults and credit applications[1]. It certainly pays to be aware of the factors that have a negative effect on your credit score.

Why should I worry about it?

Your credit file is one of your most important financial assets. A poor credit score has the potential to affect:

- **Your ability to get finance.** If you are in the market for a home loan, car loan or finance for any reason then the loans with the best interest rates may be out of your reach if you have a poor credit rating.
- **Your rental ability.** A poor credit rating may also see you knocked back on a rental application. Others with a higher rating will seem a much better choice for most real estate agents and landlords.
- **Your employment.** There are certain careers that will deem you ineligible if you have a poor credit rating, eg careers in finance and insurance. It is possible your previous big spending ways MIGHT cost you a dream job!

Good luck with the festive season spending and remember - we are always here to help with your budget or debt consolidation if things start to get out of control.

1. www.veda.com.au

Want to know about credit scoring?
Call the office for a copy of our article 'Keeping score'.

*Disclaimer: This article is generic in nature. All investment decisions should be considered wisely and based on your personal and financial circumstances. Seek proper advice before committing to any course of investment action. This is not deemed as advice.