PLAN NOW... and 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 credit card statement in January. It's not a great financial start to the new year!

Here are some simple tips to help you 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 AND set yourself on the right track to achieve your financial goals in 2018!

So where do you start?

Set up a holiday budget for gifts, travel, socialising and kids. (We know it's boring – but it works!)

Firstly, work out where the money is coming from. If you know you won't have enough saved in time, **then rethink your budget now!**

- Set a limit for all your activities, events and travel.
- Research and compare prices online and **shop early**.
- At all costs try to avoid putting it all on your credit card at the last minute.

Did you know about 26% of men[1] shop for last minute gifts? And they often end up buying expensive electronic gadgets!

- Better still, ditch the credit card altogether and shop with cash or a pre-loaded debit card. Try withdrawing your budgeted amount in cash each week and making it last the distance!
- Make a pact with the family to give gifts in the new year to take advantage of the sales.
- Remember to factor in the cost of extra school holiday activities (those trips to the movies can really add up!)

Love this time of year? So why does it matter?

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

Do you know that your credit score COULD impact your future financial plans?

What is your 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[2]. It certainly pays to be aware of factors that have a negative effect on your credit score.

Why should I worry about it?

Many people don't realise their credit file is one of their most important financial assets. A poor credit score has the potential to affect:

- **Your ability to obtain 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 to be a much **better choice for most real estate agents** and landlords.
- **Your employment**. There are even **certain careers** that will deem you **ineligible if you have a poor credit rating**, such as select jobs in finance and insurance. Imagine if your previous big spending ways were to cost you a dream job?

So…. If you want to make a difference to your financial position NEXT YEAR, then please call us THIS YEAR and book your finance review - there are some appointments available for early next year. Make sure you book in before the holiday break!

Good luck with the holiday 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. originenergy.com.au
2. equifax.com.au

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

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