

Avoid festive season over-spending

We all know what happens if we drink too much alcohol, but you also need to avoid a financial hang-over after the festive season is done.

With the year coming to an end, our minds are busy planning all sorts of exciting activities for the festive season. Where are we going, which hotel or lodge will we be staying at, what gifts will we be buying, who will be visiting us, what nice goodies will we buy? All these and more will be occupying our minds in the next month. All of these cost money, and it is so easy to overspend, especially if we do not plan properly for this time of year.

Roy Davies, Financial Advisor at Aon Botswana suggests the following financial tips to avoid over-spending and financial debt during the festive season.

Budget for having fun

It is really critical that you start off by seeing what you can afford to spend between now and your January 2016 pay-check (which is a long time away!). Start off by allocating funds for the boring basic necessities - rent, car repayment etc. All the usual stuff, but don't forget to allocate enough to get you through January, and most importantly the children's school fees which we all know about, but conveniently forget at this time of year!

Then you can see what's left for festive spending. Now comes the hard part. "You really must not allow yourself to spend what you do not have, and make up the difference by the use of credit cards or short-term loans. This is the golden rule – never borrow to buy groceries, gifts, clothing or holidays. This bad habit will give you that financial hang-over that you really don't want, as it will drag on and spoil your 2016. There is no quick hang-over cure either, and the banks will keep the hang-over going for many months as you struggle to pay off the debt plus interest," explains Roy.

You have to draw up lists of what gifts to buy, with a limit set for each one. Sit down with your family and let everyone know what the basic rules will be. Set limits for gift purchases and share that with your family and friends. Some families have come up with innovative and fun ways of reducing the quantity of gifts exchanged, by having a form of "Secret Santa". Put everyone's name into a hat, and you only buy a present for the person that you draw. This also avoids you buying and receiving loads of "stuff" – low value unwanted gifts that just add clutter

to our lives and don't achieve much. Roy further highlights that "You can also save money on gifts by making things rather than buying things – these are also far more appreciated by the recipient, as your own time and effort has been spent in making the gift."

Traveling and going out

When you travel or go out, only take a certain amount of cash with you, based on your agreed limit for the event or trip. Leave the debit and credit cards at home if you don't have the discipline to use them sparingly. Rather than eating out at restaurants with friends, have people bring and share at someone's house.

"If you go on a family holiday, draw up a strict budget for everyone, and this must include transport costs, accommodation, meals as well as spending money for each person. Don't fall into the trap of using your debit or credit card for everything, rather allocate spending money to the kids and let them decide how and what to spend it on. They will learn valuable lessons for themselves by having to budget their own spending money while on holiday," explains Roy.

Beware the debt trap!

Beware of clever marketing by stores at this time of year. They are all vying for the same consumer spending money, and will try all sorts of "free gifts", "buy-now, pay-later" schemes to get you to buy, buy, buy. You will end up with loads of junk, and if you fall for the store credit card, you will regret it for many months into the future.

"You also need to be careful about spending too much time at the malls during your leave. Only go to the mall with a list of items to buy, shop around to find the best deals, and make sure you come away with only your intended purchases, not all the other stuff you saw on special that you really didn't need. You can be sure that every time you go to a mall, you will spend more than needed, so try and avoid going other than for specific requirements," concludes Roy.

Christmas is a time to enjoy with family and friends, with loads of fun, laughter and good memories. Don't spoil this by spending more than you can afford, and ending up with that dreaded financial hang-over!

About Aon Botswana

Aon Botswana is a leading provider of risk management and insurance broking services. The company employs more than 100 professionals in offices in Botswana. Aon employs over 2000 people on the African continent. Aon Botswana's head office is based in Gaborone, Botswana.

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