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Tips for Building a Holiday Savings Account

Our Friends · Wednesday, August 30th, 2017

When the summer wanes and fall approaches, you may start thinking about the upcoming holiday season and how it will affect your spending habits. [A recent report](#) noted that Americans are spending over \$900 on gifts alone, and when you factor in decor, travel, and food costs, holiday spending can be considerable. Saving early can alleviate some of the anxiety you might feel as the season draws closer, and there are several ways you can pad your savings to reduce stress and give your family a fun and bountiful Christmas.

Plan Ahead, Plan Early

While you might think planning a month or two ahead for your holiday shopping gives you plenty of time to plan, you can start as early as the new year when it comes to saving money. The more time you give yourself, the more clearly you can look at your budget and know what you can afford to put away. This can also help you avoid impulse spending and additional credit card debt that can accumulate toward the end of the season when you are in a rush to finish shopping.

Review Your Household Budget

Saving for the holidays can be a challenge, especially if it is difficult to make ends meet some months, but you may be surprised to find there might be money available in your existing budget, if you know where to look. To find it, take time to review your budget and truly understand where and how you spend money.

One place you might be able to slash costs within your budget and add that amount to your holiday savings is your family's entertainment budget. The [Bureau of Labor Statistics](#) notes that the cost of entertainment has risen steadily since 2013, but there are ways to fight this. Consider joining a streaming movie service instead of going to the theater, visit local points of interest during summer vacation instead of traveling long distances, and use coupons and group deals whenever possible.

Save a Portion of Your Tax Return

While it can be tempting to spend the windfall of your yearly tax return on something fun or extravagant, you might regret it later when you need extra cash for the holidays. Tucking away a portion of this money can help pad your Christmas account considerably, especially if you plan on getting a few thousand dollars back.

When your tax return arrives, consider putting at least fifteen to twenty percent of it into your holiday savings account. This allows you to use the rest for something fun or to put toward your home in the form of improvements or repairs.

Open a Christmas Club Account

One of the greatest roadblocks to squirreling money away on your own is the temptation to dip into your funds for a dinner out or that jacket you saw at the mall and simply cannot live without. Eventually, constant borrowing from your holiday money can drain your funds and you might have to start over. Opening a Christmas club account at your bank will help keep your hands off your holiday money, especially if the bank charges fees for early withdrawal.

Cut Back on Travel Expenses

The cost of commuting and operating a car can be one of the biggest drags on your budget. However, there are ways to cut costs and increase what you can put away monthly. For example, ask your local [auto insurance](#) agent whether you qualify for any policy discounts or what you can do to earn these perks. You may be surprised at the wide variety of available programs, from bundling to discounts for creating school and work carpools.

Saving for the holidays can be a challenge, especially when you are already living on a tight budget. However, with a bit of forethought and detective work, you can find that giving your family a holiday season to remember does not have to be a financial nightmare.

Image: Christmas lights in Sloane Square. Courtesy Wikimedia Commons.

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