Announcer: The Missouri State Journal, a weekly program keeping you in touch with Missouri State University.

Emily Yeap: The holiday season is here. According to the National Retail Federation, consumers are expected to spend about $1,048 on average during the 2019 holiday season. This is a 4% increase from last year. For many, with that spending comes stress and anxiety about how to pay for the gifts, travel and other expenses during the holidays. I'm Emily Yeap.

Dr. James Philpot is a certified financial planner, and associate professor in the finance and General Business Department at Missouri State University. He joins me today to discuss making and sticking to a holiday budget.

James Philpot: For the same reason we should make a budget anyway for the rest of the year, a budget’s just a roadmap for spending. The marketing folks, the finance folks, consumer folks who've studied these things, find that people who think ahead, make a budget, tend to spend less than those who don't, even when they're not perfectly adhering to their budget.

Emily Yeap: One way to ensure you control your holiday spending is to make a list before you start shopping.

James Philpot: Well, for the holidays coming up, it's not a bad idea to make the list and check it twice. You make your Christmas list for whom you wish to shop before you go out shopping. Think about it very well, and that way you have a plan. So that when you're in the stores, you have an idea of where you're going, what you're looking for, so that these impulse shelves right in front of the checkout, or these end caps that are tempting you and might be great for someone that you did not think of. Well, if that person wasn't someone you thought of when you were making your list, odds are you can get by with just a card or a Merry Christmas to them. And in making the list, have some idea of how much money you need to spend on a gift for this person.

Emily Yeap: Philpot also suggests avoiding online shopping and looking for discounted gift cards.

James Philpot: Oddly enough, given this day and age of everything digital, stay away from the online shopping, because online shopping is easy, it's fast, it's fun, but also you never know when that lightning deal is going to pop up on your screen, and it's so tempting to go over and click that lightning deal, and you weren't even looking for that to begin with. Another idea for saving money at the holidays is to look for discounted gift cards. If you know you're going to be shopping at a certain retailer, there are websites out there that sell retailer gift cards at usually a 5% discount or so. The retailers use that as a promotional technique.

Emily Yeap: It's also a good practice to pay in cash whenever possible.

James Philpot: If you go to the store and you're shopping, leave your checkbook, your credit card, your debit card at home and take currency. That way when you run out, you run out. The consumer finance people have done some studies in this, and they find that when we have to spend paper money instead of credit or debit card, we tend to spend about 30% less. That's just because it's less easy to spend, and I guess there's something psychological about separating myself physically from visible money.

Emily Yeap: To help you stick to your holiday budget be discipline and restrained.

James Philpot: If somebody is worth buying a Christmas present for, assumedly they love you and they're grateful for the thought, so it's really not necessary to go out and spend a lot of money. One thing I try to do personally for certain people, particularly a lot of the people I buy gifts for, give gifts to, basically have everything. And so for those types of people, I try to make something because it's personal. Make something like cookies, muffins or bread or something, that's usually appreciated and because I made it's special. Now, that's kind of the carrot idea, the switch idea is remind yourself of what January is going to look like. Because when those bills come in January, it's not going to be as pleasant. We often think of the new year as being a time for a fresh start, start anew, things get better, but that's a little less hopeful, more gloomy, when first thing we're presented with big bills for December.

Emily Yeap: That was Dr. James Philpot, a certified financial planner and associate professor in the Finance and General Business Department at MSU. I'm Emily Yeap for the Missouri State Journal.

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