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10 Ways for Retirees to Downsize Holiday Spending

Job losses and hard economic times in 2009 will likely put a crimp on holiday gift-giving for many families, including older persons with fixed retirement incomes. This December 8, 2008 article from the usnews.com retirement planning blog – written almost a year ago, during the middle of the stock market and job loss plunge – provides some ideas for more economical holiday sharing.

Seniors who saw their nest eggs gobbled up by the stock market this year aren't exactly rushing to deck their halls with expensive new merchandise. More than half of workers (53 percent) and 49 percent of retirees plan to spend less money on holiday gifts this year, both up significantly from 29 percent last year, according to a recent survey. But, like all Americans feeling the pinch, retirees are looking for inexpensive ways to enjoy the holiday. Here are a few ideas.

Frugal gifts. This year's gifts are more likely to be small and thoughtful trinkets than the expensive and sometimes even ostentatious items shared during past holidays. Some 52 percent of workers and 41 percent of retirees say they will spend less money per gift, according to a Principal Financial Group and Harris Interactive online survey of 1,179 employees and 625 age 60 and older retirees. Sharing a beloved book or DVD, passing down family heirlooms, or offering a favorite food or photograph can personalize the gift exchanging experience without jeopardizing your savings.

Hunt for deals. Retail stores are hurting this holiday season. For shoppers, that means deep discounts on a large variety of merchandise. Check out the prices at several stores and online before you buy an item. Almost all retailers are hosting sales, publishing coupons in newspapers, and offering coupon codes online. Try not to buy without a discount this year.

Fewer gifts. Many Americans are pruning their holiday gift list – with hedge sheers. Some 49 percent of workers and 31 percent of retirees plan to scale back on the number of people for whom they buy gifts, Principal found. But you can frugally recognize more distant associates this year with a kind note or card, baked good, or handful of holiday chocolates. Everyone understands that times are tight this year.

Travel digitally. This might be the year you should ask the grandkids to come to visit you. About one-third of both workers and retirees indicated they will travel less, Principal found. If neither you or your relatives and friends can make the trip this year, be sure to exchange digital pictures, video, and phone calls.

Donate time. This is the wonderful time of year when many Americans feel particularly generous opening their hearts and wallets to neighbors in need. But 25 percent of workers and 27 percent of retirees plan to donate less to charities this year, Principal found. Giving doesn't have to mean just money. Try volunteering your time at a soup kitchen, hospital, or nursing home.

Regift. In years when money is tight there is an even bigger temptation than usual to pass on a gift you don't want or need. But if you're going to regift, make sure you do it correctly. The Money Management International website, Regiftable.com, recommends only passing on new, unopened gifts that the recipient will appreciate. Never pass on personalized or homemade gifts. And make sure that the person who gave you the gift is in a different social circle than the one you're regifting to.

Downsize the party. It can be expensive to host a holiday feast. Some 18 percent of workers and 21 percent of retirees indicated they will not host a holiday party this season, according to the Principal survey. But gatherings don't need to be expensive. Try holding a pot luck feast where each attendee brings a dish or host an hors d'oeuvres and snacks only gathering.

Go gift free. Ramit Sethi, author of the [I Will Teach You to Be Rich](http://IWillTeachYouToBeRich.com) blog, is advising readers to entirely skip expensive Christmas gifts this year. He recently set up a website, [No Christmas Gifts This Year](http://NoChristmasGiftsThisYear.com), to help you discuss your decision not to exchange gifts with friends and relatives. Instead, Sethi suggests getting together with loved ones to cook a meal, head to the park, or play board games.

Gifts for kids only. Few people can forget the magical experience of receiving a coveted toy as a child. And no adult wants to deprive a child of that feeling. If you're not yet ready to go cold turkey and ditch gift giving, many families give gifts to the children only.

A gift pool. Large families make gift giving a particularly expensive process. Some groups hold a drawing and give a gift to only the family member whose name they drew. Putting a limit on the amount everyone spends will further cut costs. Keeping who you drew a secret until gifts are exchanged adds an element of surprise.

By Emily Brandon; <http://www.usnews.com/money/blogs/planning-to-retire/2008/12/8/10-ways-for-retirees-to-downsize-holiday-spending.html>.