# The 12 rules of avoiding Christmas debt

**Q Every year during the festive season I have great fun buying presents for friends and family but then the rest of the year goes to paying off the credit card. Do you have any ideas?**

**A** Christmas comes but once a year, but credit card bills arrive every month. With Australians owing $27.9 billion on credit cards, repaying the debt seems a forlorn hope for many. The good news is over half of all credit card bills get completely paid off each month.

So some people are managing their credit better than others. Perhaps they are simply planning to do better?

As we all know, a bit of planning goes a long way, so here are the 12 rules of Christmas.

1) Christmas should not be a competition. What was the most expensive present you received last year? Which one did you enjoy the most? The present you enjoy receiving the most and remember the longest is rarely the most expensive.

2) Talk with your immediate and your extended family and set some gift-giving rules. Will everyone get presents, only children, how much per present? Is it fair that singles only get one present, but are always buying for families?

3) Before shopping trips have something to eat and make sure you aren't rushed. Hungry, rushed shoppers are inclined to make impulse buying decisions.

4) Only leave home when you have a list of who you are buying for, what the budget is and how you will pay — then stick to it.

5) Research has shown males can only shop for 72 minutes before losing their cool. Consider having several smaller expeditions rather than a single marathon effort.

6) Far too much is never enough to a teenager. Children and teenagers see value differently to adults. Before you buy, try to find out what their friends are hoping for (realistically) and make that the basis for your list.

7) Check the store catalogues, the Internet and your friends. Smart buyers can save hundreds by comparing prices before they buy.

8) There are always sales after Christmas. So, if you are looking to buy large items, consider an IOU with a picture on the day.

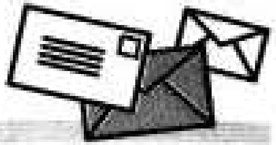
9) Plan how you will pay your credit and store cards off as quickly as you can. At the minimum rate a credit card will take more than eight years to pay off.

10) Children learn best by example. What money management lessons are your children learning from you this Christmas?

11) If, despite all your efforts, you do find yourself in financial difficulty after Christmas, don't ignore the fact. Talk to the people you owe money to and find a solution. Most important of all, learn from the experience and don't do the same thing next year.

12) Start planning next Christmas and start providing for it.

## Money penny



This week's answers provided by Brad Hodge CFP of BDH & Co, authorised representative of Hillross Financial Services (AFSL no. 232705) and Andrew Maggs, CFP and CPA, Authorised Representative of AW Financial Pty Ltd (ABN 20 085 282 720, AFSL no. 231241). Both are principal members of the Financial Planning Association. Answers should be used as a general guide only. Professional advice should be sought before making investment decisions. For a referral to a financial planner, or for more information on the FPA, call 1800 626 393 or visit www.fpa.asn.au.

For queries, write to Moneypenny, *The Sunday Telegraph*, PO Box 4245, Sydney 2001, or e-mail **moneypenny@sundaytelegraph.com.au**

**Q I am in an employer sponsored corporate superannuation fund. I understand that I will soon be able to choose the fund where my employer superannuation guarantee contributions are deposited. What points should I be aware of when choosing a superannuation fund?**

**A** The Superannuation Legislation Amendment (Choice of Superannuation) Bill 2002 will be effective from July 1, 2005. The intention of the Bill is to give employees the opportunity to choose a fund and have the employer pay into it. The legislation will require employers, with some exceptions, to make superannuation contributions to a complying superannuation fund (including a self-managed superannuation fund) or Retirement Savings Account that has been chosen by an employee.

You do not get a choice if there is a State Award, Australian Workplace Agreement or an Enterprise Agreement in place. An employer meets its choice obligations if it has provided the choice option to an employee irrespective of whether the employee actually exercises the right to choose a fund.

In the event of an employee not having exercised a choice option, the employer can continue to make contributions for that employee to the existing superannuation fund so long as the fund complies with the SG legislation, awards or any industrial agreements.

When choosing a fund you need to be aware of the administration fees being charged by the fund administrator, the contribution fees being charged by the financial planner, the cost of insurance, the range of investment choice available and the management fees being charged by the fund managers.

Compare the above with your existing corporate fund as, often through bulk discounts, the corporate fund will have lower insurance premiums and lower administration fees.