

Plastic Surgery

SPENT TOO MUCH PLAYING SANTA? HERE'S HOW TO COPE WITH POST-HOLIDAY CREDIT CARD DEBT – AND START FRESH.

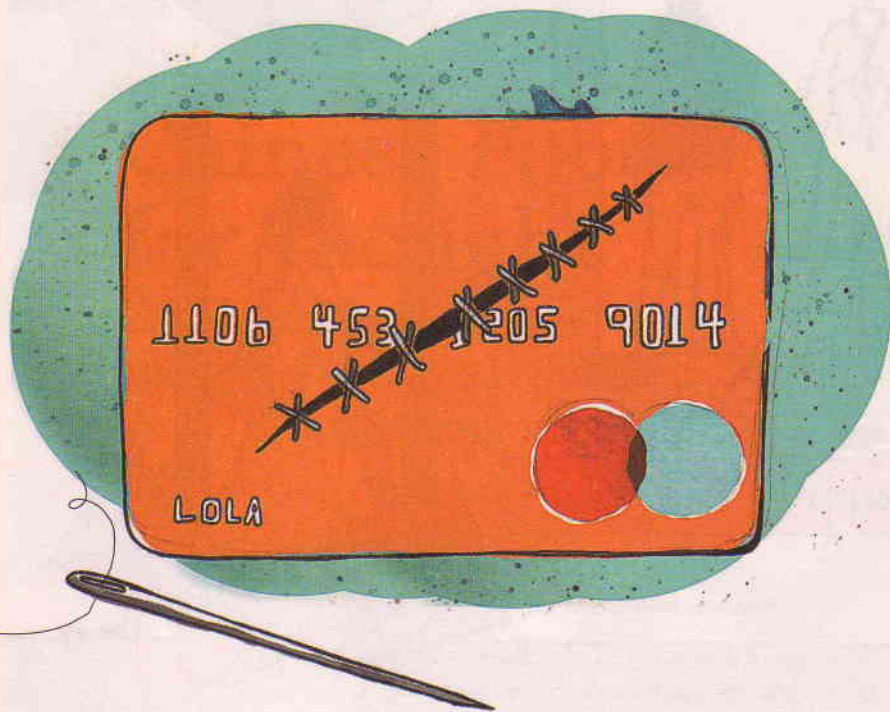
By KRIS FRIESWICK

You know the feeling: It's early January when that envelope arrives, trembling in your hand like a financial death sentence. It's your first post-holiday credit card bill, and you know before even opening it that it carries nothing but recriminations for an overly generous, financially irresponsible December.

Financial experts say that there is only one way out of the monetary morass: Put on your Wellies and slog through it. "Ignoring a problem never made it go away," says Ellen Kenney, a

certified financial planner with Ameriprise Financial in Arlington. "You have to face it – the whole thing. And once you know exactly how bad the bills are, you can decide how quickly you want to pay them off."

First things first: Pull all of your credit cards out of your wallet, put them in an envelope, seal it, and stash it in a drawer. Do not shop while you're paying down the beast. If you continue to use those cards while trying to pay them off, you'll simply delay the day when you'll be back in control. Then review your fixed monthly expenses as well as your discretionary spending – and prepare to make some hard



decisions. “The bottom line is you’ll have to cut down on your spending,” says Kenney. “But hey, it’s winter. Light a fire in the fireplace, have a glass of wine, lay low. Enjoy your holiday gifts. If you cut back now, you’ll feel less guilty enjoying yourself when spring comes.”

Ask yourself, what can you live without for a few months? Can you put your gym membership on hold for awhile, maybe go to the hair salon once every three months instead of every eight weeks, do your own manis and pedis? Buy groceries at Costco instead of the organic market? Eat out no more than once a week? Sounds like hell, I know, but it’s not forever. Once you’ve excised those extras, apply that total sum of money

to your credit card each month.

Then make the most of potentially “found” money coming your way in the upcoming months. Earmark your first quarter bonus, your tax refund, maybe (dare I say it?) some of your holiday gift money. Are there any gifts that really didn’t float your boat? Don’t feel bad about returning them for cash if you can. If you can only get a store credit, save it for something that you really need: It’s cash saved.

When paying down your debt, sacrifices must be made. But a glass of wine by the fireplace doesn’t sound so bad, does it?

Kris Frieswick, who lives in Boston, writes frequently about money.

Give Yourself Some Credit

So you should have shopped at T.J. Maxx but splurged at St. Louis instead. It’s OK. Lola understands that sometimes temptation gets the better of all of us. But it could be worse. Before you resign yourself to a winter of self-hatred and ramen noodles, check out these startling statistics:

- The total US consumer debt, which includes installment but not mortgage debt, reached **\$2.46 trillion** last summer.
- Total US consumer revolving debt hit **\$904 billion** at the same time.
- The median US household income is currently \$43,200, and **the typical family’s credit card balance is now almost 5 percent of annual income.**
- The average interest rate across all existing credit card accounts was **13.46 percent** last summer.

SOURCE:
THE FEDERAL RESERVE BOARD