



**Consumer Federation of America**

**SHOPPING SMART: CFA'S LATEST TIPS TO KEEP HOLIDAY SHOPPING FROM BECOMING A JANUARY HANGOVER**

***Latest CFA/CUNA Survey Shows Consumers Increasing Their Holiday Spending***

Washington DC. -- Consumers plan to spend more during the holidays this year than during the depths of the recession a year ago, but their spending is still expected to be more restrained than in prior years, according to the tenth annual holiday spending survey conducted by the Consumer Federation of America (CFA) and the Credit Union National Association (CUNA). (see [www.consumerfed.org](http://www.consumerfed.org))

“As consumers put their toes back into the spending waters, it’s never been more important to shop wisely,” said Jack Gillis, CFA’s director of public affairs. “The good news, more and more consumers are looking for ways to save money and make smart purchase decisions—so here are the latest holiday shopping tips from CFA.”

“Don’t let the Grinch of high-cost credit steal your holiday,” urged Jean Ann Fox, CFA’s director of financial services. “Payday loans costing 400% APR that must be paid in full out of your next paycheck or car title loans at 300% APR that risk repossession if not repaid at the end of the month are no way to finance holiday cheer,” she added.

“The holidays are a time for giving, not for getting caught in deals with hidden strings attached or fine print that could turn happiness into a hassle,” said Susan Grant, CFA’s director of consumer protection.

In order to provide consumers with a fighting chance in today’s complex market, CFA has prepared tips in four key areas: taking charge of your spending, gift cards, layaways, and internet shopping.

## **Take Charge**

One of the biggest consumer mistakes many of us make during the holiday season is inadvertently overspending. Here are some simple ways to avoid a credit card hangover in January:

1. **Make a list and stick to it:** List everyone for whom you will buy gifts and assign dollar amounts to each person.
2. **Keep Track:** As you shop, keep a running total of how much you are spending. It's amazing how easy it is to lose track and overspend.
3. **Spend only what you have:** Consider paying with cash or debit cards (beware of your debit card overdraft policy!). Surveys show we always spend more when using a credit card; doling out cold cash is a great way to limit your spending.
4. **Shop around:** Spending 30-60 minutes online or flipping through the newspaper ads can save 10-25% on an item's price. If you spend \$500 on holiday gifts it's like paying yourself \$75 an hour for your effort.
5. **Keep the receipts:** They're like gold especially with rapidly changing prices. Retailers will generally only provide refunds or credits based on the current price of the item if it is returned, not what you actually paid for it. Furthermore, if you find an item cheaper somewhere else, many retailers will match the price if you have the receipt.
6. **Pay attention to the return policy:** Not all retailers give cash refunds, and there may be time limits and shipping costs to return items. If you're not sure the gift is right for the person and returning it could be a hassle, look for something else.

## **Gift Card Guidelines**

1. **Keep a record of the gift card information:** Some companies will not replace lost cards, but some will if you have the information.
2. **Check the expiration date:** Some cards expire in 6 months or a year.
3. **Beware of fees:** Some gift cards have a fee for non-use; after a certain period of time the value of the card actually goes down!

4. Choose cards that offer flexibility: Make sure the card can be used both at the store and online. If you're not sure that the recipient likes a particular store, give a gift card that can be used at many different stores.
5. Find out if there's a way to check the balance: Choose cards that enable the recipients to check the remaining balances on them by phone or online.
6. Ask about reloading: If more money can be added to the card later, check to see if there is a fee for doing this.

NOTE: see [www.consumerfed.org](http://www.consumerfed.org) and search for 'Gift Cards' for a handy brochure on using gift cards.

### **Lay Away Lessons**

1. Know the policies before you make the layaway: Find out what the refund policy is case you chose not to go through with the purchase, what happens if the product is not available at the end of the payment plan, and whether you can get the lower price if the item goes on sale before you finish paying.
2. Get it in writing: Get a written explanation of the layaway policies in case there is any problem later.
3. Know the cost: If there is a fee for putting something on layaway, add that to the price of the item so you can determine if the total cost fits within the budget you set.

### **Intelligent Internet Shopping**

1. Click carefully: Remember when purchasing from a number of sites, you'll have different shopping carts. Keep a running tab on a note card next to your computer to keep from going overboard.
2. Beware of tempting 'extras': "If you like 'this', you might also like 'that'." Your savings after searching for the best priced item can evaporate when you buy extras that pop up during or after your purchase.
3. 'You gotta shop around': Just because you found something at one place on the internet, doesn't mean it's the best price. Use at least two price comparison services such as Price Grabber, Cnet, or ConsumerSearch.com.

4. Double check return policies: Be sure you know how to return problem items and the time limits to do so. Some retailers with 'brick and mortar' locations will let you return item to the store with no shipping charges. (Sears, Lands End)
5. Ship Shape: Use sites that offer free shipping, as many will during the holidays. If free shipping is available with minimum purchase levels, be sure the additional items purchased are really needed and don't put you way over the 'free shipping' limit.
6. Check the Ads: When buying from national electronic retailers (Circuit City, Best Buy, etc.) be sure to view their local flyers for ads which are usually available on the web site. The deals can be different (and better) than elsewhere on the site.
7. Read the fine print: In certain categories (books, tools, electronics) often the least expensive item listed is 'refurbished' or 'used'. These may be a great deal, just know that you're not getting the new version with the warranty.
8. Use your credit card: You have certain rights if something goes wrong with the purchase and the vendor won't resolve the problem. In addition, some credit card companies extend the warranty on the products. Go over credit card statements and watch for unauthorized charges.
9. Keep your paperwork: Print a copy of your orders, email receipts, and other information associated with the purchase.
10. Privacy: Check the company's privacy policy. The policy tells you what personal information the website operators are collecting, why they need it, and how your information will be used. If you can't find a privacy policy or you don't understand it, consider doing business on another site that is more consumer-friendly.
11. Watch for checkout scams: When you are offered a coupon to buy something else while you are checking out you could be signing up for a monthly program and your credit or debit card number could be transferred (from the retailer's site) to a separate company. These programs typically charge \$10 to \$15 a month until the membership is cancelled.

*The Consumer Federation of America (CFA) is a non-profit association of over 280 consumer groups that was founded in 1968 to advance the consumer's interest through advocacy, research, and education.*