

# FinanceNog, Sip On Holiday Tips with Leading Experts (Part 1)



Tis' the season to spend money once again and like every year, the holidays seem to be stretching further and further into November. This year, Target took seasonal advertising a step further, running a snow-covered, cheer-filled TV commercial during the first week of October.

With just days until Thanksgiving and the subsequent largest shopping day of the year, countable hours remain before it's full-fledged holiday madness.

Both the beauty and the crux of this anticipated time of year is the weeks-long saga that has become the holiday shopping season.

With jingle bells ringing and carolers singing, it's hard to hate that swept away feeling of giving without restraint. But overboard buyers who lose sight of their expenses during this gift-fest can face months – or even years – of financial recovery.

For shoppers who swipe to see their kids smile and withdraw to deck the halls, now is perhaps the last chance to take a moment's pause and get strategic about cash, credit cards and the costs of spreading Christmas joy.

## Part One: Credit Cards

FinanceNog is a three-post trilogy where we will cover tips and tricks for staying on top of finances during the busiest and merriest time of the year. Like the wet cement, nutmeg-sprinkled drink we forget we hate, FinanceNog is being inducted into Credit Card Select tradition.

Every year top credit and finance experts will come together to share with shoppers the ways they can cut down expenses without becoming a Scrooge. First off in the post series, nationally known couponista Stephanie Nelson, Credit Sesame CEO Adrian Nazari and FICO Certified Professional, Tracy Becker pour us a glass Christmas-y credit card tips.

## The Triple Save with Credit Rewards

### Stephanie Nelson, Couponmom.com

Anyone who has ever been inclined to cut expenses has likely heard of this money-saving maven. [Stephanie Nelson](#) has been seen everywhere from *Oprah* to *CNN* spreading the word of couponing. But her savings tips go far beyond clipping and bargain hunting.

Nelson has something of a magic bullet up her sleeve when it comes to holiday shopping. The trick includes credit card rewards, online shopping and, of course, coupons.

Redeeming points for cash can be great because it's essentially free money, but there's a way to make those hard earned rewards stretch even further. Nelson suggests:

- Shopping through the credit issuers selection of partnered retailers
- Finding discount gift cards to redeem points for
- Couple anything you find with a coupon

“On my credit card company's website I can get a \$50 gift card to my aunt's favorite clothing store using \$40 worth of rewards points. Then I give her that, plus a coupon to the store so she gets the most out of the gift,” says Nelson.

In case anyone is counting, that's a present of more than \$50 without a penny leaving the bank account. But according to a recent survey conducted by Capital One, only 18 percent of cardholders are taking advantage of their rewards and redeeming them for gifts.

Even if consumers haven't earned enough points to justify cashing in, they can [use a rewards credit card for purchases](#) to create a little cash bonus for themselves after the season comes to an end.

## Taking Advantage of the Intro

### Adrian Nazari, CEO of Credit Sesame

While virtually every financial expert – whether they're a credit advocate or not – will advise a cash-only, budget-friendly plan for present purchases, there are certain circumstances where cardholders can take advantage of credit card terms.

Aside from the perks rewards cards can offer holiday travelers and smart savers, there is another way to benefit from a credit card. Contrary to popular advice, Adrian Nazari of [Credit Sesame](#) suggests some consumers apply for a new line of credit.

“If you know you won't pay off your balance in full and you have good credit, consider opening a new credit card that has 0% APR for the first 18 months. This gives you time to pay off the balance,” says Nazari.

This move gives shoppers the opportunity to stretch beyond their means a bit without putting themselves in danger of being buried beneath interest rate charges. The key element to focus on, however, is that only consumers with good credit who can take the hit to their credit score should consider this an option.

## Store Credit Trap

### Tracy Becker, FICO Certified Professional

There isn't a consumer in the U.S. who can avoid the store card pitch. Virtually every clothing seller, electronics retailer, and furniture store has their own branded version of plastic. While these offers are touted year round, [the temptation to apply for store credit](#) gets increasingly worse during the biggest shopping season.

The allure of a discount for signing up can often feel like a smart money saving move, but according to Tracy Becker, the long-term effects are hardly worth it.

"Every time a consumer opens a new credit card they reduce their average age of credit therefore causing credit scores to drop," says Becker.

And a lower credit score isn't even always the worst of it. Becker goes on to describe the terms of the "deal" and unveils the less-than-beneficial terms.

"When stores offer discounts to consumers, usually 10 percent, with the opening of new accounts the key is asking what the interest rates on those cards are. Most of them are at least 28 percent which is a huge cost and well more than the 10 percent they are offering as bait to reel you in," says Becker.

Unless borrowers are able to pay of the card balance in full, the odds of actually getting a discount is slim.

There are tricks and techniques lurking in the fine print of everyone's credit cards. Anyone interested in plastic over paper for the holiday season would do well to take another look at their card's terms and conditions. Cardholders should make sure they are maximizing rewards, benefitting from agreeable terms and avoiding pitfalls.

*Hopefully no one is feeling too buzzed from the first glass of FinanceNog. Wednesday, Wayne the Credit Guy, the President of Aegis and the founder of ConsolidatedCredit.org will explain why Christmas is a cash bar.*