

HOLIDAY SHOPPING TIPS FROM THE MASSACHUSETTS BANKERS ASSOCIATION

The holiday shopping season is here and the Massachusetts Bankers Association has a few helpful tips to help you spend wisely.

Create a Budget

Use a list of goals as a starting point for creating a budget. Factor in realistic expenses including travel costs. The budget should include not only gifts but often overlooked items such as the cost of decorations, cards, holiday tipping, etc. A good list of budgeted items will help to avoid unnecessary impulse buying.

Avoid Excessive Debt

If you don't have sufficient savings or cash, be careful about taking on debt; do so with extreme caution. A good rule of thumb: Don't get into so much debt that you can't pay it off within three months' time from your regular paychecks. Don't do it at all if anyone in your household has lost a job or you think that might happen over the next six months.

Shop Early or Late

If you can get to the stores or go online early in the season you may see better selections and thus can comparison shop for value. Moreover, this is the time when some retail businesses offer highly advertised, reduced prices or "loss-leaders" to get people into the stores. Conversely, if the season is a slow one for retailers, the best bargains can come in the form of markdowns near the holiday—but this can be risky if they don't materialize and you have no gift and a smaller selection.

Compare Prices on the Internet or in Print Ads

Knowledge is empowering and it can save you money. Do your homework, compare prices, and you will save money. It always helps to know what you're looking for instead of wandering aimlessly around a store—you'll inevitably spend more not going into a store with a plan. If you use the Internet to compare, there can be additional benefits: often, you can spot Internet-only deals.

Watch Out for Retailer Tricks

Be wary of shady retailers that run ads or sales that are misleading. One highly disdained trick is a "limited supply" claim. If the item that was advertised is sold out in very little time, complain to management and ask for a voucher for a future purchase at the sales price.

Think Hard about Lay-Away Plans

Retailers are expanding lay-away plans. Be cautious. The devil is in the details. Plans can vary greatly. Specifics to consider include down payment, minimum spending requirements, service charges, cancellation fees, and eligible items. If you have a credit card and will pay it off quickly, using a credit card may be a better deal.

Use Caution When Shopping by Phone or the Internet

The holiday season is traditionally the busiest time of year for mail-order companies and the post office. Order early. Print-out receipts and keep good records. Save an ad or a catalogue that you used to place a phone or Internet order. Attach your notes to it for future reference. Protect your privacy. Provide personal information only if you know how it's going to be used and if you're familiar with the merchant. Consider using a separate credit card for telephone or Internet transactions. Don't do business with anyone unless you made the first contact. Know the company before consummating the transaction on the Internet. If you don't, check them out with the state attorney general or the local Better Business Bureau. Never provide your social security number or bank account numbers to anyone online. Protect your passwords. Understand the refund and return policies. Online, look for an unbroken key or padlock in the browser window to be sure your information is being protected by the vendor. Allow extra time for delivery before the holidays. Some retailers who ship at the last minute make you pay extra. Look for free shipping. If the seller does not offer it, be on the lookout for excessive mail-delivery fees. Some retailers will try to recover sales of less-expensive items by charging high fees for delivery.

Use Credit Cards Smartly

Avoid the temptation to sign up for too many chain-store credit cards. The initial discount on your first purchase may sound good, but too many credit applications can reduce your credit rating, and who needs all of those bills come January? Carry only the cards that you think you will need. Keep an eye on credit cards during retail transactions and get them back promptly. Review credit card accounts promptly every month and immediately report any questionable charges. If a credit card is lost or stolen, call the card company immediately. Consumers are usually not liable for unauthorized purchases made on each card after reporting a loss or theft—if you report it on a timely basis. By now, you've probably seen some retailers using new card-reader technology. Chip cards work by inserting or “dipping” instead of swiping, which means pushing your card into a terminal slot and waiting for it to process. It's a more secure way to process your transaction. If your retailer does not have the technology yet you should ask why, but don't worry. It will still be able to process your transaction from the mag stripe on back and swiping your credit or debit card. (See more info below.)

Use Debit Cards Wisely

Whether you call it a debit card, check card, bank or ATM card, this card can be a great convenience—if you use it wisely. The obvious benefit of using your debit card at a retail shopping location is that it's not a credit card. You can only use it if you have money in your account (or limited overdraft protection) and thus you will not suffer from the post-holiday-debt blues. Because this card is connected to your bank accounts, be sure you are using it with a familiar merchant. If you suspect later that a fraud has occurred while using your card, notify your bank immediately. (If your ATM card has a credit function, beware of overspending.)

New Chip Cards are More Secure

The new credit and debit cards with computer chips embedded in them make it very difficult for hackers to steal valuable account information in the event of another retailer breach this holiday season. They serve as further example of how banks and card companies are deploying new technology to protect and benefit consumers. Customers will still have the option to swipe their cards using the magnetic stripe if the merchant has not activated or installed a chip-enabled terminal or if you don't have the new card yet. Either way, as a consumer, if fraud occurs you will not be liable as long as it's reported quickly to the bank or card company.

Use ATMs

The holidays are the busiest time of the year at malls and other retail locations. If you can, use a bank-owned ATM. They are generally less expensive to use than third-party machines and safer. Protect your PIN (personal identification number) by using your hand as a shield so that a person standing behind you can't see it. Always take the receipt with you. Never carry a written record of your PIN in your purse or wallet. Also, don't use the machine if there is anything attached to it that looks suspicious. Some thieves have been known to attach "skimmers" with instructions to swipe your card – so that they can steal your card info. Report this to the police and the ATM owner immediately. Try not to let your ATM or debit card out of your sight at a restaurant – someone can skim information from it in the back room. Perhaps a credit card would be better in this instance. (Unlike your debit card, a credit card is not attached to cash in your savings or checking account.) Beware of your surroundings; perhaps go with a friend if you use an ATM at night.

Use Personal Checks Carefully

If you are going to make a lot of retail purchases and want to use personal checks, use them carefully. Unfortunately, we live in a world where identity theft is a growing problem and handing over a personal check to a part-time holiday retail employee in an unfamiliar store could make you more vulnerable. Many merchants will use a so-called "retail ACH" system to process your checks. ACH stands for automated clearing house. When you present a check for payment, the retailer may have the ability to verify that the money is in your bank account—similar to when you use a debit card—and transfer the money out of your account immediately. Thus, having the funds in your account to cover that transaction is critical. Similarly, any check that you write and give to a payee could be processed overnight, so "playing the float" with your checks is a bad idea.

Check Your Statements

There have been numerous data breaches at major retailers which have exposed personal information and credit card numbers. Remember, during the holiday season it is harder for banks and credit card companies to identify individual card fraud because usage increases dramatically. That's why it's even more important to check your bank and credit card statements closely—the fastest way to do this is online—and report any inconsistencies immediately.

Ask About Refund and Return Policies and Keep All Receipts

Many retailers are getting tough on their return policies to prevent return fraud. Be it a catalogue company, an Internet seller, or a traditional store, different retailers have different refund and return policies. Know what your retailer will allow, what its deadlines are, and the policy on opened packages. Be aware of re-stocking fees. Keep your receipts—you may need them to return items, to check against statements, or to give to your gift recipients.

The Gift of an Investment

Instead of giving loved ones more "stuff," fund a new 529 college plan or investment. This is indeed the gift that keeps on giving. Unlike cash that can be spent and gone before Santa's reindeer get home, it's much harder to liquidate an investment. Ask your local banker for help finding the appropriate investment vehicle.

Avoid Holiday Charity Scams

It's a sad fact of life: There are some unscrupulous people that seek to take advantage of others, particularly more-trusting older folks, during the holidays. Don't respond if someone claims to represent a holiday charity of which you are not familiar. You can check them out at the Massachusetts Office of Consumer Affairs [888-283-3757](tel:888-283-3757), or the Massachusetts Attorney General [617-727-2200](tel:617-727-2200).

Beware of Some Gift Cards, Consider Others

You should be careful when considering buying a gift card if you think the retailer has a chance of not surviving after the holidays. You or your gift-card recipient will be way down on the list of creditors who are owed money after a bankruptcy. A better idea might be a bank card affiliated with a credit card company. The pre-paid cash card can be used for purchases anywhere the company's credit card is accepted.

Can you Hold Out for Post-Holiday Deals?

If the holiday season is not a good one for retailers, they may offer up some bargains after the holidays. Can you wait? Keep in mind the strategy is risky: widespread post-holiday sales are not guaranteed and some merchandise of interest to you could be gone.

Save for Next Year

If you overspend this year, begin early and save in the year ahead for the next holiday season. Bank savings accounts and CDs are FDIC insured and provide interest on your savings. Start now.

Try to have a stress-free holiday season!
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