Many consumers overspend on credit for Christmas or other winter holidays, hoping to repay their debt through their tax refund. This can be costly. When you are paying someone to loan you money early against your tax refund or when you put the purchases on your credit card and then you don’t get the refund you were expecting, you may then carry a large credit balance for months.

In addition, you may be better off having higher take-home pay through the year so you do not get behind on important payments each month, rather than waiting to get a tax refund early the following year. Try also to be careful about holiday presents. Can you, for example, work out an agreement with your relatives that you will only buy gifts for the children, not for the adults? Or that you will all limit the amount you spend on gifts to a certain amount?

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
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