



**Consumer Federation of America**

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Credit Union National Association

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**CONSUMERS REPORT SOME IMPROVEMENT IN FINANCIAL CONDITION AND  
INTENTION TO SPEND MORE THIS HOLIDAY SEASON THAN LAST,  
ACCORDING TO 11<sup>th</sup> ANNUAL CFA-CUNA SPENDING SURVEY**

WASHINGTON – In their eleventh annual holiday spending survey, the Consumer Federation of America (CFA) and the Credit Union National Association (CUNA) found that consumers report some improvement in their financial condition and intention to spend more this holiday season than the 2009 season.

More respondents to this recent survey (November 11-14) said their financial situation is better this year (23%) than last (19%), and far fewer said it was worse this year (30%) than last (36%). This reported improvement may help explain why more respondents said they would increase their holiday spending this year (10%) than last (8%), and fewer said they would decrease their spending this year (41%) than last (43%).

“While these results convince us that holiday spending will increase this year – elements of our survey also underline the fact many consumers continue to harbor significant concerns about the economy and their personal finances,” said Mike Schenk, CUNA senior economist. “Because of this we expect the increase in holiday spending this season to be modest – roughly half the 5% long-run average increase.”

The CFA/CUNA survey also indicated that consumers are making greater efforts, and having some success, managing their consumer and mortgage debt. When asked how they would most likely use most of a \$5,000 windfall, nearly half (47%) said they would “pay down some debt.” This percentage is not only six percentage points higher than last year but is also higher than percentages for each of the ten previous years.

Moreover, fewer respondents reported that they are very concerned about meeting monthly credit card payments this year (10%) than last (12%), and far fewer said they were very concerned about meeting monthly payments on all types of debt this year (17%) than last (23%).

“Our survey provides further evidence, along with less borrowing and more saving, that consumers are trying to rebuild their balance sheets and are having some success doing so,” said Stephen Brobeck, CFA’s executive director.

**CUNA/CFA HOLIDAY SPENDING SURVEY**  
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The CFA-CUNA survey was conducted by Opinion Research Corporation, which interviewed by phone more than 1,000 representative adult Americans. The survey's margin of error is plus or minus three percentage points.

### **Middle-Age Americans Report Unusual Degree of Concern**

Americans between the ages of 45 and 54 reported an unusual degree of concern about their financial condition, as the data below indicate:

	<u>45-54 Years</u>	<u>All Respondents</u>
Intend to spend less	51%	41%
Intend to spend much less	28	19
Worse financial condition	36	30
Much worse fin condition	14	8
Concern c. credit card payments	33	24
Concern c. all debt payments	52	43

"It is interesting to note that Federal Reserve data separately reveals that households headed by those in this 45 to 54 age group are the most likely to be carrying debt loads," noted CUNA's Mike Schenk. "In all, 87% of those in this group carry debt, and they are much more likely than their peers in other age groups to hold both mortgage debt and to have credit card balances."

### **Greater Concerns on Spending, Debt Among Lower-income Families**

Not surprisingly, though, lower-income families (under \$25,000) have even greater concerns. Thirty percent intend to spend much less than last year. Forty-four percent say their financial condition is worse. Fifty-six percent say they are concerned about meeting all debt payments.

And when asked how they would pay for an unexpected \$5,000 emergency, far more lower-income families said they would have to borrow it – 39% get a gift or loan from family or friend, 31% take out special loan, 17% put on credit card, 13% add to home equity loan – than taking money out of checking (19%) or savings (33%). (Respondents were permitted multiple responses on this question.)

### **Ideas for Keeping Holiday Debt Under Control**

With more consumers putting their focus on paying down debt, CUNA and CFA suggest the following tips to avoid reversing course and getting deep into debt during the holidays. "With just a little planning, consumers can substantially reduce their holiday spending without sacrificing holiday quality," said Brobeck.

**Make Budget, and a List:** Right now, decide how much you can afford to spend and stay within that budget. Staying within budget will be much easier if you make a price list of all gifts and other holiday items you plan to purchase. It's easy to overlook extra expenses for holiday foods, party clothes, holiday décor and postage. Even if it's a more general rather than detailed list, it will still help you avoid overspending and impulse buys.

**CUNA/CFA HOLIDAY SPENDING SURVEY**  
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**Comparison Shop:** You can easily save more than 10 percent on most items, sometimes considerably more, by comparing prices at different stores. The easiest way to do this is to use the Internet and compare offers online. But when shopping online, shop wisely. Be sure you are purchasing from a secure site and review emailed statements for accuracy as you receive them.

**Pay Off Debts Quickly:** You're less likely to overdo it if you pay in cash. If you must make holiday purchases using credit, use a lower-interest card (you'll often find lower rates on credit union cards) and pay off this debt as soon as possible early next year. Don't borrow more than you can repay in several months. Remember that credit card debt is relatively expensive. And if you only make the required minimum monthly payment, you may never pay off the debt.

**Plan for Next Year by Opening a Christmas Club Account:** While these accounts do not pay much if any interest, they provide a practical way to save small amounts over time. Ask your credit union or bank to automatically transfer funds from your checking to your Christmas Club account every month. The discipline of saving reinforces your good budget intentions.

**See what's in your supply drawer:** You may have more wrapping paper, ribbons, unused cards and gift boxes stored away from last season than you realize. Use up those holiday supplies first to trim down the amount you'll have to buy this season.

**Shop After Christmas for Next Year's Presents.** You can find some great sales bargains right after the holidays. Then tuck those gifts away until next season.

**Be Smart About Gift Cards:** New rules that took effect in August significantly restrict gift card expiration dates and fees. But those who give or receive a gift card should still read the fine print. And if you get a gift card, use it sooner rather than later to avoid forgetting about unused balances on the card, or forgetting about the card altogether.

**Pay Attention to the Return Policy.** Some stores have tighter policies. Pay attention to the return policy when you make a purchase; keep receipts and note time limits, restocking fees, and other factors that may affect your recipient.

**Find Low- or No-Cost Ways to Celebrate.** Adding a few changes can ease the strain on your spending budget. For example, draw names to limit the number of people for whom you purchase gifts; give homemade items; make your own gift wrap; organize a potluck rather than trying to make, and pay for, the entire holiday meal.

*Credit Union National Association (CUNA) is the primary national trade association for the country's 7,800 state and federally chartered credit unions, which are not-for-profit financial cooperatives serving nearly 92 million Americans.*

*The Consumer Federation of America is an association of nearly 300 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.*