

Vacation Budgeting



Knowledge of Financial Education

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Americans planned to take four summer trips in 2005. On their longest trip, they planned to spend an average of \$1,000, according to a TIA survey. -- Travel Industry Association

Everyone needs a break now and then, but when your vacation leaves you with a stack of bills you can't pay, it's hardly relaxing! Next time plan a vacation that will leave you with good memories instead of debt. Use our roadmap to plan a vacation that won't break the budget.

What Do You Really, Really Want?

First decide what kind of vacation do you really want? Do you want to sightsee as much as possible, or would a few days of doing as little as possible be more appealing? Take the time to really think about this, or you'll end up with a vacation you don't really enjoy. If you have a family, ask them for input and work ahead of time to find a way so that everyone gets at least a little of what they want.

Plan for Savings

Plan in advance so you'll have time to save money for your trip. The better you plan your budget, the better your vacation. You'll find vacation planning worksheets at the end of this guide. Use it to help you develop your vacation spending plan.

If you have kids, make sure they have an opportunity to participate in the planning. Together you can research destinations and costs. You can set target goals for the amount you'd like to spend per day, for certain activities as well as your whole trip. Kids may help look for discount coupons, Internet specials, or even in weighing the costs of one type of outing over another.

Once you have a clear idea of what you plan to spend, start a vacation savings fund and set aside a certain amount each month or each paycheck. Even a small amount can go a long way if you plan carefully.

Membership clubs like AAA, Costco Travel Club and Sam's Travel Club can often save you money on hotel stays, car rentals, and complete vacations. The membership fee for one of these clubs is usually offset by the savings you'll achieve.

Consider off-peak travel if possible. Go to a popular winter destination in the summer, or vice versa. If your schedule allows it, avoid traveling during school breaks or holidays. Not only will you likely save money, but your destination will be less crowded and you may get better service and accommodations.

Shopping is the most popular domestic trip activity, and is included in 30 percent of all domestic trips. In total, that's 342 million trips with shopping sprees. - Travel Industry Association www.tia.org

If shopping is your idea of recreation, create a separate shopping budget and research the types of stores and items you're hoping to find ahead of time. Otherwise your "bargains" may end up being very expensive once you figure in the other costs of your trip.

Lodging

Shop online for discount accommodations, but don't stop there. Call the hotel or resort directly to ask about discounts. Some websites offer discounts you can't get elsewhere, but be careful for offers that are "too good to be true." Check their refund policies in case you aren't satisfied. Only deal with reputable companies with secure websites.

A suite-type hotel or vacation condominium that includes a kitchen can be also proving to be a money-saver if you make some or all of your own meals instead of eating out. It can be a real bargain for families with children.

A home swap can be an affordable way to visit another city or even international locations. A family stays in your home while you stay in theirs. It can be much cheaper than paying for hotel rooms, and you'll often get to know your destination in a way that tourists don't. There are many home exchange networks listed on the Internet, so choose carefully. Some of the more established ones include www.homeexchange.org and www.intervac.com. To learn more, pick up *Home Exchange Vacationing: Your Guide to Free Accommodations* by Bill and Mary Barbour.

Have fun, do good, and perhaps even get a tax deduction when you take a "volunteer vacation." Make no mistake about it - on most of these trips you'll be put to work, but with opportunities such as a rainforest expedition in Costa Rica or elephant conservation in Namibia, there is something for just about any interest. Some trips will be relatively inexpensive, but the accommodations won't be luxurious, which suits some travelers just fine. Others are pricier and will be more like visiting a resort.

Stay at a National Park (www.nps.gov). There are beautiful parks all across the country, many at reasonable prices. Some are more rustic and will require a tent or camper, while others offer cabins and lodges. The most popular ones fill up fast, so search early for your ideal spot.

Hostels are a cheap alternative for the more adventuresome. Your rooms will usually be dormitory-style and the bathroom may be down the hall, but the price is often right. Visit www.hiayh.org to learn more.

When you check in to a hotel, ask if you can earn frequent traveler or airline miles for your stay. Most chains, and even some independents, participate in one or more of these programs. In addition, some frequent flyer miles or traveler reward programs allow you to cash in your miles or points for hotel stays. It doesn't hurt to ask.

Air Travel

If you have frequent flyer miles, figure out whether it is worth it to cash them in for a ticket. A frequent flyer mile said to be worth about 1-2 cents, so do the math. Most programs require you use 25,000 miles for a basic restricted ticket. That means if you can purchase a fare for less than \$250 -- \$500, you may be better off buying a ticket and saving the miles for a more expensive route. However, restrictions and fewer seats for reward miles are making it more and more difficult to use your miles on some airlines, so in some cases it's better just to cash them in when you can.

Travelzoo.com can be useful to compare fares using several of the major booking engines, like Travelocity.com, Expedia.com, and Hotwire.com. Other websites, called "aggregators" feature discounted fares and may not charge a booking fee. Visit <http://airtravel.about.com> for a current list of aggregators.

Keep in mind that some airlines, like Southwest, only allow you to search fares and book tickets directly on their websites. One way to find cheaper airlines is to go to the website of the airport you plan to depart from and look at their list of airlines to see if there are other discount airlines that may offer a better deal.

Try an off-the-beaten path airport if your schedule is flexible. For example, Midwest travelers may find it cheaper to fly into Chicago's Midway airport than O'Hare, or may even want to look

at flying into Milwaukee or South Bend. For a list of alternate airports by city, go to BestFares.com and type "alternate airports" into the search field.

Consolidators can save you money on flexible travel. These companies offer very cheap seats, generally to Hawaii and international destinations, although they offer some domestic options as well. They sell last-minute seats that would have otherwise gone unsold. You must be flexible with your dates and times, but if you are, there are real bargains to be had.

Rental Cars

If you must rent a car in your destination, shop carefully. A low rate of \$19 a day, for example, can easily end up costing \$50 or more a day if you are not careful! Here are some money-saving tips:

Determine which size car you really need and don't pay for a more expensive one. An upgrade of "just a few dollars a day" will add up - and you will likely spend more in fuel with a larger car.

Ask about taxes and fees when shopping for an auto rental. These add significantly to the cost. Also ask about airport fees, and whether a fee will be charged if you have a second driver. Don't allow anyone else to drive the car (including your spouse) unless you clear it with the rental agency.

Check with your auto insurance company ahead of time to find out what coverage you have when you rent a car, and to decide what you need to purchase. Check your credit cards, since many of them also offer a collision damage waiver that will cover deductibles, if you use that card to pay for the vehicle.

Consider fuel costs carefully. Some rental places will encourage

you to purchase a tank of fuel ahead of time at a discounted cost. But you will pay for any fuel you don't use. Similarly, if you don't buy fuel in advance and return the car without a full tank, you'll usually pay a hefty price for the rental company to refill the car.

Traveler's Beware! "Too good to be true" deals may be just that. Always check out a company you don't know, and use your credit card to make the reservation for additional protection. Get refund or cancellation policies in writing, and consider buying travel insurance for extra protection. Restrictions apply to travel insurance policies, so read the fine print.

Plan accordingly and ask about gas stations closest to the return area. Another tip: Make sure the tank is full before you take the car.

More Money-Saving Tips

If you are traveling overseas, call your credit card companies in advance to find out what fees they charge for overseas purchases. While a 1% fee for overseas purchases is common, some issuers will charge as much as 4%.

Always check the cost of the individual components of a package against the package price, if possible. One may be cheaper than the other, depending on the destination and time of year.

Give your kids an allowance for souvenirs, snacks, etc. and tell them they have to stick to it.

If you'll be staying in a U.S. city for several days or more, buy an Entertainment Book for that city at www.entertainment.com. You'll get a whole book full of discount coupons for restaurants, entertainment, and more.

