

Your MONTHLY MONEY

brought to you by



How to Vacation on a Budget

Taking a vacation without going into debt is tough. Inflation is still driving up vacation costs significantly and flights have been skyrocketing since March, according to a CNBC report. All of that means it's crucial to take the right steps to protect your finances as you plan a trip. It starts with being smart about your budget.

We talked to finance and travel experts to get their tips to help you set a realistic vacation budget. If you follow their advice, you can get away without going into credit card debt.

Assess your household budget and be realistic about how much vacation you can afford

Is traveling a good idea if you're carrying debt?

Travel blogging experts Jennifer and Mark Campbell of Just Chasing Rabbits admit, "It's a tricky question and it really depends on each person's individual situation. For someone in extreme debt, any extra expense is probably not a good idea. For those with minimal debt, just stick to a budget and make reasonable choices, and going on vacation should be fine."

Colleen Lanin, the Travel Mama and founder of TravelMamas.com agrees, advising that there are easy ways to tailor a trip around your budget.

"I would suggest sticking to a budget-friendly vacation to appease that desire if you're in debt. Road trips, camping, and staying with friends and family instead of booking a hotel may be the way to go!"

Kristin Addis, founder of Be My Travel Muse also encourages travelers to consider the type of debt that they have and how much control they have of their debt before they decide to book a trip.

"Credit card debt is very expensive," Addis explains. "It might be better to pay that off first. But for those with student or home loans, I think as long as those are adequately getting paid on time it's still important to travel and enjoy your life."

Take these steps as you consider if you can travel while in debt

1. Assess your debt

Take stock of your debts to see how much you're currently paying per month and the status of all your debts.

"While getting into debt is not wise, and caution is needed so you don't restrict yourself further, I still believe bringing joy into your life and creating meaningful memories is the point to it," Caz Makepeace, co-founder of Y Travel Blog says. "I recommend making cuts in other areas of your life that don't provide as much joy and purpose instead. Be conscious of your financial situation and make smart choices that help you balance paying down the debt with also enjoying your life."

2. Know your limitations

If you're spending more than 10% of your monthly income just to cover your minimum credit card payments, it may be best to wait.

"Setting up a clear, detailed budget is essential," says Josh Bender, founder of Travel with Bender. "Even though it's tempting to travel beyond your means, getting into debt will not help in the long run. Instead, it pays to spend more time in destinations that have a cheaper cost of living. Also consider the month you're travelling. Being patient will keep more money in your wallet, and you can still have the same amazing experiences."

3. Set up a vacation savings plan

Review your budget to see how much you can afford to save for vacation.

Find expenses that you can cut back or cut entirely at least temporarily so you have more money to save for your trip.

Assess your total monthly savings or savings per paycheck and then set a date for your trip accordingly. Be realistic: With inflation at its highest level in four decades, this may not be the year you want to go big.

"Inflation has had its effect on airline costs, increasing by roughly 25% in the last year alone." Says Alex Gillard, founder of Nomad Nature Travel. "People are naturally going to be looking for deals. Instead of going to places they have always wanted to go or perhaps places they have traditionally gone, a lot more people are going to be staying closer to home and making plans based on where the discounts are."

Pay off credit cards faster so you can get back to enjoying life to the fullest.

Don't wait to pay off your balances

When you get home from your trip, there is one final thing you can do to ensure you aren't paying for your vacation for the rest of the year: set a plan to pay off any credit card debt.