



CREATING PROSPERITY BY CONNECTING INVESTMENT OPPORTUNITIES TO INVESTORS

INVESTORS' CORNER

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“Borrowing for” or “Investing in” a Vacation. Beware and Be Smart!

The rays of the sunlight danced against the glistening waters of the infinity pool as I reached across the table for the chilled glass of freshly squeezed fruit punch. The medley of fruits ignited my taste buds as my mind mulled the decision of whether to go jet skiing, kite surfing, snorkeling or just to relax on the beach chair and soak in some more of the sun! Indeed, who wouldn't want to be struggling with such decisions! After all, we are in the summer months where work slows, traffic jams are forgotten and the kids are at home to play. Your well-needed rest and relaxation to rejuvenate from the stress of work awaken you and your family to take a break and unwind on some well-anticipated vacation trip.

Such vacation trips can be very pricey, especially if you are bringing the kids. Flight costs, accommodations expenses, restaurant costs, spending on activities; they all pile up to one big expense that most time than not is hard to afford. This may force you to take out a loan to fund your vacation. A lot of times, families are faced with such a decision, is it wise for me to take out a loan to fund this vacation trip? If you have to ask yourself that question, it means then that you cannot afford the vacation! So, to answer your question, it is a resounding NO; it is never wise to take out loans to fund a vacation. Some of the reasons I will list here:

1. The total loan repayment will, of course, be higher than the initial money you will borrow because of the interest that is charged over the tenure of the loan.
2. Vacation loans are unsecured loans and thus are charged a substantially higher than a normal interest rate.
3. The loan will increase your debt load and the monthly payments going forward will strain your monthly budget.

So as much as you need your downtime, it is not a good idea to fund it with a loan; because you may be forced to be repaying that loan, months or even years after you have returned from the two-weeks of vacation fun. Instead, here are a few tips that you can use to reduce the likelihood of a vacation loan and still give you the chance to take the well-needed rest you and your family deserve:

1. Start an investment account that is solely for your family vacation trips and transfer money into that account each month. If you do not have a lot of extra money, look to see where in your monthly expenses you can cut back on spending so that you can save towards the vacation trips.

2. Use credit cards that reward you with miles or perhaps use fun miles that might be able to reward you with trips on Insel Air. Ensure, however, that you pay off your credit card bill every month and in full or this strategy may not work.
3. Affordable vacation trips are possible with the right planning. Set up alerts on accommodation and travel website, that will send you a message if cheap or affordable fares become available.

With the right planning and approach, family vacation trips will not only bring great memories to last a lifetime but will also not break the bank/your wallet. If you start with a vacation fund now, I am confident that you can be financially ready for that awesome vacation next summer.

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