



How to travel with a home loan

The lure of a good breather and exotic lands has a powerful pull on us. Yet for many homeowners, travel becomes a mere memory, as the responsibility of home loan repayments and the thought of building more debt can put the kibosh on big holiday plans. A long weekend camping up the coast becomes the destination of choice, rather than exploring Vietnam or travelling Italy.

But let's face it, if you wait to pay off your home loan, you'll be missing the best travel years of your life – for both yourself and, if you have kids, your family too. It's when memories are created and bonds are built.

So to help you enjoy the present, even while you're working towards the future, here are some tips on how you can travel with a home loan as luggage.

Work out a budget and put aside money for travel

The first thing to do is take stock of your finances. Getting a budget together will help you see just how much you need to cover your home loan repayments and costs of living, and from there, how much cash you can potentially put aside for holidays.

When working out your budget, be sure to properly account for all your expenses. Calculate how much you would spend on average each week, then add your regular annual, monthly and quarterly payments – mobile, Internet, pay TV, credit card, insurances, utilities, car rego and expenses and, of course, your home loan.

On the surface, this little exercise could put you off taking a holiday forever. But actually it will help you make a plan and create room in your budget for travel.

Using your home loan to save for a holiday

Once you've done your budgeting and created a savings target, use a separate account for your travel money. This way it won't get swallowed up by your everyday expenses and you can watch your travel savings build.

A great way to do this is to use your home loan with a redraw facility as your holiday piggy bank. It not only separates your savings from your everyday account, but also gives you the added bonus of helping you save on home loan interest.

You can either add lump sums to your loan, or increase your repayment amount each month – which will also help set up a regular holiday savings pattern.

When you've saved enough and you're ready to take off, you simply redraw the extra repayments and off you go.

Start planning well in advance

With your home loan repayments and all the other costs of living, saving for this holiday may take a little longer than it used to when you were an excited, backpacking teenager. So start planning your holiday about a year out, to give yourself more time to save.

Avoid taking on additional travel debt

If your holiday saving isn't going as well as you planned, it's tempting to think about putting some things on a credit card, or even taking out a personal loan. But it really is best to pay for as much of the holiday as you can from your savings, as taking out more debt will only add to your list of expenses and costs when you return, which could put a dampener on any plans of future holidays.

Travel within your means

Can you afford to be away for a month or two, or even longer, travelling from country to country? Probably not. Not unless you're thinking of renting out your house.

Look at keeping your trips between two weeks to a month instead and pick out bucket list destinations you really want to see. You also need to be realistic about your accommodation options. Luxury can be very enticing, but not if you can't afford it.

If an overseas escape looks out of the question, explore our backyard. Australia is an amazing place, full of varied destinations. Many of which you probably haven't seen. And many within a couple of days' drive.

Other ways to travel for less

- Travel in low or shoulder season. The destination is the same, but the prices can be halved and it's usually not as crowded. But do keep an eye out for common low season problems – like cold rainy winters, or monsoon and wet months.
- Check out travel sites regularly for special flight and accommodation offers and to save money try to fly mid-week (rather than on the weekend).
- Pick a place where the cost of living is low and the exchange rate favourable. You can stay in Greek island beachfront hotels, for example, from as little as \$30 a night and eat and drink in the tavernas for peanuts (or olive pips as the case may be).
- Explore the myriad of affordable accommodation options, from home stays and B&B's with shared bathrooms, to Airbnb room rentals, home exchanges and family rooms in hostels. They will help you save, while also giving you a better chance to meet the locals.

If you have significant equity in your home, another option is to use some of it to help fund your holiday – especially if you're finding the saving option is not working for you.

Source: *ING, June 2019*

We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.



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