

## 5 routes to blowing your vacation budget

Avoid a vacation-spending hangover



You know the little voice in your head that says, “I work hard, so I deserve this”? It’s just one of the psychological games we play that can get us in financial trouble on vacation.

Donna Skeels Cygan, author of “The Joy of Financial Security” and president of Sage Future Financial in Albuquerque, New Mexico, says you should slow down and plan a vacation that fits your personal goals and values. Chances are it will be less expensive and more meaningful than the trip you book in a hurry at top dollar just because you suddenly need to get away.

“You can’t throw all common sense aside and not think about the fact that you’re blowing your budget,” Cygan says.

Obviously, vacation is a nice time to recharge and relax, and you can’t do that if you worry about money. “It’s not important that you do something elaborate,” she adds. “Experiences are far more important than things.”

Read on for five budget-busting vacation lies and advice on how to find true happiness during time off without going broke.

## You're too envious of friends' vacations



Following in the footsteps of our neighbors or friends when we can't afford to is a common but potentially serious mistake, says Brad Klontz, financial psychologist and associate professor at the Kansas State University Institute of Personal Financial Planning.

“Unfortunately, making financial decisions in this way can be destructive, as they may not fit with our financial reality,” he says.

Cygan says it's more important to experience time with family than to keep up with the Joneses. So, before heading out on holiday:

Have a family meeting to discuss specific activities.

Review past vacations to discover which ones had the most meaning for your family, so you can get the most out of your time away.

Take into account everyone's wishes, and plan activities accordingly. That way, all family members feel they have a stake in the success of the vacation and forget about what the neighbors enjoyed.

## You feel entitled because you work hard



Believing you “deserve” a vacation you can’t afford because you are a hard worker or good person is a symptom of deep-rooted beliefs about finances that make it difficult for us to separate our self-worth from income and spending, says Klontz.

While it’s OK to feel entitled to a treat, Cygan says, don’t treat yourself to a blown budget. “We do work hard; we have chaotic, hectic lives, so vacation is very, very important,” she adds. “I’m all in favor of vacation, but maybe the two-week trip to Europe can happen every two years instead of every year.”

Shorter, more frequent breaks might also eliminate the stress of having to tackle a big pile of work when you return from a long vacation.

And because part of the fun of getting away is in the planning and anticipation, says Cygan, mini vacations could provide more enjoyment throughout the year. Taking just one big trip every year or two leaves you at risk of feeling the big letdown after it’s over, coupled with the dread that it’s a long time until the next one.

## You think high price means more joy



“Money and happiness are very tightly correlated in our culture,” says Cygan, adding that while you don’t have to be overly frugal on vacation, a little self-control can be very satisfying. “Staying on track and knowing you’re on track with your finances brings tremendous joy and happiness.”

Those bursts of spending that are meant to give us a thrill typically cause us to feel the opposite in the long run. “Other than an immediate buzz for some, spending is not associated with lasting happiness,” says Klontz. “In fact, it can lead to financial stress, which is associated with depression.”

His research finds that those who spend in order to find happiness, solve problems or buy freedom often wind up with lower income, lower net worth and higher credit card debt.

Envision how you want to feel after your vacation and what you want to get out of it, says Cygan. If you want to feel happy and rested, driving to your hometown to visit old friends or planning a family reunion at a lakeside cottage might be some inexpensive ways of accomplishing that.

## You succumb to vacation impulse buying



We've all fallen victim to impulse spending. During vacation, the temptations multiply.

"We tell ourselves we're on a break from our lives and that we don't have to be financially responsible," says Cygan. "I think of it the same as trying to eat healthy but wanting a doughnut."

Overcoming the impulse means determining a budget limit ahead of time and sticking to it. Spend time around the hotel pool or take a hike in the mountains or on the beach, where the temptation to buy won't be in your face.

A less hectic schedule also will help by forcing you to live in the moment instead of trying to keep to a packed schedule of activities because that's what you think vacations are about. By taking it easier and not rushing from one thing to the next, you'll be less prone to sudden impulses.

"The key is to put some time between your impulse to spend and your buying behaviors, during which you can weigh the pros and cons of your purchase as well as the consequences," says Klontz.

You think you can buy better memories



It can be a real challenge to pass up all the souvenir shops and extra side adventures that are little more than photo ops, especially when kids are involved.

“I agree family time is very important, but you can have a fabulous vacation and rich family time that doesn’t correlate to extreme spending,” Cygan says.

Families can skip tacky souvenirs that will only become dust-catchers and opt for less expensive mementos, such as: vacation videos they shoot themselves; photo montages created online or in an old-fashioned scrapbook; or that one meaningful keepsake -- maybe a unique seashell found on an evening walk on the beach, or a handmade, local craft.

These often evoke more lasting memories than a vacation shopping spree -- or, for that matter, a big-budget dinner or extravagant pampering at the resort spa. As Cygan notes, “Credit card debt is not a nice reminder of vacation.”

Read more: <http://www.bankrate.com/finance/smart-spending/vacation-budget-1.aspx#ixzz3B-heII8Nf>