

How to Save for Vacation as a Parent

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While family vacations can be costly, there are ways to enjoy them without compromising your budget—plus, vacation planning can be an important lesson in financial literacy for kids.

By Bridget Shirvell October 19, 2021



Vacations, whether just days spent a few hours' drive away, a month spent exploring a city across the world, or somewhere in between, shake us up, reset our balance, provide a thousand teaching moments for kids. Of course, travel—especially with children—is both important for kids' growth *and* a huge luxury.

"Saving for a family vacation can feel like a daunting task when trying to balance competing interests like extracurricular activities for the kids or even just paying the basic bills," says Myriah Lipke, a certified financial planner with Pennsylvania-based Stone Pine Financial Partners.

A survey conducted by IPX 1031 found that the average vacation budget was \$2,470 per year. That, unsurprisingly, is an increase from 2020, but it's also an increase from 2019—when, according to Bankrate, more than 25% of Americans said they would not take a summer vacation because they could not afford one. Yet, while family vacations can be costly, there are ways to enjoy them without compromising your budget; plus, if you involve the kids in vacation planning, it can turn into an important lesson in financial literacy.

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"One of the best ways to teach kids about finances is to talk about your financial management with them," says personal finance expert and founder of [LogicalDollar](#), Anna Barker. "They don't have to know about how you spend every cent, but making it an open topic of conversation can set really solid foundations in terms of how they manage their own money in future. And this includes the process of saving for your vacation."

Here are the steps financial experts say families should take when planning a vacation, be it two days away camping or a whole [week at Disney](#).

Establish a budget, a goal, and a timeline.

"Too often, people are saving for a vacation and have not put together a budget to know the actual cost of the trip," says Holly Wolf, who sits on the board of [Berkshire Advisors, Inc.](#)

Besides hotel fees and airline tickets or gas, make sure to account for the costs of food, tips, car rental, admission charges, and extra money for incidentals and treats in your vacation budget. Then, break the total down to a weekly or monthly savings goal.

Automate.

Open a separate vacation savings account with automated monthly transfers of a fixed amount. This will allow you to keep track of your savings for your specific goal, and you can add all of your spare change once a month to the savings account.

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Review your spending.

The more you're aware of your spending habits, the better you can control them. Lipke recommends taking your credit card or bank card statement and sifting through each transaction line-by-line.

"You're looking for two things," says Lipke. "One, recurring charges you forgot about for services you rarely use, and two, spending items you know you can easily live without. Perhaps you subscribe to multiple streaming services and rarely use one or two of them. The idea is you cancel the service and then allot that dollar amount to be automatically transferred into your vacation savings account each month."

Use points.

If you use (and pay off) your credit card, consider racking up points to use toward your vacation; however, financial experts say you should not go into credit card debt to get points.

Get the kids involved.

Consider telling your kids you're saving up for a vacation; then, keep them engaged in the process. For instance, if they're begging for a takeout Thai night, ask them if they'd like the money to go towards drunken noodles now or towards having pad thai at a restaurant near the beach house you're planning on renting next month.

"By showing them how making a good financial decision now can lead to rewards later like their vacation, they'll learn both how to appreciate the vacation itself along with some wider financial Lessons," says Barker.

Besides takeout, you can involve your kid in turning off lights, kicking the thermostat up or down a few degrees to save on the electricity and gas bills, and explaining how that saves money—that can then be put towards vacation savings. Wolf suggests picking one or two savings focuses for each month so that it doesn't feel overwhelming (but also so these savings, such as reducing the heat, become a habit).

Related: [Here Are the Ways You Save on Disney Travel When Booking with Costco](#)

Make it visual.

Depending on the age of your kids and their personalities (and yours), a visual savings tracker placed somewhere central, such as on the fridge, can help your kids understand and get involved in vacation savings.

"As more money goes into the family's vacation account, the kids can take turns coloring it in with the goal that, once it's completely filled in, it's vacation time," says Barker. If your kids are younger, you could always do this with a "travel jar" where your kids can get an idea of how much you've currently saved.

Talk about the ongoing savings process.

Once a month over the dinner table, you could remind your kids of the total amount needed for the vacation, how much you saved last month, and how much there is to go. You could then discuss with them what worked in the previous four weeks (as well as what didn't) and see if they have any ideas of how your household could save more next month.

"By keeping the conversation positive and open, you'll help them feel involved in the overall savings process while instilling some great financial practices that they can take forward, long after the vacation is over," says Barker.

Be flexible, creative, and enjoy.

Finally, remember the ultimate point of the family vacation is to enjoy your family. If family vacation plans change because of an unexpected expense, a weather issue, or some other reason, try to be flexible and creative—or even [plan a staycation](#).

"I have had to alter our family vacation plans from time to time," says parent, financial planner and founder of the investment advising firm Amplify My Wealth, Alissa Krasner Maizes. "When pivoting to a staycation, I recommend each family member share their wish list of things to do at home and locally. Some of those memories have been the vacations that my children have spoken about the most; children are grateful to have family time, no matter the expense or experience."
