

Vacations tend to come with baggage: Credit card debt

Anita Balakrishnan, USA TODAY 10:03 a.m. EDT June 29, 2015



(Photo: Fuse, Getty Images/Fuse)

Summer is time for a well-earned vacation — except some have earned it more than others. Almost half of people are jetting off without saving enough in advance, according to a new study.

Forty-six percent of people said they paid for a vacation by credit card when they didn't have enough saved, according to a survey by credit data monitoring company [Experian Consumer Services](#).

The study found that travelers, especially young people, tend to blow their budget and rack up debt on vacation. And for the more than 80% of people who vacation regularly, according to [FatWallet](#), there are steps you can take so temporary freedom doesn't add to your worries when you return.

"You don't want to come back with two weeks' worth of memories and two years' worth of debt," said Becky Frost, education manager for Experian Consumer Services.

The study, which surveyed 1,000 adults online in the second week of May, found that 49% of vacationers accumulated credit card debt when traveling, and 68% go over budget. For younger travelers, the behavior was even more risky. Fifty-two percent of [Millennials](#) came home with credit card debt, and 72% reported going over budget.

A separate study by [BMO Harris Bank](#) last year found a similar pattern. In that study, 32% of 18- to 34-year-olds said they were planning to put a vacation on credit, compared with 16% of 34- to 54-year-olds and 25% of those 55 and older.



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The most common sources of credit card debt in the Experian study: hotels and airfare, followed by entertainment and dining. Frost, who is planning her own vacation, said knowing the common sources of splurging can help travelers plan better.

"The majority of people face unexpected costs whether you budget or not," Frost said. "That helped me add more to what I'm saving. It also makes me think twice. If I face an unexpected cost, is that me going into 'vacation mode' with my money, or truly a cost I can't avoid?"

The most important thing, said Frost, is to make a payment plan in advance. Otherwise, you risk lowering your credit score by going over your recommended credit utilization (30% of your limit) or missing a payment.

"Credit usage doesn't equal debt," Frost said. "But if you do incur debt, make sure it's for something you'll still enjoy while you're paying it off at home."

Mackey McNeill, author and personal financial services provider, encourages her clients to think of the big picture when planning.

"Ask yourself, 'What's the purpose of this vacation?' Freedom, connecting with family, escape?" said the author of *The Intersection of Joy and Money*. "If you put it on your credit card, that's going to add worry to your everyday life."

The [National Endowment for Financial Education](#), a non-profit for financial literacy, offers some additional tips for avoiding unexpected travel costs in their blog, [Smart About Money](#) (<http://www.smartaboutmoney.org/Your-Money/Daily-Decisions/Money-Saving-Tips-Before-and-During-Your-Vacation.aspx>): Set up automatic bill pay when you are gone to avoid late fees, pack a cooler of snacks and meals for the road and beware of extra hotel fees.

TRAVEL TIPS:

- If you've already saved up for your vacation, consider using a travel rewards credit card for your trip. That's what Mackey McNeill, author of "The Intersection of Joy and Money," does. But pay off the whole balance as soon as you return.

- If you're not saving, get started. But rather than pledging to save hundreds per month and setting yourself up for failure, McNeill suggests setting an automatic transfer into a savings account. Start as small as \$5 a week. Skip a latte or two and work your way up.
- If you're in debt: Set a goal to be debt-free before worrying about vacations, said McNeill.

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