

7 WAYS TO

Save for a Vacation



After enduring a long winter filled with shovels, snowplows, and salt, you may find yourself daydreaming about a getaway to somewhere warm during spring or summer break. As you imagine yourself on sandy beaches with sunscreen in hand, the reality of vacation costs might bring you back to earth.

But don't worry, you don't need to be wealthy to enjoy a fantastic trip. With some smart planning and budgeting, your dream vacation can become a reality. Here are seven money-saving tips to help you get closer to your ideal escape.

01

CREATE A TRAVEL FUND

To set aside money for a trip, consider opening a travel fund separate from your current savings account. A high-yield savings account is a good choice for starting a travel fund. It is a type of savings account that pays higher interest rates than a traditional savings account. In some instances, the pay could be up to 15 times more than the national average of a standard savings account.¹ The compounded interest that the account has can enable you to reach your saving goal even faster, making your money work harder for you.

02

SET A VACATION BUDGET

Your travel costs will vary depending on where you go, where you stay, and what time of the year you travel. Therefore, you should create a budget that lists the likely costs that will arise during your trip. For example, you might want to go to Sardinia in July and stay at a five-star hotel. Knowing that the summer is the peak season, hotel and flight prices will likely be more expensive than they would during the off-season. You should also account for meals, souvenirs, and activities on your trip such as visiting museums, going on water excursions, or doing a food tour. After itemizing and totaling your vacation expenses, set that as your budget for the trip.

03

ESTABLISH A SAVINGS GOAL

After opening a savings account and setting a budget, you should think about what your savings goal should be. According to Fidelity, Americans spend an average of 3% of their annual pretax income on vacation.² Below is an example of how long it would take to save \$3,600 or 3% of your pretax income if you made \$120,000 a year.

| Month | Amount Saved |
|-----------|--------------|
| 1 month | \$300 |
| 3 months | \$900 |
| 6 months | \$1,800 |
| 9 months | \$2,700 |
| 12 months | \$3,600 |

04

TAKE ADVANTAGE OF FINANCIAL WINDFALL

When you receive a financial windfall, such as an inheritance, annual bonus, birthday money, or proceeds from selling an asset, consider allocating some of those funds toward your vacation. However, it's crucial to establish goals and avoid acting on impulse. If you have significant debt, prioritize paying it off before using the windfall for a vacation. Consulting with your advisor in such situations is always a wise decision.

05

MAXIMIZE YOUR CREDIT CARD'S REWARDS AND POINTS

Many travelers believe that accumulating credit card points and miles over time is the best strategy to get flights and hotels at reduced or no cost. However, this might not be the best approach in the current environment. Post-COVID-19, many major airlines have devalued their credit card programs by reducing benefits like complimentary lounge access.³ This has frustrated frequent flyers, as they now have fewer ways to leverage the rewards from their spending.

Additionally, some hotel chains and airlines have increased the number of points needed to book trips. For example, a stay at a five-star resort that required 22,000 points in 2021 might now cost 27,000 points. With these changes becoming more frequent, travelers should use their points and rewards as soon as possible to avoid losing out on opportunities.

06

CONSIDER A BUY NOW, PAY LATER PLAN

Several "Buy Now, Pay Later" (BNPL) providers have partnerships with airlines, booking agencies, and cruise lines. A BNPL plan allows customers to purchase an item without paying the full amount upfront, instead paying in installments over a specified period. These plans are often interest-free, making them different from credit cards. They have become particularly popular with Gen Z and Millennials who prefer to avoid credit card debt or have limited credit history. This can be a viable option for younger travelers.

07

BE FLEXIBLE WITH TRAVEL DATES AND DESTINATION

The easiest way to pay less for a vacation is by being flexible with your travel dates. Airline and hotel prices fluctuate based on supply and demand, and the number of flight options available to a destination. If you can choose any date within a season or any week in a specific month, you can often benefit from discounted fares. Google's flight search tool allows you to explore fares to destinations worldwide, providing the cheapest dates within a month or season. For adventurous travelers without a strict destination in mind, this tool can help explore less touristy locations.

Final Thoughts

Implementing these money-saving tips can help you save for your trip and get the most value for your money. If you need assistance with budgeting for an upcoming trip, please reach out to your advisor to set clear savings goals.

¹ National Rates and Rate Caps | FDIC.gov. (2025, February 18). <https://www.fdic.gov/national-rates-and-rate-caps>

² Up, up, and away! Saving for a vacation. (2024, July 30). <https://www.fidelity.com/learning-center/personal-finance/saving-for-vacation>

³ Staples, A. (2025, February 13). Delta walks back some of its lounge access changes with American Express cards – but is it enough to restore their value? CNBC. <https://www.cnbc.com/select/delta-walks-back-lounge-access-benefit-cuts-on-amex-cards/>