

Four tips for your unused vacation fund due to COVID-19

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OTTAWA -- An Ottawa money coach says the COVID-19 pandemic is a chance to re-evaluate your vacation goals and spending plan for trips this year and the future.

Travel restrictions between provinces and at the Canada-U.S. border will force many people to cancel their travel plans this summer domestically and internationally.

With Mayor Jim Watson and Ottawa Tourism hoping you will enjoy a staycation this year, **Janet Gray of Money Coaches Canada** says you can splurge on a staycation while evaluating your short-term and long-term travel goals.

"Take some of that vacation money and make a decent mini-staycation throughout the summer," said Gray in an interview with CTVNewsOttawa.ca.

"Then you still have some money left aside to either continue in your vacation plans next year or use that surplus vacation money as your emergency fund."

Gray notes the delayed vacation may cause you to evaluate where you want to travel, how much you want to spend and who you want to travel with.

Whether you are planning for a dream vacation overseas or a summer vacation with the family, Gray recommends saving money through the year to pay for the trip.

"Find out what the cost is, and then say how much can I put towards that cost," said Gray about analyzing the cost of the trip and avoiding going into debt to pay for it.

"Say its \$12,000, if you can save the \$1,000 a month towards that, you can go in a year. But if you can only save \$500 a month towards that, then it's going to take two years to get that savings amount."

Now, if you saved up for that dream vacation this summer and cannot decide what to do with the vacation fund, Gray has some advice for your unused money.

"Leave the money there, but rethink it all. Maybe your version of your vacation has changed, maybe the people you want to take with you has changed. Just revisit it and move forward accordingly."

If you are debating whether to use the vacation fund to cover other expenses during the COVID-19 pandemic, Gray recommends:

"You need to divide up your money as much as you can and go back and revisit – 'do I have enough there or do I need to borrow (from my vacation fund)?" Gray said.

"If I have a car repair, that kind of comes up first, so I need to borrow from my vacation money."

Money Coaches Canada's Janet Gray has four tips for spending your unused vacation fund this year:

1. Do nothing. If the money was intended for savings, leave it there until you are able to travel again.
2. If you have credit card and other debt, use the vacation money to pay down debts with expensive interest costs. Only then should you start saving for a vacation.
3. Maybe you need to focus on having short-term savings for the next emergency. An emergency fund could offset some of the unexpected effects from a job loss, car repair or home emergency.
4. Half-and-half. Plan a thrifty staycation in 2020 for some of your savings and use the other half for an emergency fund for the family.