

UNDER\$PENT

10 top tips to survive unexpected expenses and avoid 'debt-lag'

Earlier this week I was *#stuckinBali*. Whilst it was novel, for a while, to use the smuggest hashtag in Twitter history it was also frustrating – conflicting information, hour long waits in call centre telephone queues and rebooked flights being cancelled. When we left Bali some people were on their 7th day of being 'stuck' and others had been told they'd have to wait another 7 or even 9 days for an available flight. All of this is expensive. It cost me more than \$2,500 to buy a new flight via Jakarta and Singapore and to pay for additional accommodation.

Last week the Brisbane Times reported that more than 200,000 people who use their credit cards to pay for overseas holidays take at least 1 year to repay their debt and 2 million people pay interest rates of 20% on their holiday credit card debt. Apparently 4% of overseas travellers experienced unexpected medical bills. So what can we do to survive unexpected expenses and avoid 'debt-lag'? Here are my 10 top tips:

1. **SAVE!** Save up first. My mum used to save £5 (\$10) every week to pay for our annual caravan park holiday in Cornwall. It was simple - we never went on holiday until we had the cash to pay for it.
2. **Have a contingency fund** – When I've saved up enough money for a holiday I then start saving money for my contingency fund - a reserve of money set aside to cover possible unforeseen future expenses.
3. **Budget** – Draw up a realistic budget for your holiday and stick to what you can afford. In my book *Underspent* I explain how I used to save my pocket money for our annual family holiday. My mum would empty my money box and tell me to either divide my total savings by the number of holiday days or to choose carefully and buy the one thing I really wanted on the last day of our holiday. I once waited all week to buy a one-person inflatable boat!
4. **Emergency savings** - I put \$500 into an 'emergency' savings account every single month simply because no one knows what's around the corner or what will happen next. In June I ended up in hospital having emergency surgery. With no wages and endless hospital bills I was thankful to have some money *under the mattress*.
5. **Insurance** – It doesn't cover natural disasters or severe weather events but I never leave home without it. I've broken bones twice and been grateful for my insurance covering the unexpected hospital costs.
6. **Carry some cash** – I always carry US\$50, AUD\$50 and £50 in cash wherever I go.
7. **Pre-pay** – I use a pre-paid travel card for spending on holiday and keep my credit card in reserve for emergencies and unexpected expenses.
8. **Emergency supplies** – Always carry emergency supplies of what you need. Lots of people in Bali were travelling long distances and paying extortionate amounts of money for medical and sanitary supplies.
9. **Pay by credit card for protection, but pay off your credit card in full as soon as you get your bill.** Last year I went on a horse riding holiday in Queensland. Two people ended up in hospital on the first day - one in intensive care. The operator had made us pay by cash and refused to provide receipts. I'll be honest 14 months on I'm still bitter the owner is refusing a refund.
10. **Create meaningful connections...** despite the frustrations, delays and stress about unexpected expenses people in Bali made friends, they shared advice on twitter, shared updates with strangers in restaurants and hugged those who needed consoling. It's often in times of strife that people create meaningful connections.

What do you do?

If you enjoyed these tips and want more, I'm available for conferences, presentations, workshops & school assemblies

Buy my book. *Underspent* is 85 pages of help, advice and information in e-book & Kindle formats. Price \$2.99 or £1.92

I've intentionally made it inexpensive, so that even the people with the smallest budgets can afford to buy it. Buy from Amazon, Barnes & Noble, Kobo, iTunes or <http://www.cyclingrachelsmith.com/buy-books-services-speaking/>

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