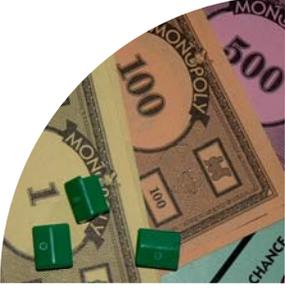


THE COST OF LIVING

YOUR FAMILY'S GUIDE TO MONEY



BEATING THE CREDIT CRUNCH

You don't need to be a financial expert to know that times are a little tougher for families across the UK. In the twelve months to August 2008, petrol prices rose by more than 17p a litre, and diesel rocketed by more than 27p. At the same time, food prices – even for basics like bread and milk – have steadily gone up, while gas and electricity bills have gone through the roof.

With this kind of inflation, the cost of feeding, clothing, transporting and housing a family is heading skywards. Without a pay rise or some savings in the bank, all but the most carefully managed family finances could soon unravel.

But salaries are staying put as long as our employers also feel the pinch, and not everyone has savings to draw on – so how do you ride out the current climate and enjoy family life without getting yourself into debt?

That's the question we've set out to answer in this e-book. In the next five chapters we'll talk you through the finances of your home, car, borrowings and savings, holidays (well, everyone's got to relax), and the other bits and bobs that make up family life. For each, we examine the biggest costs families face, and the biggest savings they can make. There's advice, top tips, and examples of families who've made great money-saving changes.

How do you enjoy family life without getting into debt?

True, it's not an easy time for family finances, but with a bit of careful budgeting, and the advice and examples contained in this e-book, we hope you'll beat the credit crunch, and be in even better shape when it's over.

CHAPTER 4

HOLIDAYS



Holidays are a great way to relax, have fun and experience new cultures. But all too often they work out more expensive than you planned – adding to stress levels rather than reducing them.

Fortunately, thanks to the internet it's now possible to save significant amounts of money on all aspects of a holiday, from hotels and flights to holiday insurance and car rental.

CHOOSING YOUR HOLIDAY

Use the internet to research, plan and book your holiday. You can compare prices for the different parts of your trip using general sites like **Expedia.co.uk**, **lastminute.com** or **ebookers.com**.

Price-comparison sites like **traveljungle.com** and **travelsupermarket.com** will scour hundreds of travel sites to find the best prices on rooms and flights. As ever, be wary of unscrupulous websites. According to consumer group **Which?**, a good website should tell you exactly what's included in the price, offer a secure booking page, have understandable terms and conditions, be cheaper than phoning or booking in person – and have a good FAQ section to help you solve any problems.



If you're asked for personal or financial information, look for a padlock symbol next to your browser's address bar, and a web address that begins with "https://" rather than "http://". If you've got doubts about trusting a site, don't use it.

FLIGHTS

For short-haul trips it's often hard to beat the prices offered by low-cost airlines such as Easyjet or Ryanair. To see where you can fly to from your local airport, try sites like **lowcost.com**, **whichbudget.com** or **oag.com**. To compare prices for your chosen route, log on to **Skyscanner.com** or **Dohop.com**.

However, 'no-frills' deals aren't always the cheapest. Prices change very quickly, especially closer to the departure date, so check out the bigger national airlines. Prices vary between airports, too – it may be cheaper to fly from an airport a little further afield, but check travel and parking costs before booking.

To get the best price **Which?** recommends that you:

- Book early to get discounted flights and hotels.
- Are prepared to travel at unsociable hours for cheaper deals.
- Are flexible about hotels and resorts – you may find late bargains for unsold holidays.
- Consider taking weekend breaks from Saturday to Monday, rather than from the more popular (and expensive) Friday to Sunday slot.

BEWARE OF HIDDEN CHARGES

Baggage

After you have booked your flight beware of hidden travel costs such as baggage charges. There isn't a standard baggage allowance, although 20kg is common for the bags you check in. Some of the budget airlines charge for each item of luggage checked in.

Taxes

Check that websites are clear about flight taxes and other extras such as fuel surcharges. Once all the costs are counted up, a budget airline may be no cheaper than a big carrier like British Airways. New EU legislation means that, **by the end of 2008, airlines will have to explain clearly all charges** and advertise the true all-in cost of the flight.

Location, Location

It sounds like an obvious question but is the airport you're flying to near the place where you are staying? Some destinations have more than one airport. Cheaper airlines sometime use minor airports that are much further away than the main destination, costing you extra in car hire or other transport costs.

ACCOMMODATION

For the best deal try the websites of the main hotel chains – Holiday Inn, Best Western or Ibis, for example – and then compare their prices to online agencies specialising in hotels (e.g. **hotels.com**, **all-hotels.com** and **laterooms.com**). Don't limit your search to a particular price or star rating as you may miss out on special offers. Once you've found a hotel you like it's worth checking if it's mentioned on one of the many hotel review sites. These offer unbiased reviews from travellers. Some of the best known web sites include **Tripadvisor.com** and **Venere.com**.

OTHER MONEY-SAVING HOLIDAY TIPS

Holidaymakers can also save money by choosing locations where the cost of living is lower – such as Turkey, Croatia and Bulgaria – and by using alternative UK airports to the biggest ones, according to Bob Atkinson, travel expert at **travelsupermarket.com**.

“With the growth of low-cost carriers and the development of charter services, you can now travel from many local airports to those sunshine destinations and cities around the Mediterranean and Europe,” he says.

“If you are on the South Coast, why not consider Southampton or Exeter as an alternative to London. Leeds, Liverpool and Blackpool can be great alternatives to Manchester, and Coventry can act as an alternative to Birmingham and Luton. Not only will you find a surprising choice of destinations, but also you will find quicker check-ins, less queuing and, often, lower fares to the sun.”

CASE STUDY

With a 13-year-old son and nine-year-old daughter, Gill (34) and Jonny (32) have to plan their holidays around a pair of active and inquisitive kids. They've saved money in the past by spending a summer fortnight driving around France and Spain, alternating between the adventure of a campsite and the comfort of the occasional hotel, but they've recently been able to afford a couple of holidays to the US.

"A big mistake we made first time we flew as a family was waiting to change money at the airport," says Gill. "It wasn't until we got there that we realised we could get better rates on the high street.

"We've since learned that the best way to keep holiday costs in check is to plan ahead. When we go to Europe we use guide books and the internet to research the dates of local festivals, and we make sure to take one in.

"It's a great experience, with a chance for the whole family to get lost in local food, language and culture, but it's normally pretty cheap – as long as you can find somewhere to stay.

In the States, the family picked up tips for getting the best out of a theme park visit.

"We'd heard that it's best to avoid US holiday dates," says Jonny, "but we quickly worked out that the best way to avoid crowds at a big park is to arrive either very early, or later in the day.

"Eating out's cheap in the US, but it's expensive to eat at the big attractions. We drop into a supermarket and load up on picnic food and drink – you can knock up sandwiches for just a few dollars, and they're better for you and the kids than non-stop fast food!"



YOUR MONEY ABROAD

Foreign Exchange

Compare deals in the UK before exchanging currency. In April, **Which?** contacted 15 companies, including banks, travel agents, Marks & Spencer and the Post Office, to find how much it would cost to buy US \$500. Although all offered commission-free currency, the cost still varied by almost £15.

Credit and Debit Cards

The cheapest way to get cash abroad is from a cashpoint with a debit card. However, most banks will charge a handling fee for making cash withdrawals in this way, so try to avoid making lots of withdrawals for small amounts. Nationwide and Citibank currently both offer fee-free debit card withdrawals from overseas cashpoints.

Using a credit card to get hold of cash whilst you're on holiday should really be something you only consider in an emergency. Handling fees tend to be much higher – typically up to 3%, you're often charged a higher APR for cash withdrawals (around 24%) and you sometimes have to pay interest straight away on the money you withdraw.

With the expansion of the Visa, Cirrus and Mastercard networks it's easy to use credit and debit cards to make purchases in shops, hotels and restaurants all over the world. Be aware however that most credit cards charge an extra fee for purchases abroad. It's known as a "foreign exchange loading fee" and is typically 2.75%. In addition, most debit cards also charge a handling fee of about £1.50 per transaction.

You can cut your costs by using a credit card that doesn't charge extra for foreign purchases. Find out more by using a price comparison website such as confused.com, gocompare.com or moneysupermarket.com.



**GET THE BEST DEAL ON YOUR FLIGHT
AND HOTEL BY USING TRAVEL
WEBSITES**

**TRAVEL AT UNSOCIAL HOURS TO GET
A BETTER DEAL**

BOOK EARLY IF POSSIBLE

**AVOID USING CREDIT CARDS ABROAD
- USE A DEBIT CARD INSTEAD**