

A holiday liability

"PAYING in advance for 5-star holidays while we can afford it makes sense as it is about the monthly amount of a car loan and for future use when we will be retired, but this is NOT investment."

Wise words! This time I agreed with hubby. So we turned down the generous offer to pay now and enjoy inflation-capped holiday in luxurious resorts worldwide the next 25 years.

We stayed in the lavish beautifully-appointed 3-bed, 3-bath Royal Suite with our private pool of a 5-star resort in Phuket. Very relaxing indeed, courtesy of the owner.

The deal was to get hubby and me to invest about RM196,000 to have the privilege of staying in such luxurious resorts the next 25 years. The promise was enticing as we would be holidaying in the future at today's prices, based on how the holiday is run on points system.

► Holiday liability?

The deal breaker was having to pay up-front either in lump sum of RM196,000 or interest-free installments up to 10 years; it did not seem like saving costs on future holidays. It felt like getting another mortgage. A liability. With bills mounting from raising three kids below 13, this is no holiday at all.

► Inflation vs investment

Capping holiday inflation sounds amazing and the numbers do support it. It is a savings of more than RM327,000 at today's prices over 25 years. However,



Cheong Wai Quan is a Success Concepts Life Planners consultant.

No matter how enticing a vacation ownership programme is, you may want to invest elsewhere.

luxurious holidays are choices, not a necessity.

By putting RM196,000 into an asset class that grows at 10% annual compounding interest, this investment can grow to about RM2.3mil after 25 years. The 10% interest can certainly mitigate any holiday inflation and the trip choices are more flexible.

If you have less time to grow the fund, say 10 years like we do, put the monthly installment of RM1,600 into a fund that appreciates 10% and we can still grow it to slightly more than half a million of R&R money.

Giving up a paid-up 5-star holiday for the rest of your life is not so silly if you can make your investment appreciate faster than inflation. This is holiday without liability!

The writer can be contacted at info@successconcepts.biz



Illustration by HAFIDZ MAHPAR