

## Best Way to Finance a Cruise

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A photograph showing the wake of a cruise ship on the ocean. The water is a deep blue, and the wake is a bright, foamy white trail that stretches from the foreground towards the horizon. The sky is a mix of yellow and orange, suggesting a sunset or sunrise. The text "Get More Cruise for Less Money by Financing It" is overlaid in large, black, sans-serif font.

# Get More Cruise for Less Money by Financing It

Many believe that the best way to finance a cruise, or any non-essential short-term purchase, is to not finance it. To pay cash. But there can be good reasons to borrow money for a cruise — both personal and even financial.

[Find personal loans for cruises](#)

## The best things in life aren't things

More and more we have come to cherish experiences rather than material goods. This is not just an idle observation; there's research to support the change in public attitudes.

"Nowhere is this shift in priorities more immediately evident than in travel, at its heart an industry inherently based on experiences." explains a 2018 report from Expedia and The Center for Generational Kinetics. "Baby Boomers are entering a stage where 'less is more,' while younger generations, particularly millennials, are leading the charge in placing a newfound value on experiences, more than things."

In fact, according to the study, 74% of us value experiences rather than things.

The research shows that "in the shift towards valuing experiences over material products, travel makes an impressive showing. More than half of all Americans say they are saving specifically for travel, with millennials leading the charge. Travel is a common way for all generations, regardless of age, to spend their disposable income."

In a society where much of the economy is based on consumer spending, changing attitudes which value experiences over stuff represent real challenges to the established financial order. In a broad sense, it's good to have lots of consumer spending – such spending represents about 70% of the gross domestic product. On the other hand, borrowing to pay for experiences now needs less justification, it's an okay thing to do.

[Related: Personal Loan Interest Rates \(How to Pay Less\)](#)

## Finance your cruise to *save* money

Suppose you and your significant other want to take a cruise next year, but you don't have the money. And let's imagine that you want a very, very nice one that takes a couple of weeks and costs \$6,000 per person. You'd have to save \$1,000 a month before you can afford the cruise in 12 months.

But what if you reserve that cruise now? Take a look at sites like CruiseCritic.com and CruiseCompete.com. They have flash sales a couple of times a year, and if you can pay right away, the savings are significant.

Or check out individual cruise lines. Chances are they have some special offers for those willing to commit to a cruise a year in advance. For a luxury trip to Alaska, for instance, booking a year out gets you two-for-one fares. And a few extras like unlimited Internet service and beverages.

Yes, the average interest rate, as of this writing, is about 10% for personal loans. But spending 10% to save 50%? Pretty smart.

## More ways to save

If you have a rewards credit card, you might even *make* money by financing your cruise. Put the upfront deposits on your rewards card. Then pay it off with a personal loan before the higher interest rate applies:

- Price of cruise: \$12,000
- Discount for early payment: \$6,000
- Value of beverage and internet packages: \$500
- Cash back from rewards card at 1%: \$120

In this example, paying for your cruise upfront with a personal loan gets you \$6,620 in discounts and rewards. And your personal loan payment (10% interest rate) of just \$528 will clear a \$6,000 balance before you even start your cruise.

[Related: Personal Loans Beat Credit Cards for Large Purchases](#)

## Advance planning

One thing you might want to consider, if you commit to a cruise in advance, is travel insurance. The further ahead you book, the higher the odds that something could derail your vacation plans. So you might want to take some of that savings and use it to insure your cruise fare, planes tickets, hotels and such.

## Borrow money for a cruise

There are a number of questions to consider when you do the financial planning for your trip.

First, there are cruises and then there are CRUISES. If your idea of travel involves first-class everything then your financing options might be very different from someone who is okay with informality, hostels, and backpacks.

Second, the cost of a cruise is more than the expense of a ticket. You have to get to the port where the ship is located. This may require a plane. You might want to get in a day early so think of a hotel stay. If you drive you have to be able to park your car safely. There are meals and other costs along the way.

Third, whatever you borrow must be repaid. Cruises are great, but you don't want to borrow so much that you have an uncomfortable financial burden when you return. Affordability is important.

On board, there can be additional expenses for shore excursions, the spa, and meals at specialty restaurants. If you gamble, set a daily loss limit to avoid overspending. The expenses add up. Be sure you have enough cash and credit to have a good time.

You may NOT want the ease of having your charges automatically billed to an account or credit card. If overspending is an issue, opt for an all-inclusive experience or put yourself on a cash-only budget that can't be broken after a couple of margaritas.

## **The best way to finance a cruise**

There is no best way to finance a cruise. Instead, you need to look at your finances and preferences and then see what form of financing works best for you. Here are some of the options to consider.

### **Cash to cruise**

The quickest and easiest way to fund a cruise is to pay cash. This way there are no worries about loan applications, interest costs or repayment expenses. And you can still take advantage of discounts if you have the ready money.

### **Credit card cruising**

If your limit is high enough, you can simply put the entire expense of a cruise on a credit card. This is a convenience but you'll pay in the form of steep interest costs. Don't rely on a low minimum payment, unless you want to still be paying for your cruise decades later.

[Related: What Is a Personal Loan, Unsecured Loan or Signature Loan?](#)

### **Personal loan for a cruise**

A personal loan is a form of unsecured financing. The lender sets your terms based on your credit and income. Because the loan is not secured, the interest rate is higher than a mortgage product. In most cases, your interest rate and payment are fixed. terms commonly range between one and five years.

Personal loan interest rates average about 10% but can run as low as 6% and as high as 36% as of this writing. If you borrow \$10,000 at 6% interest over five years the monthly cost is \$193.33.

You should probably finance your cruise over the shortest period you can afford. Not only do interest rates drop when the term is shorter; you avoid owing for one cruise when you are ready to take a new one. Here is what the repayment looks like for a hypothetical \$5,000 cruise loan:

<b>Loan Amount:</b>	<b>\$5,000</b>				
<b>Interest Rate</b>	<b>5%</b>	<b>7%</b>	<b>10%</b>	<b>13%</b>	<b>15%</b>
<b>1 Year Payment</b>	<b>\$428</b>	<b>\$433</b>	<b>\$440</b>	<b>\$447</b>	<b>\$451</b>
<b>3 Year Payment</b>	<b>\$150</b>	<b>\$154</b>	<b>\$161</b>	<b>\$168</b>	<b>\$173</b>
<b>5 Year Payment</b>	<b>\$94</b>	<b>\$99</b>	<b>\$106</b>	<b>\$114</b>	<b>\$119</b>
<b>7 Year Payment</b>	<b>\$21</b>	<b>\$29</b>	<b>\$42</b>	<b>\$54</b>	<b>\$63</b>

## Cruise on your mortgage

You can finance a cruise by borrowing against the equity in your home, typically with a home equity line of credit (HELOC). Such extensions for credit can amount to tens of thousands of dollars and even more. Interest rates for home equity financing are typically far lower than credit card debt.

HELOCs do have a couple of disadvantages. First, they usually come with variable interest rates. Second, your repayment, if you just accept the minimum payment, can take many years. Even at a lower interest rate, extending repayment can add thousands to your interest costs. And because they are mortgages, there is always the risk of foreclosure if the loan becomes unaffordable.

[Compare personal loan interest rates](#)