How much will it cost ?

Description

The main (and one could say the only) thing that worries me in the move we are making is the issue of (obviously) Money. Like anyone else I have some pretty serious issues with money especially with the fear that one day it will simply run out. It is absolutely clear to me that this fear even if unreasonable, is natural and based on some primal fears, but still I just cannot get rid of it.
Thousands and tens of thousands of words have been spilled across the net over how can such year be planned financially. Most of them from people who traveled and experienced the costs involved in such a journey. Currently I have no pretense to advise anyone how to really get prepared for it before I even set one foot in East Asian. I can only put my two cents in how we got prepared for this year financially. Did we plan well? Will we be able to afford it? Time will tell.

Budget plan
To know how much it costs to live in the East we must first decide on the destinations, because every one of them has different living costs. India, for example, is much cheaper comparing to Thailand. Also in Thailand touristic areas (especially the Thai islands) are more expensive than the less touristic areas. Since I come from the business world it is convenient for me to use the terms of this world. The budget is divided into two categories: Ongoing (Expenses) and assets (Investments). Expense budget consists of all costs required to keep us alive and in reasonable conditions: accommodations, food, transport from place to place and various insurances. Theoretically if we wanted we could sustain ourselves only with the Expense budget. But then whatâ€™s the point? Why did we do the whole thing? This is exactly why we plan the Assets or Investments budget. Of course these are not physical capital assets or yielding investments. Itâ€™s more of mental assets designed to enrich our soul and our family. They are designed to create the Experience for which we did the whole mess.
For the two types of budgets we have some level of control. Controlling expenditure budget is lower, but exists. For example we can choose a place to settle in that would be cheaper (say India), but it could never be a zero budget. We will always have the basic minimal needs of food and home.
The investment budget is however in full control. We are not obliged to issue a visa or purchase flight tickets. I am not obliged to have a diving course. However, we are not planning to travel all that distance for nothing. Not at all. On the contrary. But that does not mean to party freely and irresponsibly without being sure that we are able to finish the year broke. Just need to manage these matters carefully.

So what are the costs we are planning?
A reasonable estimate of the average living costs in the east consists of:
550$ accommodations â€“ renting an apartment on a weekly or monthly basis to reduce costs significantly.
700$ food
100$ local transport (excluding flights)
50$ Miscellaneous (laundry, haircut, pharmacy â€¦)
And the most fun â€¦ insurance:
50$ Social Security
200$ travel insurance â€“ expensive but essential.
65$ life insurance
75$ home insurance (the one with the mortgage)
60$ private health insurance

Total 1850$

These are the minimal costs for living, excluding trips, flights, visas or fees for touristic sites. The amounts are taken from various sources and from surfing the web. For example NUMBEO â€“ a website that compares living costs around the world.
We refer to these amounts as accumulated, meaning that the annual budget is precisely 22,200$. If it happens that a particular destination allows a reduction of costs (e.g. lower housing costs or reducing transport costs) we can keep more budget to more expensive destinations, or save it for the hot touristic season. Even the track is flexible and will vary accordingly. For example, if in Ko Tao we exceed the budget in 300$ we will find a destination where weâ€™ll stay in for a month in which the costs are 300$ lower.

Investment budget is another story. I believe the sum of 20,000$ should serve us to: flights, visas, diving course, hiking, parks and so forth. Taking into account that flight from and to Israel were already paid for, it is certainly a decent amount to allow us fully experience all the places weâ€™ll visit.

Our budget is directly derived of the goals of our journey. We have not set a target to run like mad rats in as many countries and touristic sites as possible. Not at all. Our goals are â€“ to rest, to befriend as a family, to experience an alternative way of life and to absorb, especially â€“ to absorb the unfamiliar and unusual. We want to get something that will remain with us, all of us, for the rest of our lives. Given these goals, weâ€™re going to be pretty stationary. Slowly wander here and there. We will not do the classic backpacking trip. We are less interested in that. These terms allow us a reasonable non-stressful budget.
And, of course, of course â€“ keep the buffers. Additional funds aside just in case that â€¦

Next â€“ we have a plan. Terrific. How we make sure we do not exceed the budget.

Category

1. Money
2. Preparations
3. Selected Posts

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