

HOW MUCH WILL CRUISING COST *YOU*?

by

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Most people go cruising when they decide they have enough money to buy and fit out the boat and finance the cruising kitty. But we have met crews aboard boats that cost less than \$30,000 who spend less than \$8,000 per year while cruising. We have also met crews aboard boats that cost several million dollars who spent well over \$100,000 per year. Given this range, how much will you need? Too many people spend what they “have to” on the boat and use whatever’s left to go cruising. All too often that means spending more than was necessary for the boat and cutting the voyage short when funds run low. Given that many inexpensive boats safely complete major voyages every year, a better approach is to allocate money to the cruising kitty first and then decide how much boat you can afford.

To help you determine how much money you will need for whatever voyage you are planning, this article takes a look at the cruising budgets for three hypothetical boats: *Simplicity*, *Moderation*, and *Highlife*. The numbers for each boat have been based upon the detailed financial records of more than a dozen crews who generously shared their budgets with us. These people cruised aboard boats ranging from small and simple to large and complex, and their budgets were grouped and averaged to come up with the figures that follow. Our three hypothetical boats differ in terms of size and complexity and in terms of the financial situation of their crews as follows:

•***Simplicity***. This 33-foot, 30-year old cutter carries good ground tackle, one suit of sails, a hard dinghy, a self-steering vane, a GPS, and little else. Susan and Simon Simplicity recently finished PhD programs in Australia and plan a few years of adventure before settling into their careers. Their resources, to put it kindly, are limited. They make every dollar count and think twice and even three times about every expenditure.

•***Moderation***. This 13-year old, 40-foot catamaran crewed by a British family of four carries all the modern equipment for sailing, navigation, and steering, along with a basic range of conveniences including refrigeration and a watermaker. Michael and Molly Moderation and their two children, Mindy and Max, have far more resources than the Simplicitys. They’ve saved for more than five years and set aside a large cruising kitty, however, they have to live within a strict budget or risk running out of money.

•***Highlife***. This 8-year old, 52-foot ketch crewed by a retired American couple is fully equipped with the most up-to-date sail handling, communication, navigation, and safety equipment. In addition, she carries almost all of the luxuries available: A watermaker, generator, freezer, refrigerator, air-conditioner/heater, washer, dryer, trash compactor, microwave, TV/DVD with plasma screen, satellite telephone, and more. Hugh and Hilary Highlife’s retirement income comfortably meets their onboard living expenses, and they have additional money available for discretionary spending.

Their expenses can be broken into three broad categories: Living, boat, and discretionary. The following sections discuss these categories in detail. By understanding how each crews’ budget goes together, you will be able to come up with a good approximation of what you will spend cruising.

LIVING EXPENSES

As shown in Table 1, provisions and entertainment account for around two-thirds of living expenses on all three boats. Around \$4,000 in living expenses is the absolute minimum we have heard of to keep body, soul, and boat together, with the vast majority of that spent on food. Like the Moderations, most crews get along reasonably well on around \$12,000 per year, though they have to make some tradeoffs to stay within their budgets.

Table 1. Average annual living expenses by category

	<i>Simplicity</i>	%	<i>Moderation</i>	%	<i>Highlife</i>	%
Provisions	3,055	55	4,851	39	9,776	34
Entertainment	697	12	2,187	21	8,450	29
Marina/mooring	316	6	1,475	12	3,752	13
Communication	419	6	996	8	2,481	9
Fuel	344	6	661	5	1,562	5
Officials/fees	180	3	687	6	614	2
Other	570	10	1,158	9	2,219	8
Total living expenses	5,581	100	12,414	100	28,854	100

Provisions consist of anything purchased to be eaten aboard plus paper goods, cleaning supplies, and toiletries. Local fish, meat, produce, and dairy products are usually inexpensive. The cost of everything else in this category varies widely and in remote places prices can easily double or triple. To keep food costs low, the *Simplicities* and *Moderations* eat what the locals eat and avoid imported luxuries. *Highlife* carries convenience and luxury goods such as frozen blueberries, gourmet coffee, and pre-packaged mixes along with fresh and frozen meats. If the *Highlives* run short of something in Tahiti, one of the most expensive places in the world for food, they go ahead and buy it. *Simplicity*'s crew fill the boat where it's cheapest and buy only market produce and government-subsidized foodstuffs in French Polynesia.

Entertainment includes any off-boat activity including cook's night out, an island tour, or a safari in South Africa. Entertainment is the most discretionary of the living expenses, so the money allocated to it tends to increase with the size of the budget. Even the crew aboard *Simplicity* spends some money seeing the places they have worked so hard to reach, though they do it in the least expensive way possible. They only eat ashore when it's cheaper than eating on the boat, and sightsee from a rental bicycle, a local bus, or their own two feet when they hike and camp inland. The crew aboard *Highlife* eats dinner ashore once or twice a week. When they reach a new area, they rent cars to explore the surrounding countryside and visit nearby tourist attractions. On several occasions, they have put the boat on the hard and spent several months traveling. With four people and a limited budget, Michael and Molly Moderation will spend money on entertainment only if they're sure they have a bit extra. They use their entertainment dollars to travel inland using trains, buses, or a rental car.

Marinas/moorings cost the most in Europe and the U.S. and can easily exceed \$2 per foot per day. We paid roughly \$1 per meter per day for long-term stays during the winter months in Chile, Western Australia, and New Zealand. *Simplicity* has managed to anchor out almost all of the time, with the exception of South Africa where good anchorages don't exist. The crew on *Moderation* found it hard to avoid marinas in certain parts of the Med, and they always leave the boat in a secure marina when they go traveling. *Highlife*'s crew leaves the boat on the hard when they travel extensively or fly back to the States, which is less expensive than leaving her in a slip.

But the Highlives also spend time in marinas after making landfall to get the boat back in order and whenever visitors join or leave them to make it easier to get luggage on and off the boat.

Communication has gone through radical changes in the decade we've been out cruising. Staying in touch on a weekly basis now costs almost nothing at all, but if your goal is to remain connected from the boat by phone and e-mail at all times, you will spend a great deal of money. The Simplicitys do e-mail on average once a week through Internet cafes ashore, but may go a month or more without contacting their families. International phone cards that charge less than 10 cents per minute allow them to call home once every six weeks or so. *Highlife* is equipped with an HF radio and a Pactor modem, and her crew uses SailMail over the SSB bands to send and receive short e-mails daily. They do e-mail ashore a couple of times a week, and they use phone cards to call their families once a week. For offshore, they carry a satellite phone capable of letting them make calls from anywhere in the world and downloading weather over a very slow link from the Internet. The crew aboard *Moderation* also relies on their HF radio, but Molly has a ham license that allows them to do e-mail free from the boat. They also use Internet cafes ashore on a weekly basis to update their website and for school research projects for the children. The frequent e-mails and the website keep them in close contact with family, but they still call the grandparents once a month using inexpensive phone cards.

Fuel includes anything purchased at a fuel dock—diesel, gasoline, oil, transmission fluid, and water. On most boats, diesel fuel accounts for ninety percent of the expenditures in this category. Over the last decade, diesel has averaged about \$2 per gallon worldwide (~50 cents per liter), but prices can be expected to average double that for the foreseeable future. *Simplicity's* crew only uses the engine for getting into and out of anchorages where they can't sail. The Moderations run their engine an average of an hour and a half a day for charging and refrigeration. They try to be frugal with engine use otherwise, but they do occasionally motor or motor sail in light or contrary winds. *Highlife* requires diesel for the generator as well as the engine and one or the other runs an average of two to three hours per day. Her crew motor sail whenever their boat speed drops below four knots on passage.

Officials/fees consist of all expenses for harbor dues, clearance fees, visa fees, and transit fees for the Panama/Suez Canals. The transit fee for boats less than 50 feet in length is now \$600, and other fees can bring the total cost to \$1,000. While *Simplicity's* crew does everything possible to avoid these fees, they still end up spending a couple hundred dollars a year on various costs related to clearing in and out and obtaining visas. *Moderation* transited the Panama Canal this year. The \$750 they spent increased their average costs to the highest among our three crews. Except for that, *Highlife's* crew would have the highest costs in this category because many fees, such as clearance costs and harbor dues, are linked to boat size.

Other includes miscellaneous items such as clothing, laundry, haircuts, batteries, non-prescription medications, books, magazines, charts (paper not electronic), cruising guides, non-boat hardware and household items, and anything else that doesn't fit in one of the other categories. The exact composition varies a great deal from crew to crew, as do total expenditures. Most of what the Simplicitys spend goes toward obtaining adequate charts and guides for their next cruising area. *Moderation's* crew spends about a quarter of the money in this category on charts and guides each year. With two growing children aboard, they spend more on clothes, haircuts, and laundry than average. The Highlives spend the most on charts and guides, about a third of the total in this category. They also buy books and magazines regularly, need large amounts of batteries for their electronics aboard, and spend more on clothing, haircuts, and non-prescription medications than the other crews.

ANNUAL BOAT EXPENSES

How much you spend on the boat while you're voyaging depends upon a number of factors including the boat's size and complexity, the material it is made from, its level of upkeep, whether or not it is insured, whether or not you are constantly upgrading systems, how much of the work you do yourself, how much passagemaking you do, and whether you cruise in a warm climate or a cool one. The smallest, simplest boats take, on average, somewhere around \$1,000 per year to keep them sailing safely. At the other extreme, brokers selling boats over 50 feet say you will need to budget an amount equal to annual depreciation – on average about 10 percent of the cost of the boat per year over the course of a ten-year voyage – to maintain the boat's resale value. While many cruisers we know with complicated boats between 50- and 60-feet scoffed at that in their first few years when their boats were brand new or newly refit, most of them came around to that point of view in the fifth or sixth year after a major overhaul. Our three crews spend between 25 and 30 percent of their total budgets on boat-related expenses. Table 2 shows how each crew allocates their spending between insurance and maintenance.

Table 2. Average annual boat expenses by category

	<i>Simplicity</i>	%	<i>Moderation</i>	%	<i>Highlife</i>	%
Boat insurance	368	18	1,473	24	9,000	41
Boat maintenance	1,655	82	4,499	76	12,889	59
Total expenses	2,023	100	5,972	100	21,889	100

Boat insurance for full offshore and foreign coverage usually costs between 1.5 to 2 percent of hull value, depending on the specific coverages and the deductible. Even for this price, very few insurance companies will cover damage from named tropical storms. For anyone who insures a boat valued at over \$200,000, insurance becomes a significant part of the total budget – up to 10 or 15 percent – which explains why many cruisers choose not to carry boat insurance.

Highlife is fully insured by Lloyd's of London with a moderate deductible and excellent coverage for items like the dinghy and outboard, the most common things to be stolen from cruising boats. At 14 percent of their total budget, boat insurance is the third largest item in the Highlives' budget. The Moderations cannot afford to lose the boat, as it represents far too much of their net worth. But given their lack of experience, the premiums for full offshore coverage were beyond their means when they first left. They started off with a good policy for third-party and liability coverage, and relied on that during their cruising in the Med. They weren't insured crossing the Atlantic, but when they got to the Caribbean they were able to get a policy from an American insurer that covered them coastally throughout the Caribbean islands and along the east coast of the US. By the time they reached the Panama Canal, they'd done enough sailing that they qualified for one of the experienced liveaboard programs, so they will be fully insured as they cross the Pacific. *Simplicity's* crew cannot afford insurance except where it's required. They had to have liability insurance in Australia in order to be able to stay in marinas, but since then they've been uninsured.

Boat maintenance includes any investment to maintain the boat's condition or to repair, fix or replace worn fittings or equipment. To minimize maintenance costs, simplicity is the key. But even the simplest boat requires some investment each year. The Simplicitys haul the boat every year at the least expensive place they can find and do all the work themselves. But they still find it hard to get away with spending less than \$500. They also seem to have one major expense each year. They bought a new spinnaker in South Africa when they blew out the one that came with

the boat in the Indian Ocean, and they rebuilt their thirty-year old engine when they got to the New York before heading up the Hudson River and the Erie Canal.

The Moderations do as much of the work on the boat themselves as they possibly can. They haul the boat as needed, averaging about once every eighteen months. *Highlife's* complex systems require constant maintenance, a steady supply of spare parts, and, all too often, expensive marine professionals. The Highlifes haul the boat whenever they leave it to travel, and they organize most of the work around that time, doing about a quarter of it themselves and hiring out the rest.

DISCRETIONARY AND ONE-OFF EXPENSES

The expenses in this category are hard to generalize about and reflect the individual decisions of each crew. Some of these expenditures are truly discretionary, for example, the purchase of souvenirs and gifts. Others, such as health insurance or travel home, would be considered essential by some and discretionary by others. Still others cannot be avoided but also cannot be predicted, like health care costs for a sudden illness. Finally, some costs fall into this category simply because they need be paid only once a year, like the expense of a storage unit or the cost of home schooling course materials. The easiest way to discuss this category is to see what our three crews have spent as shown in Table 3.

Table 3. Detail of discretionary expenses by category

	<i>Simplicity</i>	%	<i>Moderation</i>	%	<i>Highlife</i>	%
Health insurance/care	0	0	2,180	43	4,623	36
Travel home	0	0	1,237	24	6,100	48
Souvenirs/gifts	150	100	435	9	1,268	10
Home schooling fees	0	0	1,200	24	0	0
Storage unit	0	0	0	0	720	6
Total discretionary expenses	150	100	5,052	100	12,711	100

Simplicity's crew cannot afford any discretionary spending, though they have occasionally purchased souvenirs as gifts for family and friends. The Moderations had budgeted for gifts, souvenirs, post cards, and other trinkets to stay in touch with the rest of their family and close friends, but they had not budgeted for any other discretionary expenses. As British citizens, they have adequate health coverage in the U.K. and reciprocal coverage in EU and Commonwealth countries. But before they set off up the east coast of the United States, they joined Trans-Ocean, the German cruising club, and signed up for their health insurance coverage. This increased their discretionary costs by \$2,000 per year. They had not intended to travel back to the U.K. during their voyage, but at the end of their second year of cruising Molly's father was involved in a car crash in London. Molly flew back to England for six weeks to help her mother cope with the situation.

The Highlifes never even considered setting sail without insurance. They negotiated free US health coverage when they took early retirement from their company until age 65 when they become eligible for Medicare. In addition, they purchased a limited international health plan that costs about \$3,500 per year for the two of them with a \$2,500 deductible. In the last year, they have also incurred close to \$1,000 in health care costs not covered by either policy. *Highlife's* crew travels back to the States each year to spend Christmas with their children. Once in the States, they rent a car and spend some time in hotels; these costs are included in Table 3.

TOTAL COST OF CRUISING

Table 4 summarizes the total amount each of these three crews has spent annually. It's almost impossible to spend less than *Simplicity's* crew without cutting corners on boat maintenance or nutrition. On the other hand, some cruisers do manage to spend more than the Highlifes. Adding one paid crew to the Highlife's budget could easily take it over \$100,000 per year. *Highlife's* cruising expenses do include many luxuries not found in most shoreside budgets such as travel to exotic places, restaurant meals several times a week, and regular adventures like whitewater rafting and horseback riding. Most cruisers live very comfortably on a budget similar to *Moderation's*.

Table 4. Summary of average annual expenses by type

	<i>Simplicity</i>	%	<i>Moderation</i>	%	<i>Highlife</i>	%
Living Expenses	5,581	72	12,414	53	28,854	45
Boat expenses	2,023	26	5,972	25	21,889	35
Discretionary Expenses	150	2	5,052	22	12,711	20
Total expenses	7,754	100	23,438	100	63,454	100
Target annual budget	8,000		20,000		60,000	

None of these crews or their boats will exactly replicate your situation. But by comparing their budgets and adjusting them to reflect your expectations and your financial situation, you will be able to construct a realistic estimate of your cruising expenditures. And if you find that you want to spend a lot more than you have, take another look at *Simplicity*. Cruising can be significantly less expensive than living ashore, so long as you're willing to leave some of your shoreside comforts behind when you go.