

# Buying Your First Home: Saving Tips That Will Get You There

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Buying your first home is an exciting journey that immediately has you daydreaming all the memories you, your family and your friends will create within those walls. In choosing your first home, it is very important to discover which one will be the right one for you but, with a wide array of options including scale and price, it may seem very intimidating. In the end, what will matter most is what sacrifice you are willing to make in order to save towards achieving your ideal home. By making a solid financial plan that includes a budget that you manage and adhere to, once you are finally signing your contract and that home becomes officially yours, all the sacrifices made will be well worth it. So, how can you be a better saver and achieve your savings goal in order to secure that first home? Here are a few simple and effective suggestions to help you:

## 1. Know Your Budget

The first step toward saving for a down payment on a home is to know how much home you can afford. The amount of money you'll need for a down payment will vary based on your personal situation and the purchase price of your new home. Research the price range of the type of home you're looking for by visiting real estate websites to view the value of homes in the neighborhoods you like.

## 2. Understand Your Expenses and Calculate Your Debt-to-Income Ratio

Review your gross monthly income and how much of it you currently spend on regular bills and expenses (rent, utilities, loans, car payments, credit card debt). Tracking your spending by writing it down is a great way to see where your money goes every month. Generally speaking, your future housing expenses (i.e. mortgage payment, property taxes and home insurance) must be no more than a third of your monthly income.

## 3. Set a Goal

Once you have an estimated budget for your future home, calculate the minimum and maximum down payment amounts and set yourself a reasonable and attainable goal. Target an amount you want to save for your down payment and include a timeline for the amount you wish to save, affixing an actual date for realisation of this savings objective. Set up a new and separate 'home deposit savings account' just for this.

## 4. Reevaluate Current Bills

A great way to save for a down payment on your first home is to find places where you can limit unnecessary spending without losing services. An unnecessary expense might be something like that extra cable package, or the gym membership you haven't used in six months which can be cut right away. However, there are things like a high phone bill which you could reduce and funnel the extra savings directly into your 'home deposit savings account'.

## 5. Set Automatic Deposits or Transfers

One of the easiest ways to save money is to set it aside where it isn't available for spending. If your employer provides direct deposit, you should be able to send part of each paycheck directly to your 'home deposit savings account'. If not, see if your bank has an option for automatic transfers, and make a standing monthly transfer to this account so that you don't even have to think about it. You can't miss it if it wasn't there to spend in the first place!

## 6. Save All "Extra" Money

However long your timeline is for saving for your down payment, promise yourself that for that length of time you'll put any gifted funds or windfalls you may receive toward that down payment. Be it a bonus from work or an NHT refund or even a cash gift, funnel everything to your 'home deposit savings account' because every little bit helps. This aids you in developing the habit of being a serious saver that will serve you well both as a new homeowner.

## 7. Match Your Savings to Your Discretionary Spending and Avoid Impulse Buys

Another good habit is to match any discretionary spending with an equal deposit to your savings account. That means if you are in the market for a new TV or new mobile phone, if you purchase either outright then you must also put the equivalent of the cash purchase price into your 'home deposit savings account'. That way, you'll not only build savings, but maybe consider your future impulse buys a little more carefully.

## 8. Talk to a Lender

The other thing you need to remember when considering your first home purchase is that there are loan programs specifically designed for first-time homebuyers, which often include low down payment options. Even if you aren't ready to buy a house today, it can be helpful to talk to someone who understands the current lending environment and the market of the area you're hoping to buy in. That way, you're not only saving for your down payment, you're preparing for what comes next.

Buying a home, especially your first, is certainly a huge accomplishment and will likely be one of the biggest investments you will make. So as you begin this journey, it is wise to seek guidance from early and to follow the recommended steps, in an effort to ensure satisfaction from saving for the deposit through until signing the contract of ownership.

Talk to a Sagicor Property Services realtor today to get started on your journey towards buying a home.

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