



7 tips to saving for your home deposit in 2021/22

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One benefit of covid is we can save more. So keep your dream of homeownership alive with these tips!

If you're trying to save a house deposit and not making progress, you might need some help. We can work together on a plan to get you there in 2021/22!

As a rule of thumb, lenders will require you to have a savings deposit of at least 5% of the property's purchase price. But, if possible, it's fantastic to have a deposit of 20% or more so you can avoid expensive Lenders' Mortgage Insurance. Here are our 6 top tips to help you grow your savings account balance:

1. **Spend less than you earn:**

Sounds simple, right? Establishing a realistic budget can really help you cut down and maybe hopefully eliminate - unnecessary spending.

It's important to be Realistic though, allow for an occasional treat when you reach a savings target as it could be just what you need to keep you motivated. There are some great apps out there to help with this too.

2. Save 10 per cent of each paycheck:

Yep, it's an oldie but a goodie, and no doubt one you've heard from your parents or guardians. So if you stick at it - you need to allocate the set amount for each pay period.

One of the best ways to do this is to open a designated savings account with a different bank to make it harder to access your money. Then transfer 10% of your net pay each pay period.

3. Meal Times:

Covid and cooking go together. Now you are working from home more, capitalise on this change by preparing your own meals. Not only will home cooking save you a packet, but it is also a great relaxer.

Try making a weekly trip to the supermarket - armed with your ingredient list, as this will help you avoid buying unnecessary items. The savings will quickly add up.

4. Eliminate the luxuries:

We know, we know. This might sound mean but eliminating or downgrading the luxuries in your life can be an extremely effective strategy for saving for a deposit.

The good part is, you don't have to forgo everything at once - why don't you try eliminating one luxury per month, bank the savings, and then move to the next? You could:

- Put your pay television or internet movie streaming subscription on hold for one month.
- Rather than drive, take public transport or ride your bike to work for a month.
- Cut back on takeaway coffee for a month.
- Skip alcohol for one month.
- Commit to not buying any new clothing for a month.

• Get yourself a 'savings landlord':

Ask your parents or partner's parents to oversee your savings plan. Ask them to check in regularly to keep you motivated and on track.

• Pay off your debt:

You'll save money this way by saving on interest repayments. It makes sense because it will increase the amount of money you can borrow and free up your hard-earned cash to use towards mortgage repayments.

• Motivation tool

Our final tip was from one of our customers who had a blackboard that they coloured in each time they deposited money into the house savings account. This spurred them on and kept their motivation up. They could visually see what they had achieved come and how little we had to go to make their dream of owning our 'next address' come true.

Don't just dream about buying a home any longer!

Take the time to set your financial goals, make a plan, and work steadily towards it.

Before you know it, you'll be looking for your Next Address!

<https://nextaddress.com.au/blog/2021-the-year-you-successfully-save-for-a-deposit>