



## How to successfully save that house deposit?

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**Saving up for a deposit can be difficult, but here are some tips to get you there!**

For the majority of the time, lenders will need you to have at least 5% of the property purchase price saved for a deposit. Ideally, you would have at least 20% or more, so that you can avoid expensive lender's mortgage insurance.

With the rising price of houses and employment crisis in Australia at the moment, this can definitely be a hard goal to reach. here are Next Address's 6 top tips to help you grow your savings account balance:

1. Right off the bat - you need to start spending less.

Be real with yourself but put together a budget plan. Calculate your necessary monthly expenses (petrol, insurance, phone bills, etc). After that, you're going to want to cut out all unnecessary expenses. By using a diary or finance tracking app - you should be able to see what you can cut out every week.

Once you find out what can be cut out, make sure you review your process every week to make sure that you're saving enough money to reach your goal. Make sure not to cut out too much at once though or else you will become discouraged very quickly when you start restricting yourself too much

You can create meal plans and buy all groceries at the start of the week, by making all of your meals beforehand then you will be less inclined to spend \$15 every morning on brunch.

Don't forget that you can treat yourself occasionally and frugally! Make good use of websites such as LivingSocial, Scoopon, and Groupon which allow you to purchase discount dinner and drink vouchers - potentially saving you up to 70% off a good time!

1. Save 10% from each pay cheque

This is an oldie but a goodie, and quite easy to do! If you have sticky fingers and can't help but dip into your savings, then you can either set up a new bank account and have the bank put a lock on it so you cannot withdraw unless it's direct from the bank teller.

Another way to save is to throw all your coins into a little piggy bank. Nothing will feel better than finally smashing it open!

A trick I found out recently is to put all of your \$2 coins into a large soft drink bottle, once its bursting full - you should have saved up \$1000!

2. Shop frugally and with a list

It's very easy to get distracted while shopping and for this reason, you should always come armed with a strict shopping list. Set yourself up with both a store rewards card, so you can shop at alternative stores to get the most savings.

Shop at stores where you will know you will find savings, especially for non-perishable items. It's always a very sound idea to buy things such as toilet paper in bulk because you are aware that you will always need them!

3. Eliminate the luxuries

I love to indulge as much as the next person, but once you start tracking your finances, you will see just how much money you are spending on such unnecessary things.

If you have movie/music streaming subscriptions - then you can either downgrade your service for some time, or get rid of it completely. Potentially this could save you hundreds over a year.

Petrol prices are unpredictable, unlike the price of public transport or even biking to work! If you live far from work, you can drive to the nearest train station, and take public transport the rest of the way - allowing for your petrol to last for longer, saving you heaps of money!

4. Get yourself a 'savings buddy.'

If you have a trusted person (i.e. parents, or best friend, etc.) You can automatically transfer a set amount into their account after you get paid so they can hold the money for you.

If you don't feel comfortable with someone else holding your money, then you can have them be in charge of your savings plan. They can check-in regularly with you and help keep you motivated and on track.

5. Pay off any outstanding debts

This approach is one of the smartest moves you can make. Instead of paying heaps in interest repayments every month, it's better to pay off your debt as quickly as possible. Paying the minimum amount of \$100 on a \$5000 debt can take over 60 years when you account for all of the money wasted on interest. Instead if you pay a minimum of \$300 a month, you could be out of debt in less than two years!

#### 7. Some other extra little tips to save extra money

- Have a talk with your bank and local mortgage brokers to determine how much you should be aiming to save for your deposit - that amount will be your savings goal.
- Use a savings goal calculator to find out how much you need to save each week/fortnight/month. This will help to achieve your savings goal in your ideal time frame - stick to this!
- Set up a weekly/fortnightly/monthly deduction from your primary bank account into a high interest savings account - this way you can save first and spend later.
- Learn to haggle! Learning to negotiate will not only get you a better deal on your everyday purchases, but it will also come in handy when you need to finalise the purchase of your home.
- Get yourself noticed at work for all the right reasons. Promotions, bonuses, and pay rises go to hard workers, and that's the exact boost you will need to help reach your savings goal.
- If there aren't any career opportunities, then it might need to be time to start looking for a job that does. Or if you can handle it, you can pick up a second job on the weekends/nights and all the pay from that job can go directly into your savings.
- Sell stuff. We all have things that we don't need but are probably worth a pretty penny. Use DIY websites such as Gumtree to sell your used and unused goodies.

One last important tip - don't forget to enjoy yourself! It's so easy to fall into the trap of being so focused on saving money that you start missing out on important family and friend occasions. Sure you could save money by skipping the annual family Christmas party, but you're also missing out on great memories, and when you look back, you want to be able to reminisce on the good times, not the frugal times.

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