

case study 3: saving for your first home.

Saving for your first home

Your situation

You've been renting for a number of years and have recently finished paying off all of your debt. You now want to save money to help you buy your first home. You're willing to make some cutbacks to your spending and lifestyle to help you save more.

Let's explore some ideas to help you save for your first home.



Plan ahead

Start with the end goal in mind, research mortgages, where you want to live and what sort of property you'd like to buy. Not only will this help shape what and where you buy, this will give you an idea of the target you are working towards.



Setting your goal

Decide on your savings goal for a mortgage deposit. Remember there are other costs incurred when buying a home such as legal fees, stamp duty and survey costs.



Your savings pot

Decide where you want to save your money and calculate how long it is likely to take you to achieve your goal.

Next steps: [Click here](#) to visit the Money Advice Service to help you with these 3 steps.

Example solution

You decide that £10,000 will cover your deposit and £5,000 will cover your extra costs. You decide to not go on holiday abroad and reduce the number of times you eat out. This enables you to save £300 per month. As you are a first-time buyer and under the age of 40 you are eligible to take out a Lifetime ISA. The government will add a 25% bonus to your savings, up to a maximum of £1,000 per year, when using this to purchase your first home.

To save £15,000 at £300 per month
 $£300 + 25\% \text{ government contribution} = £375$
 $£15,000 / £375 \text{ per month} = 40 \text{ months}$

It will take 3 years and 4 months to save £15,000 (not taking charges and interest or investment performance into account). Without the government bonus this would take 4 years and 2 months.

[Click here](#) to learn more about Lifetime ISAs and watch this short video.



Always remember

Consider what, if any, investment risk you wish to subject your savings to. [Click here](#) to watch our short video to help you understand investment risk.

The information in this document is not intended to be used for financial planning and does not constitute personal advice.

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