

Tips for saving your deposit

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Saving for a house deposit can be tough, however the tips below might help you achieve your saving goals and make that move into the property market sooner than you thought.

SET A SAVINGS GOAL

Say you want to put down a 10% deposit. Work out how much that will mean in hard cash, or decide how much of your earnings you think you should be able to save. 10% of your pre-tax income is a rough guide.

KNOW HOW MUCH YOU'RE SPENDING

If you don't know what you spend, how can you know how much you can save? Make a note of everything you spend for a month or more. Not just the big items like rent, bills and groceries, but the smaller stuff like takeaways, petrol, haircuts, eBay and nights out on the town.

SET A BUDGET

To save a home loan deposit, you're probably going to have to make some sacrifices. Review your spending record and decide what you're willing to give up. Maybe you could take lunch to work instead of buying it every day or do you really need another jacket?

GET RID OF CREDIT CARD AND OTHER DEBTS

Interest rates on credit cards make this an expensive debt. Pay your cards off as soon as you can. Then get rid of any you don't need, and just keep one for emergencies.

SET UP A SAVINGS PLAN

Your take-home pay minus your budget is your 'spare' income. Give yourself some breathing room by allowing a small amount each month for those things that just come up – a dinner with friends or a pair of winter boots. Then set up the rest as an automatic monthly payment into a separate high interest savings account straight after each pay day.

FIND EXTRA CASH

You may be able to earn some extra money with a casual job, or by selling some things that you no longer need.

SHOP AROUND FOR A HIGH SAVINGS RATE

To grow your savings quickly, you need to put them somewhere where they are earning money- either in a high interest savings account, a term deposit or a First Home Saver Account. These are all relatively safe ways to invest your money. Each has their own advantages and disadvantages, so compare and choose whichever method you are most comfortable with.

BOOST YOUR SAVINGS

Tax returns, cash gifts and bonuses are all great ways to boost your savings. Don't fritter this money away – add it to your savings account.

USE SHOPPING LISTS

Control those impulse purchases and meal plan and make a list before going shopping and do not buy anything that is not on the list. Always aim to do grocery shopping after eating to avoid impulse purchases!

BECOME A BARGAIN HUNTER

If you can, buy second hand, wait for sales or try and negotiate on prices. Stay away from the department store 'interest-free' offers and try to buy cheaper online.

FIND SOMETHING TO GIVE UP

If you smoke, cut down or give up. If you go out twice a week, go out once a week. Saving just small amounts of money on a regular basis can soon add up.

BUY A CHEAPER CAR (OR SELL THE CAR)

How much is your car worth? If you are driving around in a fairly expensive car or are in a 2-car family, consider either selling a car or replacing it with a cheaper vehicle.

For saving tips, budgeting and saving calculators including an interactive budget planner visit: moneysmart.gov.au