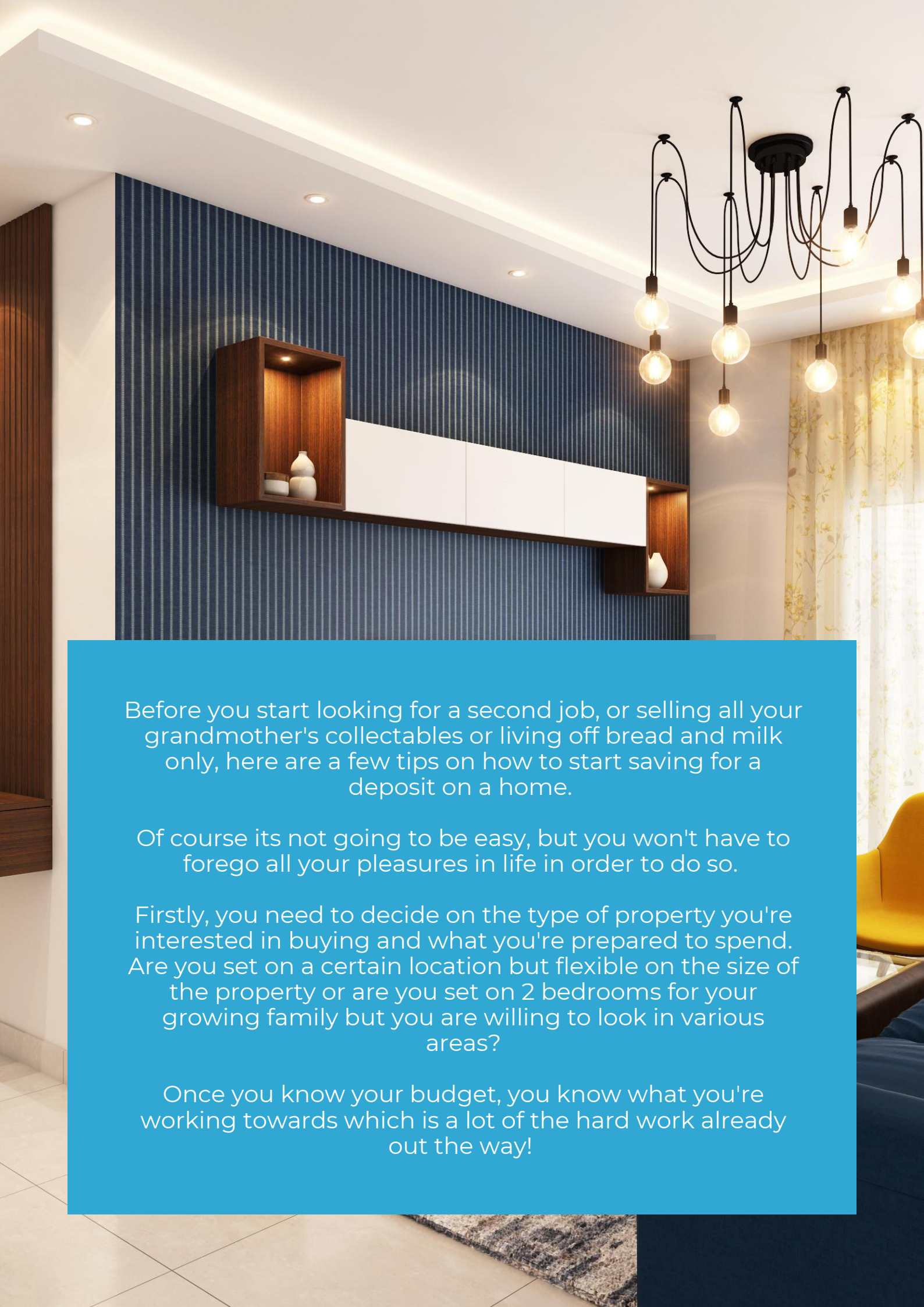




# Guide to Saving For A Deposit

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Before you start looking for a second job, or selling all your grandmother's collectables or living off bread and milk only, here are a few tips on how to start saving for a deposit on a home.

Of course its not going to be easy, but you won't have to forego all your pleasures in life in order to do so.

Firstly, you need to decide on the type of property you're interested in buying and what you're prepared to spend. Are you set on a certain location but flexible on the size of the property or are you set on 2 bedrooms for your growing family but you are willing to look in various areas?

Once you know your budget, you know what you're working towards which is a lot of the hard work already out the way!

# Set A Realistic Target

How much can you save every month? Not how much do you have left over every month, how much can you truly sacrifice or do without every month?

Transfer this into a savings account as soon as you have been paid, consider it a bill, paying off a loan, or practice for paying your mortgage. This will not only build good habits, but will help to avoid spending it.

To secure your mortgage, you'll need to have around 10% of the property price in savings.









## Reduce Your Rent As Much As Possible

What can you do to reduce your rent? Could you move in with your parents again for the time period that you are saving? Could you sub let a room to reduce expenses? Could you downsize? Could you rent a room only instead of a whole property.

If you can set yourself up so that a lot of the money you would have been putting into rent can go into your savings, you're well on your way!



# Take Out A Lifetime ISA

It's a saving scheme with benefits. The government tops it up by 25%, so if you can chip in £4,000 a year, they'll add an extra £1,000, for free!

You need to be between 18 and 39 to apply but you can keep stashing that cash away until you're 50.

There are certain conditions attached, like the home you're buying mustn't cost more than £450,000.

Otherwise, using an ISA or regular savings account is a good idea, as they offer higher rates of interest than regular current accounts.



# Cut Down On Other Spending

Keep expenses down wherever you can. Do you want to socialise with your friends? Why not have a dinner party instead of going out to a restaurant?

Cancel any subscriptions that you don't use, or that you could otherwise get for free like sharing streaming services, running or working out at home instead of paying to go to the gym etc.

Resist the urge to buy luxury clothing and fashion items and only buy what you need, when you need it.

Live your life, but always actively think, would I spend an extra £200 now, or would I prefer an extra £200 in my savings account?





## Bank Of Mum And Dad

First time buyers are often quite reliant on parents to lend or give them money for a deposit. So much so that parents are now the UK's 9th biggest mortgage lender.

Ensure that you are clear whether their money is a gift or a loan, and if it is a loan, discuss the terms of the loan with them. How soon do they need it back? Are they expecting some type of interest?





## Use A Budgeting App

Apps such as Moneybox, for example, nudge you to 'round up' online transactions to the nearest pound, and save the change. And app-based banks such as Monzo and Starling let you set spending limits.

## Consider A Government Buying Scheme

Rising house price rises are making it harder for first-time buyers to get their deposits together. So it's worth looking at some of the government schemes on offer.





## Can I Get A 100% Mortgage?

Since the financial crash in 2007, it's become almost impossible to secure a 100% mortgage. However, there are 'family offset' or 'guarantor' mortgages available.

Guarantor mortgages are where a parent or relative offers their savings or property as security, so you can borrow 100% of a home's value.

But if you default on your loan, those good-hearted folks will need to make up the shortfall, so it's not an arrangement anyone should enter into lightly.

Sit down together, talk it through properly and get independent legal advice first.



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