

# 5 WAYS TO SAVE for a Down Payment

## 1 Set a Goal

Consider what type of home you want to purchase: apartment, townhome, detached etc. Save a minimum of 5% of the approximate cost of your desired home.

$$\text{Cost of home} \times 5\% = \text{Required Down Payment}$$

Ex. The average cost of a detached home in Calgary is \$587,000. This means you will need a minimum down payment (5%) of \$29,350.

## Create a Budget

2

Calculate what your net income is and create a list of your monthly expenses. Determine which expenses are fixed and which ones are variable (groceries, entertainment, gifts, etc.) and assign a spending amount to each category starting with fixed expenses.

If your budget allows, consider adopting the 50/20/30 rule where 50% of your income is spent on needs, 30% on wants and 20% is saved.

## 3 Pay Off your Debts

If you have debt start by paying off those *with the highest interest rates first*. The faster you can do this, the more you can manage to save in interest and put towards paying off other debts.

Consider talking to your bank about consolidating your debt with a low interest line of credit.

*\*carrying too much debt can impact your chances of pre-approval\**

## Set Up Auto Transfers

4

One of the easiest ways to save is by setting up automatic transfers to your savings account. Most online banking platforms provide this function so each payday a pre-determined amount goes straight into your savings.

## 5 Utilize TFSA's and RRSP's

TFSA's and RRSP's are great ways to shelter your savings from taxes. A TFSA is a great savings vehicle that allows you to save, earn dividends and withdraw your money tax free! The catch? There is a yearly contribution limit but if you have yet to contribute to a TFSA these contribution limits is accrued!

The First Time Home Buyer's plan allows you to withdraw up to \$35,000 from your RRSP tax free to put towards a down payment. However, any money withdrawn under the First Time Home Buyers Plan needs to be paid back within 15 years of withdrawal.

