

# How to save for a house when you're renting

If you're saving for a down payment on a home, it can be discouraging to watch rent take a portion of your income each month.

So, if you're serious about homeownership, make a plan and write a budget. Calculate your monthly expenses and decide how much you can save each month. Creating this budget may reveal some areas where you can – and should – cut back in order to reach your savings goals sooner.

TD Canada Trust offers the following guidelines for renters on how to set a budget and save for a down payment:

**save for a larger down payment:**

Typically down payments range from 5-20 per cent of the purchase price, but paying more upfront could make a big difference to the amount you'll pay over time.

"Consider setting up an automatic savings plan," says Farhaneh Haque, regional manager, mobile mortgage specialist, TD Canada Trust.

If the down payment is less than 20 per cent, the homebuyer will have to purchase mortgage default insurance.

**don't overspend on rent**

Aim to spend only a portion of your gross monthly income on rent to leave a cushion to put away money each month.

**make sure your debt is manageable**

Your mortgage will probably be the biggest debt you ever take on. If you're already carrying other debts like car payments or student loans, do not take on a mortgage that makes your debt-load unmanageable. Set a budget to get your debt under control with the goal to purchase your own home. ■