

Saving More for A Down Payment

For many first-time buyers, saving for a down payment is a critical step on the road to becoming homeowners. While people who have previously owned a home often use the proceeds from the sale of their homes to finance the purchase of a new one, they also change the way they spend money, if only temporarily, in order to save it quickly.

Here are time-tested tips to help you save more.

1. Limit spending on luxury or non-essential items.

It's tough to sacrifice the luxuries you love to save for a big purchase, but you'll be surprised how much you save. Visualize your new home every time you are tempted to spend money on luxuries, like a spa day or nonessential items, or other expensive extras, and put that cash toward a down payment.

2. Spend less on entertainment. Saving money doesn't mean you have to sacrifice your entertainment budget. Instead of splurging on restaurants several times a week, cook at home or take a cooking class. You'll learn new skills and improve the ones you have, while making a great meal in the process. If you like going to movies, rent one online from M-GO (on Smart TV and Roku), which often has movies still in theaters for a lower rental rate than buying a ticket. There's always an alternative that lets you have fun while saving.

3. Cut your clothing budget. Instead of splurging on new clothes at the mall or whenever an email announcing a sale pops into your inbox, take a second to think about why you're saving money in the first place. Set aside a clothing budget at the beginning of the month—when the money is gone there's no more shopping for the month. Discipline shows real results.

4. Postpone a vacation. Many first-time homebuyers put off taking an expensive vacation while saving for a down payment. Instead of going somewhere exotic or far away, head somewhere closer for a long weekend. Or, rediscover the sites of your city or town. You'll save money and still enjoy the benefits of time away.

5. Avoid an unnecessary purchase. Do you really need a new car right now? Try to postpone making large purchases until after you've bought a home, and you'll get in to your new home that much quicker.

6. Think about a second job. If you've cut or limited your spending as much as you can and would like to save even more money, you might consider getting a second job. Brush off the bartending skills you honed in college, teach a class at your local community center or start a side gig as the neighborhood dog walker. That extra money you earn is pure down payment bonus money.

