

## Would you help your child buy their first home?

Categories : [First-time homebuyer](#), [Rebate Blog](#)

With the price of homes rising for the last few years, jobs for young adults harder to come by and the price tag of education on an upward track, it's no surprise that more and more parents are shouldering some of the burden when their child buys their first home.

A recent survey by the Canadian Association of Accredited Mortgage Professionals found that [first-time homebuyers](#) are receiving an average of \$10,000 from family members. This money is typically put towards topping up their offer in a [bidding war](#) or reaching a 20 per cent down payment so homebuyers don't need to pony up more funds for mortgage default insurance.

On average, first-time homebuyers covered 21 per cent of the purchase price, while their family helped them out with 13 per cent of the cost. Between 2010 to 2014, 11 per cent of homebuyers surveyed said they received a gift from their family for their down payment. This is up from three percentage points for first-time homebuyers in 2005 to 2009.

With the maximum amortization rate dropping to 25 years from 30 years, this means that couples need to have more money available upfront. For some Canadians, it's difficult to set aside those funds when they're balancing other financial obligations.

But is it a good idea to help?

A recent article in [Toronto Life](#) found that some 30-year-olds have some of their expenses covered by their boomer parents. Many of these couples are grateful for their parent's help since it lets them pursue other career options or gives them a chance to start investing in the housing market. Parents also want to help out since they don't see any other use for their funds.

But there's also a chance that these parents could be putting themselves into financial pickles with their assistance. [A 2013 survey by TD Canada](#) found that one in five boomers would consider putting their financial future at risk by helping out their adult children.

"As a parent, it's natural to want to help when children struggle with finances, but it's important this support does not compromise your own financial stability and retirement savings goals," said John Tracy, a senior vice president at TD Canada Trust, in a press release.

Anyone gifting money also needs to consider their own finances, but also those of the new homeowners. If the first-time homebuyers purchase property, do they have enough money to pay all the regular costs, such as the initial [closing costs](#), mortgage, hydro and water? Also, what are their personal finance habits like. Can they regularly pay off their credit cards each month or do

they only pay the minimum balance? If you aren't confident they can handle the responsibility of regular housing costs, it might not be a great idea to encourage them into homeownership just yet since you may be on the hook for more costs than you can handle later on.

Plan and [research](#) accordingly to [avoid any homebuyer regrets](#). When's the right time to buy a home differs for everyone and an [HST housing rebate](#) is one way you can save money on your investment.

Rebate4U will help you file everything you need for an [HST rebate claim](#) so you it doesn't get stuck on your list of to-do's. Our priority is to provide our clients with the most professional and quality service in obtaining rebates for their new and renovated homes. We are proud to offer our clients the most personal and attentive service, and we make sure that all of our clients are 100% satisfied.