

Starting to Save for Your First Home in Your 20's

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For those who have just finished university, community college, or a private school, things are changing more quickly than ever. It's time to start a career (and get well paid). It's time to get a new living space. And it's time to start managing and controlling money. It could be said that for the 20-somethings, it's the beginning of their financial life. And it's so true - wealth at age 30 and 40 will be dictated by financial decisions made in the 20's. It's difficult to look into the future at any age, but future financial security and independence depend on astute decisions early on.

The idea for young adults is to lay down a solid financial foundation as soon as possible. It means making smart "social life" choices, creating personal saving habits, and establishing some equity.

Where possible, try to live at home while building savings

Paying rent is the biggest monthly expense of any age. Today, average housing accounts for one third of one's income (often more). Clearly, living at home base can circumvent these costs. Family issues aside, there's no better deal. But the dollar savings could make for a reasonable sacrifice.

As an alternative, find some roommates and share housing

Living on one's own can quickly destroy a pay cheque, especially in today's uncertain real estate market. Financial advisors will always prefer saving money over privacy. And while roommates can also present challenges, the monthly money savings far outweigh any of the disadvantages.

Properly manage the monthly social/entertainment budget

Changing spending habits is difficult at the best of times. Needless to say, for the 20-somethings, entertainment and restaurants and fun times can quickly get out of hand. Here, pure discipline is required to trim expenses and exercise some control. Sometimes it's just a matter of saying NO.

Financial experts recommend BUYING a car – NOT LEASING

With all the car marketing around, many young people make bad decisions, and lease instead of buy. For one, buying second-hand is a good move. Financing a car is also wise (especially with the deals today). And while leasing seems to be so enticing and attractive, it's the worst option.

If it's possible, make additional payments on student loans

For the most part, [student debt](#) is part of the landscape these days. The idea is to pay down the debt as soon as possible. The longer debt continues, the more interest is paid, so it's shrewd to relieve the debt sooner than later. And this may require working with the lending institution.

Knowledge is power - understanding finances is valuable

Understanding personal finances does not have to be challenging - there is information galore out there and absolutely no excuse to be illiterate. In fact, sound financial know-how will make for better decision-making along the way, and will definitely set the stage for long term planning.

Planning and strategizing to purchase that first house

Many experts contend that buying that first home should be a personal goal for the 20-something generation. In principle, there's much to say for this – in practice, it's a matter of starting a house fund and committing to the discipline and self-control of turning the goal into reality.