

Raise

Saving to buy
your first home

Student worksheet



DID YOU KNOW?

"The industry group UK Finance estimates the average age of first-time buyers to be around 30 years old, and so many of those saving to purchase a house for the first time are likely to be in the 22 to 29 age group".

Source: Office of National Statistics

Activity 1

How much do I need?

In pairs or small groups, estimate how much you think you would need to provide in the way of a deposit and other costs associated with buying a new home. Initially, try to complete this activity without researching the costs to allow you to discuss what you know already. The table below will give you some guidance.

Reliable websites to check out what costs are involved are:

<https://www.moneyadvice.service.org.uk/en/articles/estimate-your-overall-buying-and-moving-costs>

<https://www.moneysavingexpert.com/mortgages/mortgage-fees-stamp-duty/>

NOTE: You could check the average cost of a first-time buyer's flat or house in your area for this exercise. Alternatively, you could use the UK average of approximately £250,000.



House Buying Costs	Approximate Amount Needed	Comments/Explanation
House deposit	£	
Mortgage Fee/Costs	£	
Valuation Fee	£	
Home Survey Costs	£	
Conveyancing	£	
Moving Costs	£	
Total:	£	

Activity 2

This activity looks at the first steps towards saving for a house deposit and one of the Government saving and investing schemes, designed to give first-time buyers a helping hand.

Working individually or in pairs, consider the following case studies, and using the cards below, choose the options which might best suit the needs of the characters. You can use more than one option card per scenario and cards may be used more than once.

Case Study 1

Nikhila is 20 and looking forward to buying a house. She doesn't think that it is going to be for quite a while as she still has one year left of a degree in Graphic Design. Her goal is to save £10,000 by the time she is 30 years old, but she won't be able to do this until she graduates and gets a full-time job.



Case Study 2

Amos is 18 and has a Child Trust Fund which has just matured. His parents helped him by putting money into his Child Trust Fund over the years and it is now worth just over £7,000. His parents would like him to use the money towards buying a house and some of it towards buying a car. He will need a car to get to work as he starts a one-year full-time apprenticeship in Business Administration soon.

Case Study 3

Harry and Andelo are in their mid-twenties and are planning to buy a house in the next 5 years. They both work and have been renting together for a year now. They don't have a lot of money left over after paying bills, but they are going to cut back on their socialising to start a 'buy our own house' fund.

Answer cards:

Option 1: Invest the maximum yearly limit of £4,000 in a Lifetime ISA to use towards buying a first home.

Receive a free Government bonus of 25% = £1,000

£4,000 is now worth £5,000.

Option 2: Open a Lifetime ISA with £1.

Set up a monthly standing order for an affordable amount to go in each month.

Putting away an amount each month will build up over time.

A 25% Government bonus will be added on top of what is paid in – up to a maximum of £4,000!

Option 3: Open a Lifetime ISA with £1.

Add money to it later.

You need to have a Lifetime ISA open for a minimum of 12 months to use it towards your house purchase. This will start the clock ticking!

Option 4: Open a basic savings account that will allow you to pay in and get at funds if needed in an emergency.

We all need backup in case anything goes wrong. You should avoid tying up all your money.

