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- Surveys - Financial Services - Real Estate

## Younger Homebuyers Don't Want To Max Out On Their Mortgage Payments



Home or Travel? Budget for both! (CNW Group/TD Canada Trust)

### **TD Survey finds most Gen Xers want budget flexibility to afford other things in life**

TORONTO, Sept. 9, 2014 /CNW/ - Today's Gen X Canadians overwhelmingly consider themselves "House-Plus" buyers who want enough flexibility in the budget to afford things like travel after paying their monthly mortgage. Only one in seven (14%) Gen X Canadians consider themselves "House-All" buyers who go to the higher end of what they can comfortably afford when it comes to their mortgage, leaving less room for discretionary spending. But, according to a recent TD survey, Gen Xers are fairly evenly split between those who see themselves living in their current home forever (42%) and those who see it as a stepping stone to a different property (45%).

"More than two thirds of Gen X Canadians have told us they don't want their entire budget allocated to mortgage payments," said Nupi Zubair, Associate Vice President, Retail Products at TD. "It's possible to own a home and not feel handcuffed to the mortgage, but it does require careful saving and planning before signing on the dotted line. Buyers need to purchase a home at a price they can afford, while still budgeting for the other things on their list of priorities."

Zubair says that, in addition to the sale price of the home, Gen X Canadians need to factor in other costs of homeownership - such as taxes, maintenance, closing costs and insurance - and set a budget for all of the discretionary things they want to do.

"One way to have more disposable income every month is to make a larger down payment up front, which ultimately reduces the size of the mortgage and monthly payments," Zubair said. "Keep in mind though, a shorter amortization period and making payments weekly, rather than monthly, can increase overall monthly payments but lower the overall costs of the mortgage. It really comes down to the buyer's priorities."

The TD survey found sale price is the most important factor for Gen X Canadians buying a home, followed closely by location and the future appreciation of the home. This was particularly true for those who consider themselves "House-Plus" homebuyers, but even "House-All" buyers put sale price at the top of their list, too. Access to public transit and proximity to schools were much lower on the priority list for all categories of Gen X Canadians, including those who planned to stay in their home forever.

Zubair offers the following tips to help younger homebuyers:

1. **Save for a down payment.** The easiest way for buyers to do this is to set up a regular automatic savings plan and add to it any special monetary gifts or bonuses received. First-time buyers can also take advantage of the RSP Home Buyers' Plan to build a bigger down payment.
2. **Set a budget.** Start by listing all sources of income, including any potential help from family. Then list all non-discretionary expenses, such as food, utilities, insurance and car or student loan. What's left will be the amount available for mortgage payments (replacing current living expenses), savings and any discretionary spending buyers may want to account for.
3. **Buy the house that fits the budget.** The mortgage should be realistic based on the available budget. If it's not enough

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for the desired home, consider holding on and save for a larger down payment, or look for a less expensive property. The alternative to waiting is finding ways to cut back on allocated discretionary spending money each month.

4. **Ask for advice.** Buying a home is one of the most important investment decisions Canadians will make, so take the time to talk to an experienced professional. Work with a mortgage specialist and financial advisor in tandem to help develop a strategy to save for a down payment and, after closing, help maximize available funds for discretionary spending and future financial goals, such as retirement or a renovation down the road.

For more information on home ownership, and to access innovative applications like the *Mortgage Payment Calculator* and the *'How Much can I Afford'* tool, visit: [www.tdcanadatrust.com/firsthome](http://www.tdcanadatrust.com/firsthome)

#### **About the TD Canada Trust House-All, House-Plus Poll**

TD Canada Trust commissioned Environics Research Group to conduct an online custom survey of 1,816 Gen X Canadians within a broader sample of 6,015 Canadians aged 18 years and older. Responses were collected between February 11 and 25, 2014.

#### **About TD Canada Trust**

TD Canada Trust offers personal and business banking to more than 11.5 million customers. We provide a wide range of products and services from chequing and savings accounts, to credit cards, mortgages and business banking, to credit protection and travel medical insurance, as well as advice on managing everyday finances. TD Canada Trust makes banking comfortable with award-winning service and convenience through 24/7 mobile, internet, telephone and ATM banking, as well as in over 1,100 branches, with convenient hours to serve customers better. For more information, please visit: [www.tdcanadatrust.com](http://www.tdcanadatrust.com). TD Canada Trust is the Canadian retail bank of TD Bank Group, the sixth largest bank in North America.

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