

Raise

Saving to buy
your first home
16 – 19

Student worksheet



DID YOU KNOW?

"The average age of a first-time buyer in the UK is around 34 years old."

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 using this interactive tool from [The Land Registry](#).

Alternatively, you could use the UK average of approximately £250,000.



House Buying Costs	Approximate Amount Needed	Actual Amount Needed	Comments/Explanation
House deposit	£		
Mortgage Fee/Costs	£		
Valuation Fee	£		
Home Survey Costs	£		
Conveyancing	£		
Tax on buying a property	£		
Moving Costs	£		
Total:	£		

According to HM Land Registry, the average price of a first-time buyer's house in the UK was £252,775 as of January 2023.

House Deposit:



A deposit is the money you pay upfront to buy your flat/house, and a mortgage covers the rest. You'll need a minimum of between 5% and 10% of the purchase price of the property you plan to buy. A larger deposit improves your chances of mortgage approval and often results in a more favourable interest rate.

Mortgage Costs:



A mortgage is a type of loan used to purchase property. There are many different mortgage products available. Some mortgages include an arrangement fee for setting up the loan. You can choose a deal without this fee, but these often have higher interest rates. If you select a mortgage with an arrangement fee, you may have the option to add this cost to your loan. However, keep in mind that doing so will increase your overall costs, as you'll pay interest on the fee as well as the principal amount borrowed.



Valuation Fee:

When applying for a mortgage, the lender will require a valuation to confirm the property's worth matches its purchase price. This assessment is carried out by a qualified surveyor working for the bank, building society, or lender. You typically pay for this valuation as part of your mortgage fees, with the cost varying based on the property's purchase price. In Scotland, however, the situation differs. Sellers must provide a Home Report before listing their property unless it's a new-build home. This report includes a valuation, which mortgage lenders can often use.



Home Survey Costs:

You might want to have a more detailed look at the condition of your new home to see if there are any serious problems, such as structural or roof problems. A professional surveyor will do the valuation in person, taking notes and photographs for a detailed report. This type of survey goes beyond the basic mortgage valuation and provides a more in-depth analysis of the property's condition.



Conveyancing Costs:

You need a solicitor or conveyancer to do the legal work for you. This work includes drafting contracts and carrying out local searches that look into where you plan to buy. Your costs will include any fees for registering your property to the Land Registry, which your solicitor will pay on your behalf. They are also responsible for transferring the money to the person/people you are buying from.



Tax on buying a property:

This tax only applies if the house you buy is over a specific price; different rules may apply if you are a first-time buyer. Your solicitor is responsible for collecting this money from you and paying it to HMRC on your behalf. This property tax differs across the UK.

England & Northern Ireland	Scotland	Wales
Stamp Duty Land Tax (SDLT)	Land & Buildings Transaction Tax (LBTT)	Land Transaction Tax (LTT)
Eligible first-time buyers do not pay Stamp Duty on properties costing up to £425,000	As a first-time buyer, you will need to pay LBTT on properties costing up to £145,000	You will need to pay LTT if the property costs more than £225,000

[Click here](#) for more information and a calculator tool



Moving Costs:

You need to factor in the cost of moving your stuff in. First-time buyers don't often have much to move, so hiring a van or getting friends and family to help you move might help you cut costs. All the same, it's a good idea to budget for some expenses.

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 £1,000!

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.

