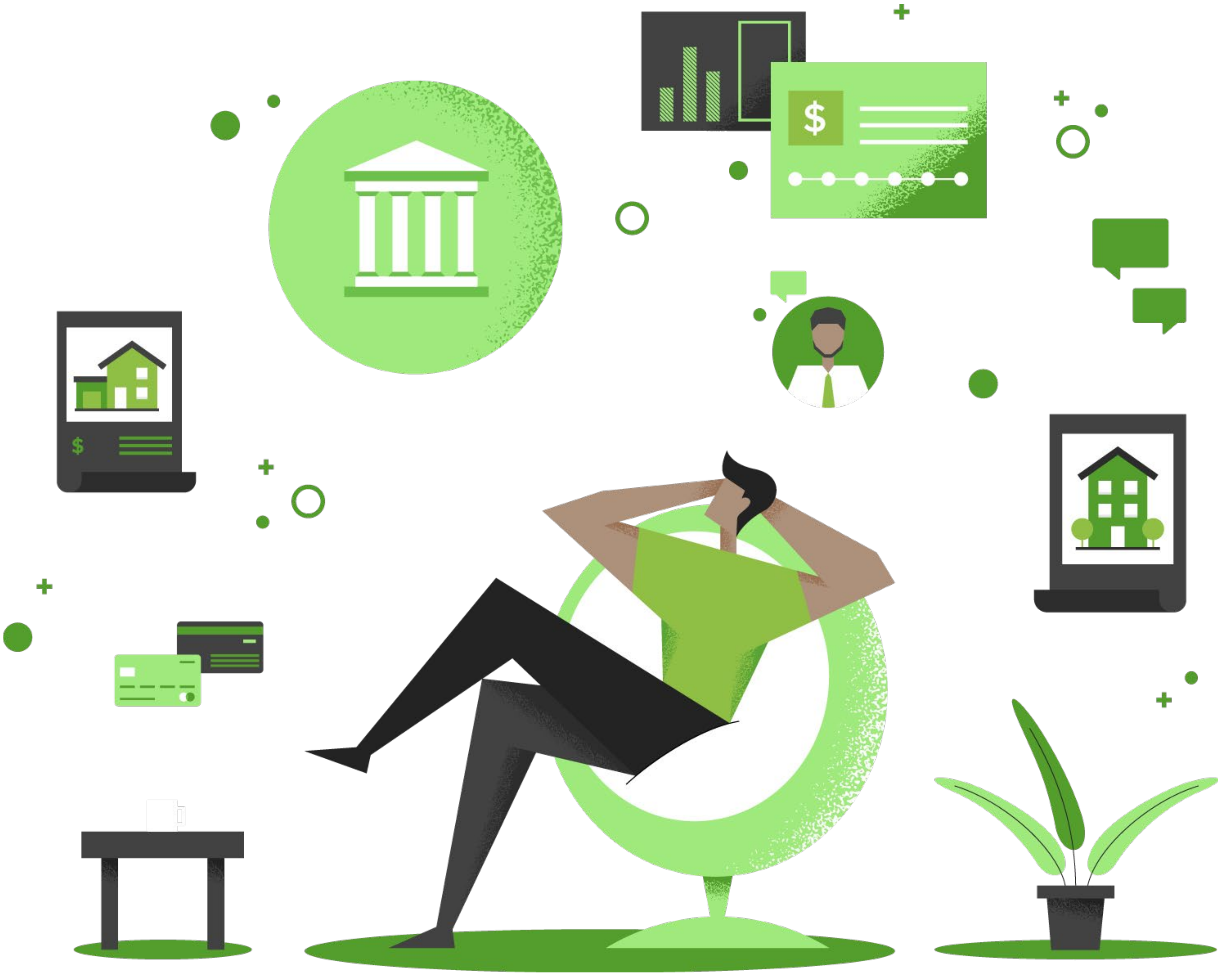
Peasy

Budget Planner

A Guide On How To Do Your Budget When Buying A House



How important are savings when buying a house?

When buying a house, having savings is important since banks will want to see equity in the property you are purchasing of at least 5% or more. The more savings you have, the more lenders options you will have.

We all know that savings are important, but the real questions are "How much should I save if I want to buy?" and "What if I don't have enough?"

Luckily, we've prepared a budget planner that helps you calculate the amount of savings you need for a loan, your total repayments, how quickly you could pay it off and much more!

To top it off, we've compiled a step-by-step guide on how to use our budget planner, as well as tips and tricks to maximise it.

Read on to learn more!

Benefits Of Using Our Budget Planner.

Our budget planner aims to help someone who's interested to buy in knowing their numbers and have that fit into their day-to-day budget. It helps you know where you stand in terms of numbers and see how that changes as you factor in the costs of buying a house.

Most of all, our budget planner makes the math less intimidating and what's better than that? No need to worry about manually calculating all your expenses one by one and figuring out all the mortgage jargons. We have it all worked out - you just have to fill-in and complete the required details as you go!

What This Guide Is For.

Along with our budget planner, we've compiled a guide to help you through the steps of using our budget planner, look at the factors that affect your budget and how they relate to each other. We'll introduce some ways on how you can efficiently do your budget by sharing tips, tricks and how you can play around with different scenarios to make sure that your repayments are comfortable now and ongoing.

Ultimately, we've made this budget planner guide to make budgeting easier and more convenient. Our goal is to help home buyers, whether an experienced or a first-time home buyer, do their budget right and fast!

How To Use Our Budget Planner.

Our budget planner is fairly easy and straightforward to use! It connects different spreadsheets together and all you have to do is fill in the required details (income, expenses, loan amount) and it automatically calculates the total amount for savings, repayments and other important details!

We've also included plenty of space for you to take note of any important points or follow-up questions you may have.

To get started, you may click on the Budget Planner icon or download it via our website link below:

Budget Planner.xlsx

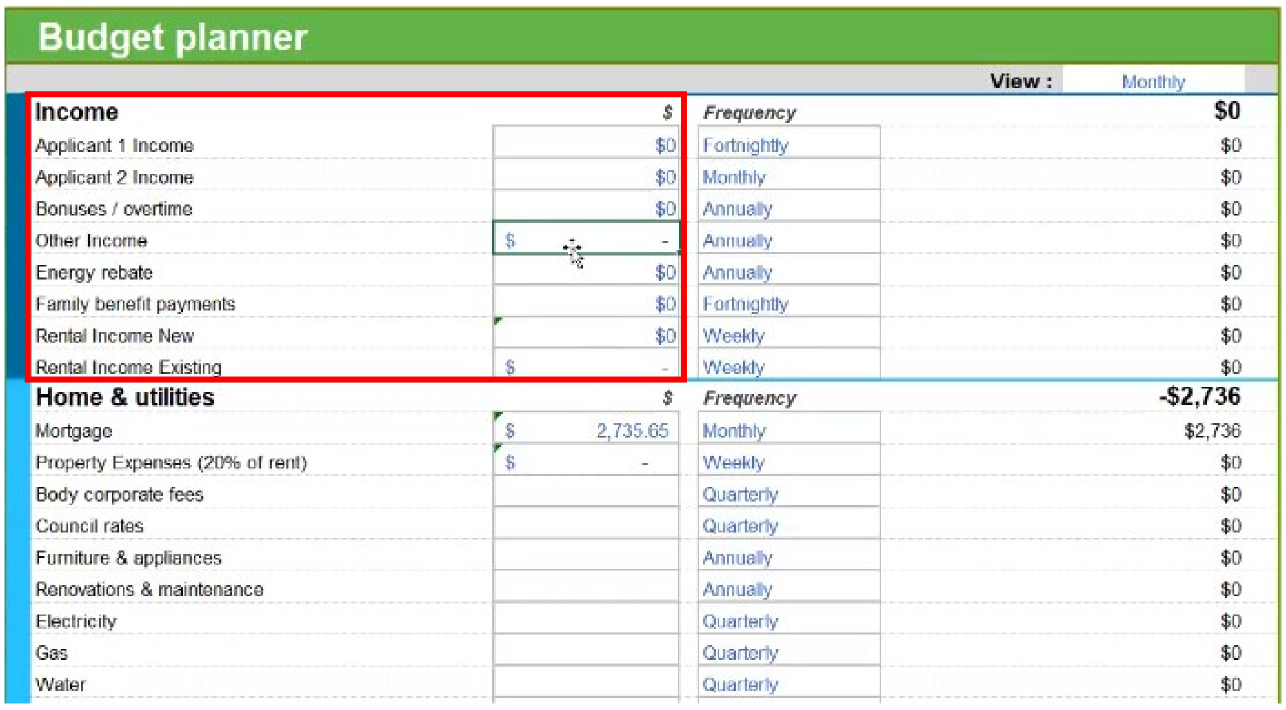
Download Budget Planner via Website

Simply open the Budget Planner link in a new tab while keeping this guide open so you can follow our step-by-step instructions on your own.

Let's get right into it!

STEP-BY-STEP GUIDE ON HOW TO USE OUR BUDGET PLANNER.

I. The first step you need to do is to fill in the net income information, bonuses or any other extra income you have.



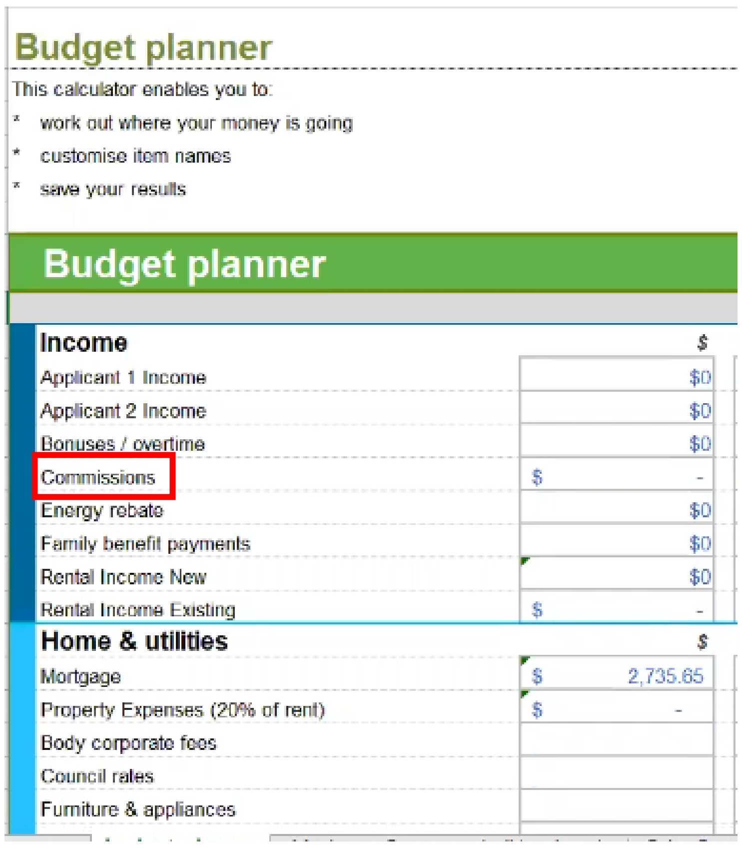
Budget planner

View : Monthly

Income	$	*Frequency*	**$0**
Applicant 1 Income	$0	Fortnightly	$0
Applicant 2 Income	$0	Monthly	$0
Bonuses / overtime	$0	Annually	$0
Other Income	$ -	Annually	$0
Energy rebate	$0	Annually	$0
Family benefit payments	$0	Fortnightly	$0
Rental Income New	$0	Weekly	$0
Rental Income Existing	$ -	Weekly	$0
Home & utilities	$	*Frequency*	**-$2,736**
Mortgage	$ 2,735.65	Monthly	$2,736
Property Expenses (20% of rent)	$ -	Weekly	$0
Body corporate fees		Quarterly	$0
Council rates		Quarterly	$0
Furniture & appliances		Annually	$0
Renovations & maintenance		Annually	$0
Electricity		Quarterly	$0
Gas		Quarterly	$0
Water		Quarterly	$0

Pro tip: Edit and customise the fields for a more unique and personal touch. Most of the fields are editable, so you can make it your own personal calculator. Feel free to add, remove or replace the details depending on your needs.

For example, you receive a commission. You can edit the field and label it as "commission" instead of "other income". It just makes it more personal for every user.



Budget planner

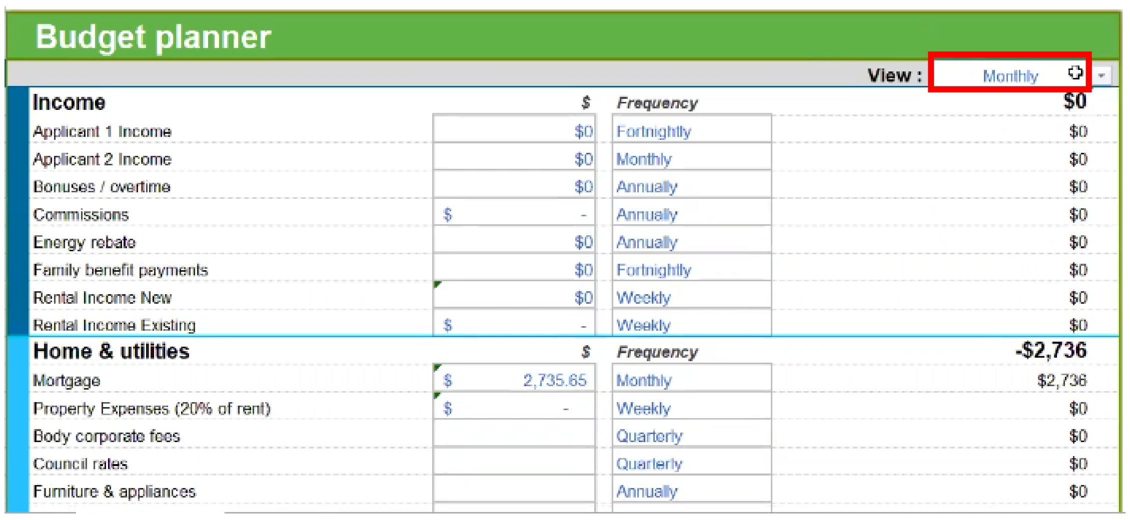
This calculator enables you to:

- work out where your money is going
- customise item names
- save your results

Budget planner

Income	$
Applicant 1 Income	$0
Applicant 2 Income	$0
Bonuses / overtime	$0
Commissions	$ -
Energy rebate	$0
Family benefit payments	$0
Rental Income New	$0
Rental Income Existing	$ -
Home & utilities	$
Mortgage	$ 2,735.65
Property Expenses (20% of rent)	$ -
Body corporate fees	
Council rates	
Furniture & appliances	

You can see that the default here is set to Monthly, but you can change that around and adjust it to Annually, Quarterly, Fortnightly and Weekly - depending on how you like to budget.



Budget planner

View : Monthly

Income	$	*Frequency*	**$0**
Applicant 1 Income	$0	Fortnightly	$0
Applicant 2 Income	$0	Monthly	$0
Bonuses / overtime	$0	Annually	$0
Commissions	$ -	Annually	$0
Energy rebate	$0	Annually	$0
Family benefit payments	$0	Fortnightly	$0
Rental Income New	$0	Weekly	$0
Rental Income Existing	$ -	Weekly	$0
Home & utilities	$	*Frequency*	**-$2,736**
Mortgage	$ 2,735.65	Monthly	$2,736
Property Expenses (20% of rent)	$ -	Weekly	$0
Body corporate fees		Quarterly	$0
Council rates		Quarterly	$0
Furniture & appliances		Annually	$0

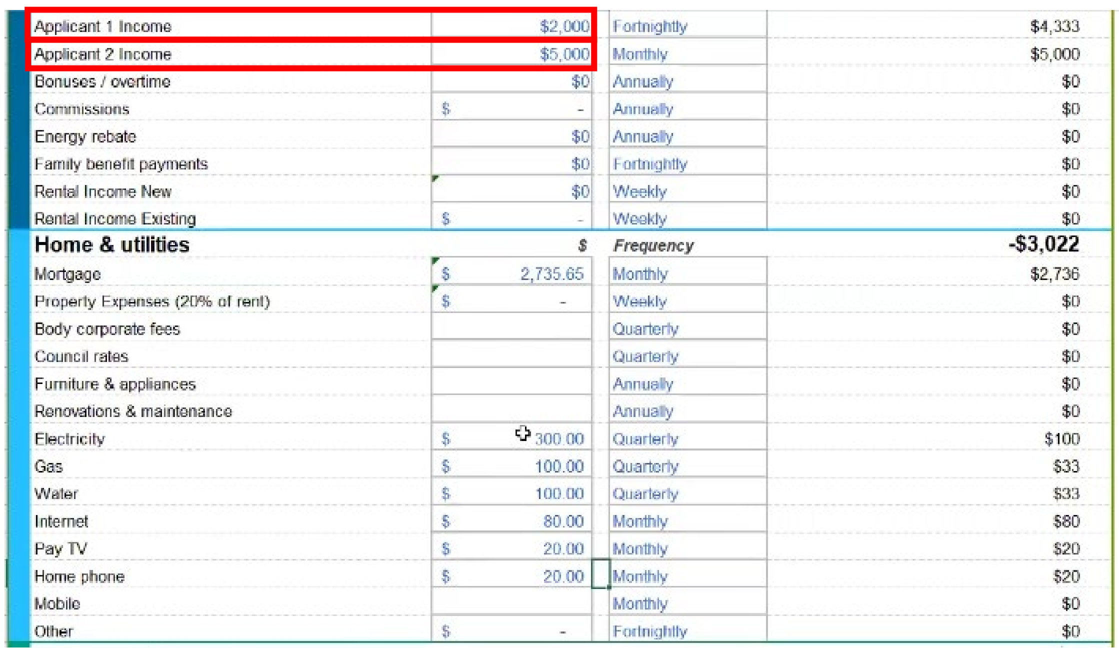
Write your notes here:

STEP-BY-STEP GUIDE ON HOW TO USE OUR BUDGET PLANNER.

II. Next, we compile a list of all the expenses.

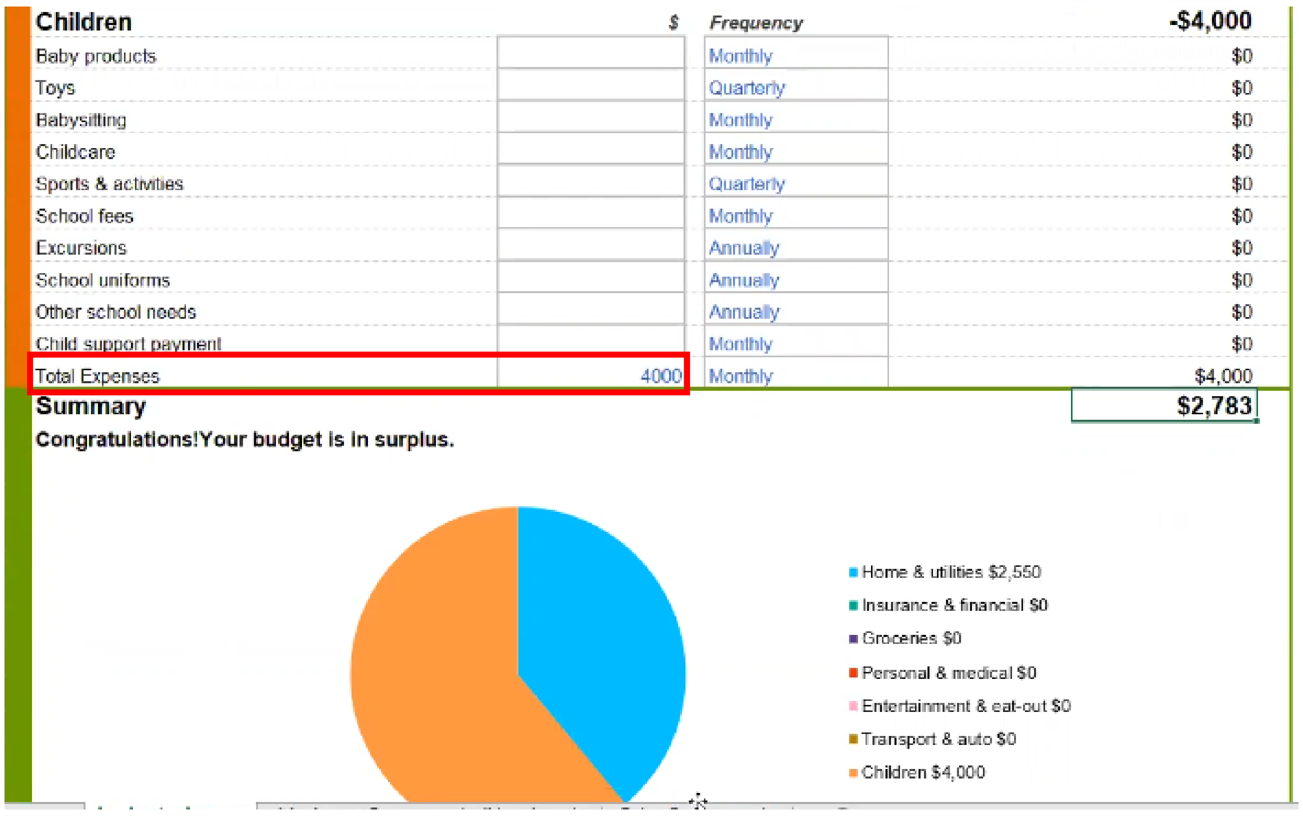
To give you an idea, here's an example. Applicant 1 earns $2,000 a fortnight and Applicant 2 earns $5,000 a month.

Let's say they don't own any properties – no rental income, bonuses or any other source of income - so let's just leave it blank.



Applicant 1 Income	$2,000	Fortnightly	$4,333
Applicant 2 Income	$5,000	Monthly	$5,000
Bonuses / overtime	$0	Annually	$0
Commissions	$ -	Annually	$0
Energy rebate	$0	Annually	$0
Family benefit payments	$0	Fortnightly	$0
Rental Income New	$0	Weekly	$0
Rental Income Existing	$ -	Weekly	$0
Home & utilities	*$*	*Frequency*	**-$3,022**
Mortgage	$ 2,735.65	Monthly	$2,736
Property Expenses (20% of rent)	$ -	Weekly	$0
Body corporate fees		Quarterly	$0
Council rates		Quarterly	$0
Furniture & appliances		Annually	$0
Renovations & maintenance		Annually	$0
Electricity	$ 300.00	Quarterly	$100
Gas	$ 100.00	Quarterly	$33
Water	$ 100.00	Quarterly	$33
Internet	$ 80.00	Monthly	$80
Pay TV	$ 20.00	Monthly	$20
Home phone	$ 20.00	Monthly	$20
Mobile		Monthly	$0
Other	$ -	Fortnightly	$0

Write your notes here:



Children	*$*	*Frequency*	**-$4,000**
Baby products		Monthly	$0
Toys		Quarterly	$0
Babysitting		Monthly	$0
Childcare		Monthly	$0
Sports & activities		Quarterly	$0
School fees		Monthly	$0
Excursions		Annually	$0
School uniforms		Annually	$0
Other school needs		Annually	$0
Child support payment		Monthly	$0
Total Expenses	4000	Monthly	$4,000
Summary			**$2,783**

Congratulations!Your budget is in surplus.

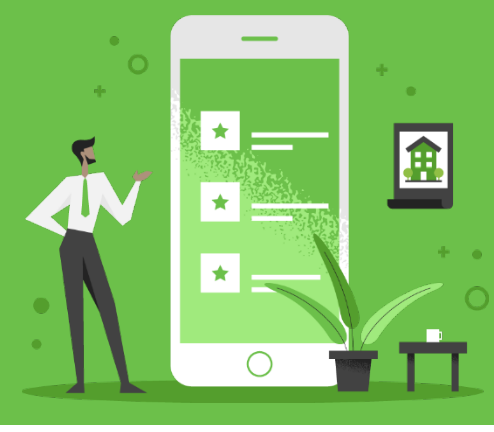
Next step is to go through the Mortgage Repayment.

The Mortgage Repayment expense comes from the Second Tab. Essentially, you just need to fill in the costs and complete all details as you go.

After filling in the details, we'll see that there is a surplus of $2,311.

Pro tip: You can use "Total Expenses" so you won't have to enumerate and add all your expenses one by one; just add in the total of all of your expenses and put that in. Let's say for this example you have $4,000 in total expenses per month.

STEP-BY-STEP GUIDE ON HOW TO USE OUR BUDGET PLANNER.



III. Now let's move on to the second tab - this is where you put all of the purchase information.

Estimate of Fees and Charges for Property Purchase			
Purchase Price / Sale Price		$	650,000
	Stamp Duty - Transfer of Land	$	24,740
	Legal / Conveyancing Fees (approx.)	$	2,000
	Agents Fees	$	-
	Application / Package Fee	$	-
	Registration Fee - Transfer	$	219
	Registration Fee - Discharge of Mortgage	$	136
	Registration Fee - Mortgage	$	136
	Search Fees	$	20
	Miscellaneous Costs (Water/Council Rates, etc)	$	500
Total Costs		$	677,752
OSR Rebate (approx only)		$	24,740
Savings Required		$	80,000
Loan Amount		$	573,012
LVR - Loan to Value Ratio (% of loan against property price)			88.16%
Approximate Lenders Mortgage Insurance (if LVR more than 80%)			$12,606

Just fill-in the following details:

- Purchase price
- Stamp Duty (Note: the calculator by default uses the NSW Stamp Duty calculation. If you live somewhere else, you can use other stamp duty calculators but you'll find across the country that they're all similar.)
- Conveyancing Cost
- Agents Fees (If you're using a Buyers Agent, input the Buyers Agent fees)
- Application Fee (If there's any application fee for the loan itself)
- Other government charges and a small buffer

Based on that you get your total cost. If you're a first home buyer, there might be a stamp duty discount.

Write your notes here:

IV. How much you need to borrow

The total of the purchase price PLUS fees and stamp duty MINUS any applicable stamp duty discount and savings, EQUALS the loan amount or how much you need to borrow. If you're borrowing more than 80%, there's most likely mortgage insurance payable unless you're looking at one of the other schemes or using a guarantor.

	Legal / Conveyancing Fees (approx.)	$	2,000
	Agents Fees	$	-
	Application / Package Fee	$	-
	Registration Fee - Transfer	$	219
	Registration Fee - Discharge of Mortgage	$	136
	Registration Fee - Mortgage	$	136
	Search Fees	$	20
	Miscellaneous Costs (Water/Council Rates, etc)	$	500
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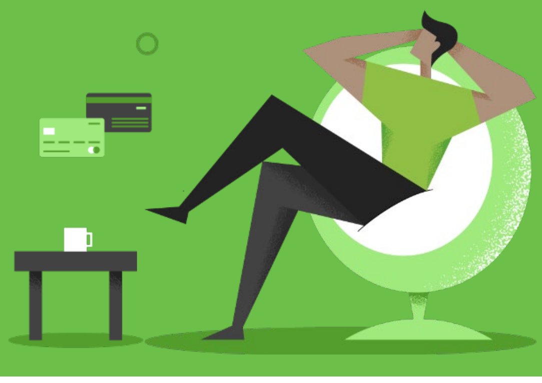
STEP-BY-STEP GUIDE ON HOW TO USE OUR BUDGET PLANNER.



V. Repayments

OSR Rebate (approx only)			$ 24,740
Savings Required			$ 80,000
Loan Amount			$ 573,012
LVR - Loan to Value Ratio (% of loan against property price)			88.16%
Approximate Lenders Mortgage Insurance (if LVR more than 80%)			$12,606
Product Options			
Variable and Fixed			
50%	Fixed Portion		
		Rate	
Repayment Type (Please select one)	Variable Rate	2.80%	$ 1,177.24
	Fixed Option - N/A	2.19%	$ 1,086.41
	Total Payment (P&I)		$ 2,263.65
	Interest Only		$ 1,191.39
Potential Investment Purchase		Rental Yield	
	Rental Income (if owner occupied, put 0%)	0%	$ -
	Rental Expense (estimated at 20% of rental income)		$ -
	Balance of rent minus expenses and interest		-$ 1,191.39

In this section, you've got a variable rate and a fixed rate. For this example, let's say that the variable rate is 2.8% and the fixed rate is 2.19%.

You can actually split and have half of the loan to be fixed and half variable and it just tells you what the total mortgage repayment is.

Write your notes here:

If you're buying an investment property, you can put the details of the rental income in here. For our example, we'll just leave it at buying a home for now. Now you've got your total repayment of $2,263.25 and that carries across to the budget planner (see the Mortgage Repayment field).

Fixed Portion		
	Rate	
Variable Rate	2.80%	$ 1,177.24
Fixed Option - N/A	2.19%	$ 1,086.41
Total Payment (P&I)		$ 2,263.65
Interest Only		$ 1,191.39
	Rental Yield	
Rental Income (if owner occupied, put 0%)	0%	$ -
Rental Expense (estimated at 20% of rental income)		$ -
Balance of rent minus expenses and interest		-$ 1,191.39

Home & utilities	$
Mortgage	$ 2,263.65
Property Expenses (20% of rent)	$ -
Body corporate fees	
Council rates	
Furniture & appliances	
Renovations & maintenance	
Electricity	$ 300.00
Gas	$ 100.00
Water	$ 100.00

STEP-BY-STEP GUIDE ON HOW TO USE OUR BUDGET PLANNER.

VI. Extra Repayments and Loan Term

In the extra repayments tab, you will see the loan amount, interest rate (which is the variable rate), loan term (most loans are 30 years), and if you put all of the surplus into the loan, you can see how quickly you can pay off the loan.

In this example, you can see that you'll be able to pay it off in 10.8 years.

Extra Payment Mortgage Calculator

Loan Information	
Loan Amount	$ 573,012
Annual Interest Rate	2.80%
Term of Loan (in Years)	30
Extra Monthly Payment	$ 2,783

Loan Summary	Extra Payments	No Extra Payments
Monthly Payment	$5,137.49	$2,354.47
Number of Payments	130	360
Total Payments	$664,484.15	$847,610.22
Total Interest	$91,472.55	$274,598.62

Loan Information	
Loan Amount	$ 573,012
Annual Interest Rate	2.80%
Term of Loan (in Years)	30
Extra Monthly Payment	$ 2,783

Payoff (in Years)	10.8
Interest Savings	$183,126.07

Pro tip: Based on the surplus amount in the calculator, you can work out how quickly you can pay the loan off. You can play around and work out how quickly you can pay off the loan.

Write your notes here:

A. One thing you can do is to reduce your expenses to $3,000 from $4,000 a month. With this, you can see that you'll be able to pay it off in 8.8 years.

Babysitting	
Childcare	
Sports & activities	
School fees	
Excursions	
School uniforms	
Other school needs	
Child support payment	
Total Expenses	3000

Summary

Congratulations!Your budget is in surplus.

Loan Summary	Extra Payments
Monthly Payment	$6,137.49
Number of Payments	106
Total Payments	$647,042.33
Total Interest	$74,030.73

Payoff (in Years)	8.8
Interest Savings	$200,567.89

B. Another thing you can do is to purchase something for $550,000 instead of $650,000. You will then be able to pay it off in 7.2 years.

	$	550,000
Stamp Duty - Transfer of Land	$	20,240
Legal / Conveyancing Fees (approx.)	$	2,000
Agents Fees	$	-
Application / Package Fee	$	-
Registration Fee - Transfer	$	219
Registration Fee - Discharge of Mortgage	$	136
Registration Fee - Mortgage	$	136
Search Fees	$	20
Miscellaneous Costs (Water/Council Rates, etc)	$	500
	$	573,252

Loan Summary	Extra Payments
Monthly Payment	$6,121.64
Number of Payments	86
Total Payments	$522,197.88
Total Interest	$49,186.28

Payoff (in Years)	7.2
Interest Savings	$177,490.34

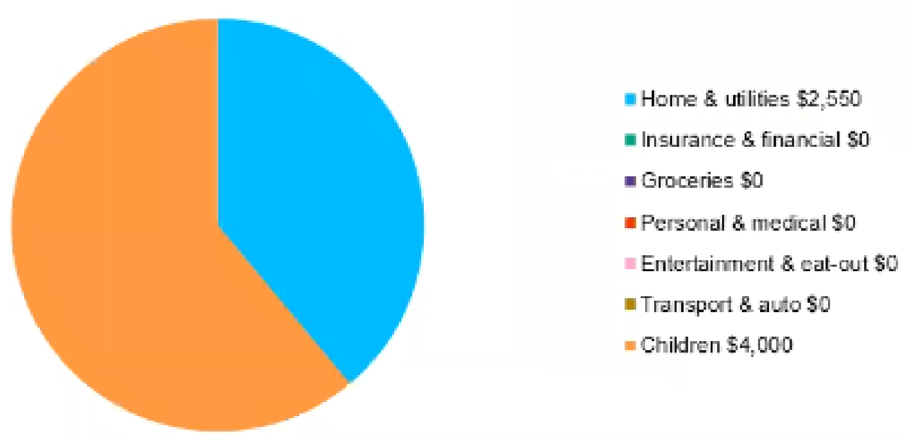
EXPLORING "WHAT IFS" AND "JUST IN CASE" SCENARIOS.

You can play around with some "what ifs" and "just in case" scenarios. This is especially useful to prepare yourself in case something happens and other sources of income needs to be removed - such as having a baby or being hospitalised. It can also be about having other additional sources of income like having a pay rise or starting a business. By playing around some different scenarios that are likely to happen, you'll be able to see all of your options. Feel free to play around and experiment.

Sports & activities		Quarterly	$0
School fees		Monthly	$0
Excursions		Annually	$0
School uniforms		Annually	$0
Other school needs		Annually	$0
Child support payment		Monthly	$0
Total Expenses	4000	Monthly	$4,000

Summary -$2,217

You are spending more than you earn.



Let's say that you're having a baby and we need to remove applicant 2's income. You'll be able to see that you're going to be -$2,217 a month, so then you'll know that you need to save, depending on how long you want to have off. If you want 6 months off [$2,217 x 6], you'll know that you need to save $13,302.

Another thing you can do is to take out insurance (life insurance or income protection insurance) as a way of being able to mitigate if something really unfortunate was to happen.

You can put in the insurance cost to make sure you can afford it. You can also factor in how much insurance you need to cover you.

For example, if Applicant 2 has an illness for 12 months, we take out the income and there's -$2,217, so you need to get insurance of $2,217 a month and that will be enough.

Since the more insurance you have, the more expensive it is - this can help you determine just the right amount of insurance.

Write your notes here:

What if I don’t have enough savings?

What other options do I have?

What If I Don’t Have Enough?

If after having spent some time with our budget planner and you’ve realized you don’t have enough in savings to buy, you still have other options!

You can apply for a Guarantor Mortgage. A Guarantor Mortgage, also known as a Family Guarantee or Family Pledge, is a way of using an additional property to secure a loan which may otherwise not be achievable due to a lower deposit.

It basically means the lender will apply part of the loan against another person’s’ property or term deposit – usually from a family member.

If you want to learn more, just click on the link below and watch our video or read our article on Guarantor Mortgage!

Guarantor Mortgage

The Importance Of Budgeting.

The idea of having a budget is not to restrict you from spending money and enjoying life, but simply to prepare for life-style changes that may happen when purchasing a property.

After completing the budget you may realize that to purchase the property you want, you may need to minimize other expenses.

The most important thing to remember is to visit your budget every time you make a financial decision - changing jobs, buying a car, acquiring a new loan, saving for a holiday or getting a pay rise.

Again, having a budget is not to restrict you, the purpose of it is to get an overview of where you stand in terms of buying a home and prepare you for your journey.

Have Other Questions Not Included In This Guide?

At the end of the day, everyone’s situation is unique to them. The best advice we can give you is to speak to us as early as possible so that we can discuss your individual circumstances and ensure that we meet your needs.

We have helped a lot of first time home buyers in achieving their goals and dreams, and we want to help you achieve yours too!

At Peasy, we understand that this is a huge milestone for you. You should be worried about finding the perfect home - not worrying about the perfect mortgage.

Let us do our job and we’ll leave you the fun part - finding your dream home.

Contact Peasy now!

Customer Testimonials

" Joel and Amanda were an absolute pleasure to deal with and simplified the daunting process of buying our first home! They were quick to answer any questions we had and found us an amazing deal when our bank wouldn't lend us anything! Can't recommend Peasy enough. "

Linda Holroyd | July 28, 2017

" I want to thank you for the time and effort you put into getting the loan for me and working hard to find the right product for me. With most banks and financial institutions not wanting to take me on as a customer, the loan you found for me was my only real option and was the perfect product for me! "

Geoff Martin | March 31, 2020

" I would like to thank Joel and his team for their professional approach in sourcing a competitive mortgage for us. The process was smooth and Peasy were always there answering questions and providing clear direction with excellent feedback keeping us informed. If you want a competitive rate with excellent service then I would definitely recommend Peasy. "

Peter Davies | January 12, 2018

"I was over 60, self employed and single when I was approved for my loan. It was a VERY VERY difficult process. Joel and his stall were incredible, they put up with my constant phone calls during the stress of the process of getting the loan through. Always very professional and did their utmost for me. 5 out of 5 does not cover it. 100 out of 5. "

Georgina Brown | July 2, 2020

" Dealing with Joel and his team could not be easier. Not only do they make your purchase completely painless, they provide great ongoing service. Whether you're just after advice, or you actually want to change your setup, they just get it sorted. Can't recommend them highly enough. "

Michael Dawson | July 31, 2017

" The service I had from Peasy was most excellent!!! Everything seemed so easy, especially in this day of information and forms that are needed - they had the processes flowing nicely and the communication right from the initial phone meeting through to the final stages just

Rob N Lis Evans | July 30, 2017

" Peasy have helped me with Finance for my first home and first investment property. I was a complete novice when I first approached Peasy, but Joel steered me through the lending / approval process with ease. Peasy have a great set of lenders and provide a lot of options, but also go the extra mile with educating you through the process. I've spoken with other brokers before Peasy and found them to be unresponsive and generally left me to educate myself through the process. Joel and Peasy go the extra step. "

Keiran Gill | August 4, 2017

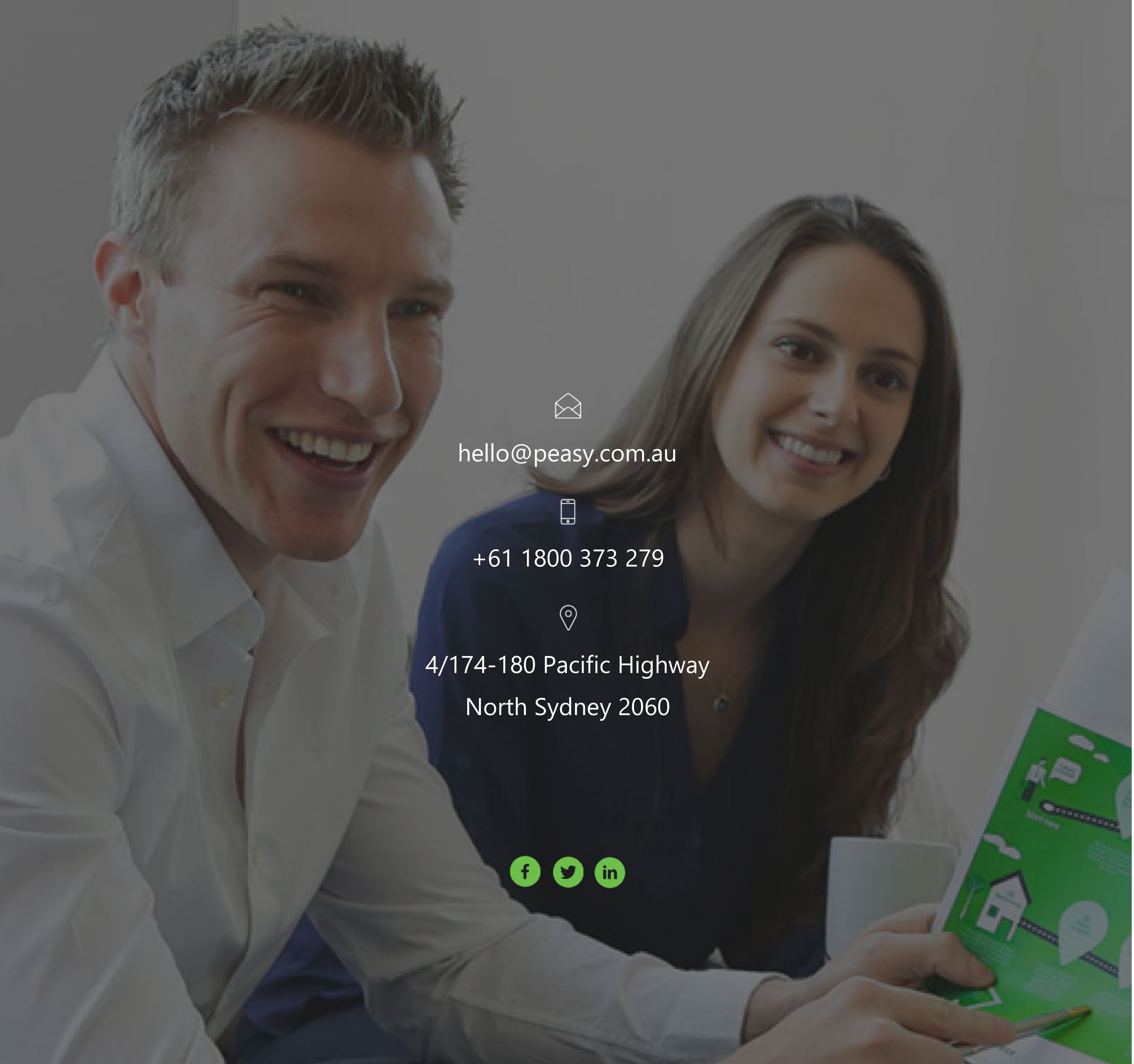
" Peasy made the process of buying my first home seamless. Joel and Amanda are knowledgeable, reliable and made it incredibly easy. They explained every step of the process clearly, always had time to answer questions and ensured everything ran smoothly. I cannot recommend them highly enough! Excellent customer service and reliability. Will definitely be using their services again. "

Jess Macqueen | April 2, 2019

We're people, people. And our people are people, people

Our focus is about opening more doors for our customers through great relationships with lenders and customers alike.

Get in touch >



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