

# Married & Buying a House or Condo

## Age 30 - End Result – Married & owning a house or condo

I want to end up married at age 30. I also want to be in the financial position that we can buy a house together at that time. The charts on Page #3 show the financial calculations and the items in red are my comments.

I would like to buy at least a \$250K house, which would require a 20% (\$50K) down payment. I would then have to get a \$200K loan. The payments on that loan, if the interest rate is 5%, are about \$1,100/month.

I will be earning \$80,000/year and have been saving 10%/year since I was 23 so my savings are now \$50K. When combined with my significant others savings of \$15K we will have \$65K, more than enough to make the \$50K down payment.

## Age 28 - Intermediate End Result #4 – Living Together

If I am going to be married at Age 30 I feel I need to have lived with the other person for a couple of years before getting married. I am a little hesitant to make the long term commitment marriage requires. Thus by the time I turn 28 we need to start living together.

I will be earning \$70,000 and my savings would now be \$34,500. At this point I should have the discussion with my significant other about buying the house together, assuming we get married. If they agree on buying the house I need to get them to also agree to start saving at 10%/year.

## Age 27 - Intermediate End Result #3 – Dating Seriously

Before I would start living with someone I would have to date them seriously for at least a year, thus I would have to start dating them seriously when I turn 27. I hope we have actually been dating seriously longer than one year because moving in together makes it much harder to break up.

I will be earning \$65,000 and my savings would now be \$27,500. I can share with my significant other my goal of buying a house or condo when I am 30, but not expect any commitment out of them.

## Age 26 - Intermediate End Result #2 – Met & Dating Significant Other

Since you don't usually start dating seriously on your first date I would have to have been dating them during the year after I turned 26

I will be earning \$60,000 and my savings would now be \$21,000.

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## Age 23 - Intermediate End Result #1 – Start Saving

I am just dating around now.

I will be earning \$45,000, up 5,000 from my starting salary of \$40,000. This is the year I start saving and my savings would now be \$4,500.

## Insights

I have to do everything as if I am not going to be married. Or as if my significant other is not going to contribute.

I have to start saving when I am 23 if I want to have \$50K when I am 30 years old. If my significant other has been saving then we will have more than \$50K.

I have to be able to support the monthly payments on the loan without requiring a second income. If my significant other works and earns as much as I do then we will have not trouble qualifying for a loan. But maybe they work and don't make much money. Or we decide to have a family and they stay home.

I also have to significantly increase my income from age 22 to age 30 – it doubles from \$40K to \$80K. If my salary doesn't increase that fast I will end up saving less than \$50K.

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## Property Price – Down Payment – Loan Payment

The price of the property you could buy is calculated by assuming you are required to put down 20%. Thus a \$250K house would require a \$50K down payment and you would have to get a \$200K loan. A \$200K property would require \$40K down and a \$160K loan.

A \$200K loan, on the \$250K property, is about \$1,100/month, assuming 5%.

## Savings Table

This table contains many assumptions:

- Your Salary: it starts at \$40,000 and goes up by \$5,000/year
- Your Savings Rate: you start saving at the rate of 10% of your gross salary per year.
- Thus by Age 30 you will have saved either \$50K (start at age 23) or \$40K (start at 25).
- If you end up with a Significant Other and decide to buy the house/condo with them the following assumptions are made about them:
  - o Their salary is the same as yours
  - o They start saving at 10%/year & have \$15K savings for those 2 years.

Thus by Age 30 you will have saved either \$50K (start at age 23) or \$40K (start at 25).

	Yourself		
	Salary	Savings	
<b>30</b>	\$80,000	<b>\$50,000</b>	10%
<b>29</b>	\$75,000	\$42,000	10%
<b>28</b>	\$70,000	\$34,500	10%
<b>27</b>	\$65,000	\$27,500	10%
<b>26</b>	\$60,000	\$21,000	10%
<b>25</b>	\$55,000	\$15,000	10%
<b>24</b>	\$50,000	\$9,500	10%
<b>23</b>	\$45,000	<b>\$4,500</b>	<b>10%</b>
<b>22</b>	\$40,000	\$0	0%
<b>21</b>			

	Yourself		
	Salary	Savings	
<b>30</b>	\$80,000	<b>\$40,500</b>	10%
<b>29</b>	\$75,000	\$32,500	10%
<b>28</b>	\$70,000	\$25,000	10%
<b>27</b>	\$65,000	\$18,000	10%
<b>26</b>	\$60,000	\$11,500	10%
<b>25</b>	\$55,000	<b>\$5,500</b>	<b>10%</b>
<b>24</b>	\$50,000	\$0	0%
<b>23</b>	\$45,000	\$0	0%
<b>22</b>	\$40,000	\$0	0%
<b>21</b>			