

# How to Save for a Home Down Payment

Saving money is always tough, especially for those just starting out. If your goal is to buy a home, that usually means coming up with 20% of the cost — no small sum even in a state like Ohio, where median single-family home prices are well below the national median of \$225,000.

[Saving for a down payment](#) may be the toughest financial challenge you'll ever face. Here are tips to help you set aside enough for that first home before the next ice age begins.

## Start a new account

Open a [savings account](#) to keep your nest egg separate from funds used to pay for normal expenses such as rent, groceries, entertainment and transportation. Try to save at least 15% of your income, even if it means fewer dinners out, making your own lunch or cutting back on movies and other entertainment.

If your paycheck is deposited directly into your checking account, set it up to automatically put a portion of your income into your savings account, which may make the hands-off treatment easier. When you get a raise or a bonus, dedicate that new money to your savings goal.

## Think long term

Consider moving some of your savings into a no-risk certificate of deposit, like the ones offered by [Sutton Bank](#). CDs typically pay higher interest than you'll find on savings accounts, but you may not be able to access the money immediately in an emergency.

## Live on one income

If you're half of a couple, learn to live on one salary while you put the other one straight into savings. This may be the fastest way to save money for a down payment.

## Tax yourself

If you lack the discipline to put money away each month, ask your employer to increase the [amount withheld](#) from your salary to cover taxes. Once you file your tax return, you'll get that extra money back; just make sure you put it in the bank when you do.

Keep in mind, though, that if you use this technique, you won't earn any interest on your money until you get it back from the IRS — and it amounts to an interest-free loan to Uncle Sam.

## Get to work

Try to pick up some work on the side. Whether it's cutting grass for the neighbors, pulling a weekend shift waiting tables or hiring out your expertise part-time, this can be an excellent way to hit your monthly savings target.

## **A final note**

The best way to save for a down payment, though, is to make it your No. 1 financial target, because having a specific goal in mind makes saving far easier. The first step in that process is figuring out how much house you can afford, which a [home payment calculator](#) can help you with.

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