

# Should you go big or small with your down payment when buying a house?

When buying a property, how much should you put toward the down payment? We asked financial planner Janet Gray to weigh in for this week's In Your Corner.



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If you're in the market for a house or a condo, you may be wondering how much money to put up for your down payment.

Should you go with the minimum, and face higher monthly payments and mortgage loan insurance? Or should you scrape together more in the hopes of easing the burden down the road?

Sometimes that decision is made for you, said Money Coaches Canada financial planner Janet Gray.

The minimum allowable down payment percentage depends on the price of the home. In markets like Vancouver or Toronto, where most homes these days cost more than a million, you'll need 20 per cent just to get in the game.

But in other markets, you may only need five per cent, if the house is worth up to \$500,000.

Though it's tempting to go for the biggest down payment possible, Gray said you need to look at the other costs of buying and moving into a house to make sure your cash flow can cover those expenses. She also recommends taking into consideration longer-term goals, such as family vacations or a new car, that may be impacted if you tie too much of your finances into your new home.

"It needs to be a huge cash-flow discussion," said Gray.

Don't go for the biggest mortgage you qualify for, either, she said. Your down payment will go further if you keep your budget conservative.

Gray also recommends taking advantage of government incentive programs to give you a boost on your first home purchase.