

Buying a Home: 3 Important Pillars to Planning Your Purchase



By [Robert McInerney](#), *Associate Director*

Whether buying your first house or upgrading to a forever home, it's a **big investment decision that affects your other financial goals**. It requires significant amounts of capital, time, and understanding. To help our clients better understand the process of buying a home, Pathstone and FuturePath conducted a webinar, which brought together Pathstone advisors Matthew Bagnard and Blaire Ginnever to share their experiences and stories of shepherding clients through this process. We broke the conversation into the three important real estate purchasing pillars: planning, buying, and ownership/wealth transfer. During the discussion, both Matt and Blaire shared their experiences with **helping clients navigate through the process of assessing a property, gauging their financial condition, and executing the transaction**. What emerged from our discussion were five key takeaways. Each lends itself to a specific aspect of the process of purchasing real estate.

[Click here to watch the full webinar.](#)

Buying a Home | 5 Key Webinar Takeaways

1. Planning is essential for folding a home purchase into your financial life.

How much house can you afford? It's the question every prospective buyer must face. Your advisor can examine your portfolio and financial information to arrive at a logical price point to determine that answer. Having such guidance at the beginning of the process is a helpful jumping-off point.

2. Exploring your financing options provides the most efficient way forward.

Just as there are many different types of houses to purchase, there are also different ways to pay for them. Financing is a useful tool and can be tailored to fit individual needs and circumstances. Depending on your situation, a variety of options may be open to you. Your advisor can walk you through which makes the most sense.

3. Understanding the costs is vital to managing expectations.

There is no way around it. Buying a home for most people is by far the largest purchase they will ever make in their life. There is a lot at stake and getting it right the first-time means being smart in a way that matters. In revealing shared experiences, both Matt and Blaire emphasize how vital a full understanding of this point is.

4. Know the value of your insurance.

Let's face it, bad things happen. When you own a house, this thought can keep you up at night. There are many things that can go wrong after the purchase which you may not even realize yet. All this risk must be understood and planned with insurance.

5. Taxes should be part of the plan.

As a true certainty in life, taxes must be expected. The good part of that statement is that **taxes can also be anticipated**. Tax preparation is a core part of our DNA at Pathstone. The large expenditure of a home brings with it unique tax consequences, which can be beneficial when incorporated into a larger financial plan.

Buying A Home | Audience Q&A

1. Can you please share more about a margin loan?

Margin is a way that you can borrow against your investment portfolio at a specified interest rate. It's similar to a conventional loan, but your portfolio is the collateral, and the terms are much more flexible. Based on the current Fed Funds rate, Pathstone clients have access to an effective margin interest rate of 0.75%. If you have a sizable investment portfolio, margin is a great option to consider when looking at different methods of financing.

2. Should I consider paying cash, and what are the benefits?

Cash offers are generally more attractive to buyers because the closing timeline can often be expedited with fewer additional requirements compared to cash + mortgage. If you are in a competitive market, an all-cash offer can be more advantageous to winning the bid.

3. What is a good rule of thumb for what percentage of my income I should put towards my mortgage payment?

General guidance would be not to spend more than 30% of your monthly gross income on a mortgage payment. This can help determine the appropriate sizing of the mortgage financing to be used in a real estate purchase. That being said, it is also important to consider how taking on various amounts of financing will impact ongoing lifestyle expenses and other financial goals.

So, whether this is your first home purchase or just the latest, Pathstone can help guide you to ensure you arrive at your destination with as few surprises as possible. We encourage you to watch the webinar replay and to please [reach out to us if you have questions or would like a consultation](#).

[Click here to watch the webinar.](#)

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