

Buying vs. Renting

Rent vs. buy? It's a tough question to answer as both have pros and cons. When it comes down to it, the best answer is what makes most sense for you.

Of course, to be a candidate for home ownership, you need adequate income, savings and a good credit history. If you are in the position to become a homeowner, owning a property allows you to build equity. Equity grows as your home's value increases due to market changes, make home improvements or pay down your mortgage. As a homeowner, you'll have something to show for your money with an asset that won't depreciate over time. Renters, on the other hand, end up with nothing but a fistful of cancelled checks after months or years of helping to pay someone else's mortgage. To rent or to buy? That is the question and you must weigh other factors that are particular to your own situation.

What are your plans for the near future?

If you intend to stay put for the next few years, you might want to think about buying a house. On the other hand, if you're expecting a job transfer or think you'll want to move to a new city in a couple years, you'd be better off renting for now. It takes time to recoup the costs of buying and owning a home. Beyond your down payment, you also pay closing costs and other upfront expenses. Plus, you'll face upkeep and repair costs. Additionally, you'll need to pay a real estate agent a commission to sell your home, unless you want to take on the job yourself. To recover these expenses when you sell, you need to have been in your home long enough for it to increase sufficiently in value. Sometimes you can break even in just a few years but usually it takes more like five to seven. A lot depends on how rapidly or if housing values are climbing in your area. Keep an eye on what the market is doing and what the predictions are for the next few years.

Do you have a good idea what you're looking for?

Maybe you're still new to your city or area. You need some time to acclimate yourself to find out which neighborhood suits you best. Renting gives you time to scout around and determine where you want to live.

How do you like to spend your time?

As a homeowner, expect to spend a chunk of your weekends raking, mowing, cleaning gutters and making repairs. Can you live with that? Or would you rather devote your time to other pursuits? If so, keep renting.

Could you benefit from tax breaks?

One of the perks of home ownership is that mortgage interest and property taxes are tax deductible. You list these as itemized deductions at tax time. Itemizing deductions means you forgo the standard deductions. Keep in mind that the interest portion of your mortgage payment dwindles as the years go by, and likewise so does your deduction.

Do you dream of owning a home?

This question may be, more than any other, at the heart of the buying decision. Maybe you're itching to plant your own garden, decorate a home to suit your taste and get out from under landlord restrictions. In spite of the extra expenses, added home chores and the occasional headaches, you still want to buy a place to call your own. That's a strong sign you're ready to buy. Indeed, the emotional aspects may carry as much weight in this decision as the financial ones.

If you have any questions, call Align at [800-942-9575](tel:800-942-9575).