

Rent versus Buy Comparison

Renting

Advantages

- ✓ Costs fixed for the term of the lease
- ✓ Maintenance/repairs are landlord's responsibility
- ✓ When the lease is up, can just move
- ✓ Generally, less cash up front

Disadvantages

- ✓ Rents tend to go up over time
- ✓ Rents never stop
- ✓ Never gain equity
- ✓ Limited – or no – ability to personalize living quarters
- ✓ No tax advantage to renting. Landlord gets any and all tax breaks that are available

Buying

Advantages

- ✓ With a fixed rate mortgage, payments are fixed over time. Taxes and insurance may vary.
- ✓ At some point, a home may be paid off
- ✓ As mortgage balance decreases, equity builds
- ✓ Value may appreciate
- ✓ May remodel and redecorate
- ✓ Federal government & state provide tax benefits

Disadvantages

- ✓ If you want to move, home generally must be sold
- ✓ Value can go down
- ✓ Owner pays for or does maintenance & repairs
- ✓ Generally a larger initial investment