Take Charge of Your Money

A University of Hawai'i Cooperative Extension Service Project

www.ctahr.hawaii.edu/tcym
Course Objectives

• Increase your knowledge about financial planning
• Improve your ability to make informed decisions
Should I Rent or Buy a Home?
Presenters

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Better Homes & Gardens Real Estate
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Learning Objectives

- Learn about the advantages and disadvantages of renting versus buying a home
- Consider the different factors when deciding to buy or rent
Most Frequently Asked Questions:

- Should I buy or rent?
- When should I buy?
Renting Lifestyle Advantages

- Maintenance of the house is landlord’s responsibility
- Flexibility to relocate for career advancement or personal reasons
- Good way to determine what is important for you when you are ready to purchase
Renting Lifestyle Disadvantages

- Live within landlord’s restrictions and terms
- No permanence or stability
- No sense of belonging to community or putting roots down
Renting Financial Advantages

- No unexpected costs for large repairs
- No monthly insurance, property tax costs, or interest
- Not affected by real estate market value fluctuations
- Change in financial circumstance will not result in financial loss
Renting Financial Disadvantages

- Does not build equity over time
- No control of rent increases
- No tax benefits
- Not leveraging your money
Buying Lifestyle Advantages

• Flexibility to create & design your “dream home”
• Sense of community, stability and security
• Pass the house on to the next generation
Buying Lifestyle Disadvantages

- Restricted lifestyle to make mortgage payment
- Homeowners Association (HOA) Issues if a condo
- No flexibility
- Inconsiderate neighbors
Buying
Financial
Advantages

- Builds equity
- Tax benefits
- Nest Egg
- Mortgage payment remains stable even if home prices increase
Buying
Financial
Disadvantages

- “Stuck” if house decreases in value or neighborhood declines
- Potential loss of home and damaged credit
- Interest amount paid over life of loan
When to Buy a Home

Three Determining factors in decision to buy a house

1. Season of life
2. Lifestyle choice
3. Financial
#1 Season of Life

- Milestones in life
  - Getting married
  - Starting a family
  - Establishing a career

- Young vs Old
  - Younger generation want the flexibility & older generation need stability
#2 Lifestyle

Individual choice of lifestyle

- Less restrictions & commitment
- Desire for security
- Individual goals and dreams
#3 Financial

- Long term commitment to pay mortgage
- Secure job with good prospect to make the mortgage payment
- Biggest asset for most people
What is the Best Option for You?

• Some questions to consider which will help you to determine what is the best option for you
Can you afford a mortgage?

• If the payments are similar to renting, it could be beneficial to buy a property
What are your long term goals?

- Traveling
- Starting a Family
- Going to School
- Pass the house on to the next generation
- Career
Question #3

What type of property do you want to live in?

- Condo
- Townhome
- Single family home
Question #4

Does the landlord have any restrictions on the rental?

- Pets
- Smoking
- Guests
Summary

- Economic decision
- Lifestyle decision
- Season of life decision
Take Charge of Your Money

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