

## Levesque Wealth Planning

What's on Your Mind?

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Owning vs. Renting, What makes financial sense?

As the population ages and we are planning for retirement, the question that comes up a lot is should I rent or downsize? Most people that have lived in the larger homes while raising their families think that the house is now too big and too empty without the children at home.

Initially a lot of us purchased homes as a place to raise the family and as a forced savings. Homes had built in equity over time. But as we become empty nesters this leads us to what makes financial sense going forward.

There are perks to both owning and renting. I will address some of the more common considerations of each. Owning your home or downsizing to a smaller home gives you the stability of making it yours with each improvement you do. No one will tell you what you are allowed to do with your property and the costs remain relatively fixed. The downside of course is that you are fully responsible for all the maintenance, increased property taxes and having someone look after the place if you are a snowbird.

Deciding to rent, your costs are fixed to the monthly rent. Annual increases are limited for most rental units. Any time something goes wrong you just have to call the landlord or superintendent for repair. My mother's stove just went and since she rents, she called up the super and viola she has a new stove. No extra outlay of cash and no time spent shopping for the stove. Depending on where you rent, you may have other amenities included in your rent that owning a home would cost you. Gyms, pools, etc. are included in many buildings. Renting in a downtown core for conveniences is usually more affordable than buying properties in these locations.

Freeing up the equity from the sale of your property could potentially allow you to enjoy your retirement more if money was an issue for the extras. Some people become house poor at retirement. You could end up with a limited lifestyle experience while having a lot of time but not having the money to do the fun stuff because it may be unaffordable to you. If you think limiting your activities to stay in your home and be cash poor but house rich for the sake of leaving a bigger estate to your children, there is insurance for that. So while there is no right or wrong answer to renting or owning, it becomes a personal decision on what kind of lifestyle you want versus what kind of lifestyle you can afford.

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