



CALIFORNIA  
ASSOCIATION  
OF REALTORS®

# To Rent or Buy in 2009

CALIFORNIA ASSOCIATION OF REALTORS®

# Renting Versus Buying in 2009

## 5 Year Tax Savings Outlook

	First-Time Buyers					Renters
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1 - Year 5
Household Income	\$48,900	\$48,900	\$48,900	\$48,900	\$48,900	\$48,900
Standard IRS Deduction Married Filing Jointly	n/a	n/a	n/a	n/a	n/a	\$10,900
Mortgage Interest Deduction	\$13,364	\$13,195	\$13,015	\$12,825	\$12,622	n/a
Property Tax Deduction	\$2,480	\$2,480	\$2,480	\$2,480	\$2,480	n/a
Total Deduction	\$15,844	\$15,675	\$15,495	\$15,305	\$15,102	\$10,900
<b>Total Taxable Income</b>	<b>\$33,056</b>	<b>\$33,225</b>	<b>\$33,405</b>	<b>\$33,595</b>	<b>\$33,798</b>	<b>\$38,000</b>
<b>Total Taxes Owed</b>	<b>(\$4,958)</b>	<b>(\$4,984)</b>	<b>(\$5,011)</b>	<b>(\$5,039)</b>	<b>(\$5,070)</b>	<b>(\$5,700)</b>
Homebuyer Tax Credit	\$8,000	n/a	n/a	n/a	n/a	n/a
Annual Tax Liability	<b>\$3,042</b>	<b>(\$4,984)</b>	<b>(\$5,011)</b>	<b>(\$5,039)</b>	<b>(\$5,070)</b>	<b>(\$5,700)</b>
x 5 Years						5
<b>5 Year Total Tax Liability</b>					<b>(\$17,062)</b>	<b>(\$28,500)</b>

First-time Buyer Purchasing in 2009 5-Year Tax Savings:  
\$11,440

SOURCE: C.A.R.



# Renting Versus Buying in 2009

## Out-of-Pocket Cost Analysis

	<b>Buying a Home - First-time Buyers</b>	<b>Renting a 3Bdr/2Ba Apartment</b>
Mortgage Payment/Rent	\$1,340	\$1,855
Taxes & Insurance/Renter's Insurance	\$290	\$20
<b>PITI/Total Rental Costs</b>	<b>\$1,630</b>	<b>\$1,875</b>
Monthly Savings	\$245	
Annual Savings	\$2,940	
5-Year Savings	\$14,700	

Assumes all pmts/costs remain constant

SOURCE: C.A.R.

