



CALIFORNIA
ASSOCIATION
OF REALTORS®

To Rent or Buy in 2009

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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
Total Taxable Income	\$33,056	\$33,225	\$33,405	\$33,595	\$33,798	\$38,000
Total Taxes Owed	(\$4,958)	(\$4,984)	(\$5,011)	(\$5,039)	(\$5,070)	(\$5,700)
Homebuyer Tax Credit	\$8,000	n/a	n/a	n/a	n/a	n/a
Annual Tax Liability	\$3,042	(\$4,984)	(\$5,011)	(\$5,039)	(\$5,070)	(\$5,700)
x 5 Years						5
5 Year Total Tax Liability					(\$17,062)	(\$28,500)

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

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

Assumes all pmts/costs remain constant

SOURCE: C.A.R.

