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Dear Client,

As a follow up to my April newsletter where I introduced the topic of benefits of home ownership or renting. Over the past several years home ownership has been financially rewarding for most and this will hopefully continue well into the future. Since home ownership is unquestionably expensive, there are good reasons to own versus renting. The one most often cited is the capital gains exemption on principle residences in Canada, which can provide a future nest egg. Over time home equity can be accessed through a secured line of credit to be used to enhance the property, consolidate debts or even finance other real estate holdings. Lastly, you'll have a potentially valuable asset to fund your retirement years.

With the benefits of home ownership there are also realities associated which may strike a chord with you. Maintenance can run 1% to 4% of the home's value annually, and if your home is older you'll most likely be on the higher end of that range. As with the age of the property comes the aging of the occupants, namely You! Performing regular maintenance may not be at the top of your agenda and paying to have them performed may affect your budget, along with any unscheduled repairs. The peripheral costs of home ownership never go away which includes ever increasing property taxes, which have proven to rise over time even during periods of declining home values. Add to that the cost of property insurance premiums and ever fluctuating utility expenses.

Renting will eliminate the unanticipated repairs and ongoing maintenance, which can alleviate the stress for homeowners while on a fixed income. According to Trulia (an American online real estate site) renting is almost always cheaper. According to a study they conducted where 100 cities with the highest population of seniors 65 and older, renting makes more sense financially in 98 locales. As the peak of the baby boom generation begins to turn 65, flexibility to relocate to accommodate changing health needs are a definite benefit.

In summary, I will leave you with this thought as I have found it to be accurate in my experience. **In general people tend to rent what they need, but buy as much as they can afford.** In the end, there is no right or wrong answer when it comes to renting vs. owning. The more thought you put into your decision, the better your chances of making the move that's best for you and your family.

Enjoy the rest of your summer!!

Kind regards,

David Beauchamp, CFP[®], FMA, CIM, FCSI[®]
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