

Should I Rent or Buy?

Question: Considering moving from your home to a condominium? What are the financial impacts of buying versus renting?

Assumptions: A couple both aged 70 are considering selling their home and moving to a residence more aligned with your lifestyle needs. They have a combined retirement income of \$36,000/year (\$30,600 after tax). Net Capital available after selling your home: \$500,000.

Hearthstone: Purchase: \$390,000 (934 sq ft - 2 bedroom residence)
 Net remaining capital: \$110,000
 Club Fees: \$899 monthly (+\$200 for second resident)
 Condo Fees: at \$370 monthly

Compare Typical Living Costs

Typical Monthly Living Costs	Home Owner	Retirement Rental	Hearthstone By The Bay
Food ⁽¹⁾	750	0	550
Housekeeping	200	200	50
Utilities	300	50	50
Communications	100	100	100
Property Tax	415	0	400
Other Property Maintenance	300	0	50
Entertainment	500	500	300
Rent ^{(2), (3)}	0	*4,887	0
Condo Fees			370
Club Fees ⁽⁴⁾			1,099
Total Expense (monthly)	\$2,565	\$*5,737	\$2,969

Estate Values Remaining From the Original Value of your Home*

At Age	Home	Rental	Hearthstone By The Bay
85	1,091,437	125,609	1,118,277
90	1,392,981	-52,532	1,415,240

Notes:

- (1) Rental includes food and Hearthstone offers a monthly \$200.00 gift certificate to its restaurant.
 - (2) An additional \$3,172 is required per month above the current income from investments to cover costs of Retirement Rental
 - (3) Taken as average in a range of rentals from \$3775 - \$6000 per month for a one bedroom.
 - (4) Club fees can not change for the entire time individual owns property. They are subject to inflation only.
- *It is assumed that you can reinvest in a Portfolio earning 5% average per year, use the funds to pay rent, or invest in a Hearthstone condominium. Tax rates of 15% was used on the earnings in the portfolio. Assumes a couple age 70 in an average large 1 bedroom suite rentals vs. 2 bedroom ownership.
 For illustrative purposes only. Actual values may be higher or lower. For a personal detailed assessment, please contact Mark Parlee of IPC Securities Corp. at 416.690.0911
 Prices and specifications are subject to change. E. & O.E.

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