

Keeler & Nadler: A Closer Look

Dear Friend of Keeler & Nadler,

Welcome to our summer issue of *Keeler & Nadler: A Closer Look*. In this issue we will discuss the pros and cons of owning vs. renting a home. We also have some exciting staff updates!

Best Regards,

Andrew P. Keeler, CFP®
Richard D. Nadler CFP®, CPA, MBA



Thinking About “Rightsizing”? Don’t Rule Out Renting

Over the past few years, a number of articles have called into question the benefits of home ownership. While most homeowners might be shocked to see how little, if any “equity” they have truly built after deducting property taxes, homeowners insurance and maintenance costs, the reality is that over long periods, it is still superior to the alternative: renting.

But is home ownership always best, financially or otherwise? The own-versus-rent discussion is similar to that of buying or leasing a car. Owning typically makes sense for those that plan to keep the car beyond the typical four or five years. Leasing makes sense for those that don’t want the burden of taking care of the car beyond this time, and for those that want the latest technology or safety features.

Owning a home is not without cost, costs that gradually degrade the financial benefit of ownership. Transaction costs, maintenance costs such as a furnace, roof, driveway, and others add up over time. This is on top of the interest paid to borrow the money to buy the home in the first place. But there is comfort in calling your house your home.

Renting, like leasing a car, involves giving up certain freedoms and control. The monthly lease payments accrue to nothing; at the end of the rental period there is no equity. Because renting involves no significant up-front costs such as a down payment (other than one or two months’ rent or a security deposit), one could invest the money that would have otherwise been used to make the down payment on the home. But because down-payments tend to be in the 5-10% of the home purchase price, the interest earned on this invested money won’t amount to too much.

For those considering selling their home now, here are a few things to consider before buying the next home:

1. On average, it takes six or more years before owning is more financially viable than renting.¹ (It takes a while to recoup the costs associated with buying and later selling the home.)
2. If you plan to travel a lot, consider renting. Maintenance is the responsibility of the landlord.
3. If you have or expect to have grandchildren, renting until you know where the family core will end up may make sense. Remember, transaction costs (buying a home, living in it for a short period, then selling it to buy another home) are the greatest detractor from home equity.
4. If you plan to live in your home until the fateful end, owning may make more sense.

If you would like to see a more detailed comparison of the pros and cons of owning vs. buying, head to our blog where we will post the complete version of this article.

By: Andy Keeler, CFP®

¹ www.nerdwallet.com/mortgages/rent-vs-buy-calculator

Meet Steven Slagle!

Job Title: Financial Planning Associate

Hometown: Solon, Ohio

Best part of my job: Putting the materials for client reviews together so that the advisors can meet with the clients to discuss their financial goals and getting to know what a financial advisor does on a daily basis.

Hobbies: Listening to new music and older music that I have never listened to before.

Interesting Fact: I was an Academic All-American for Lacrosse in 2014 and 2015 and played lacrosse at Ohio Northern University for a year before transferring to Ohio State University.



Congratulations Abby & Matt!

We are thrilled to share that Abby Rose (formerly O'Neil), our Client Operations Manager, got married this past May. Abby and Matt were married May 4th at the Darby House in Galloway, Ohio surrounded by family and friends.



Following their wedding, they headed to their 2 week honeymoon in Europe. While there, Abby and Matt visited London along with Santorini and Athens. Help us in congratulating the Newlyweds!

Notes

Stay Connected

Join Keeler & Nadler on Facebook! In addition to investment news, we will keep you updated on the activities within our office, our community involvement and the accomplishments of our staff.



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Holiday Schedule

Labor Day – September 3rd (office and market closed)

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