Living on
YOUR OWN

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Are you ready to make the big move?

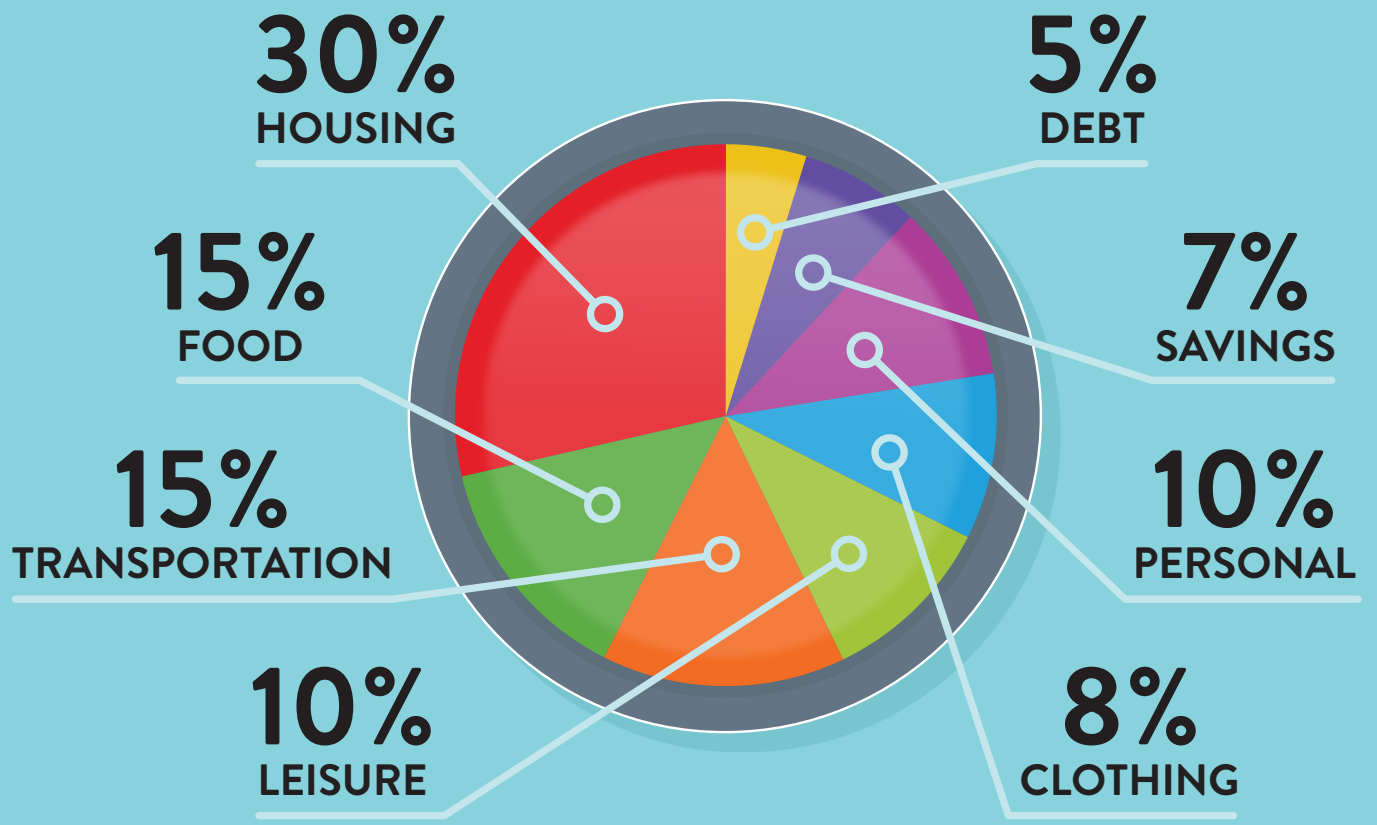
There's more to it than paying rent—living on your own creates new expenses that you may not have considered, such as rental insurance, commuting expenses and furnishing your new place. Here are a number of things to consider as you plan for your big move.

Build a **BUDGET**

You will need a budget before you move

It’s the only way to understand what you can afford, and it will help you make sense of all the expenses that come with your new independence.

A **spending ratio** can help you evaluate your spending habits and understand what you can and can't afford.





Spending ratios are a general guide. Categories can be added to better reflect your personal situation. For example, students will need to factor tuition and textbooks into their spending ratio.

How much rent

CAN YOU AFFORD?

CALCULATE YOUR HOUSING SPENDING RATIO

Add up your regular household expenses

$1,500	+	**$20**	+	**$250**	=	**$1,770**
Rent		*Renter's insurance*		*Electricity* *Utilities* *Internet* *Parking space*		*Expenses will vary, depending on the apartment—be as accurate as possible*

Divide the result by your monthly net income

$1,770	/	**$5,900**	=	**30%**
Household expenses		*Monthly income (after tax)*		*Ideally, your housing expenses should be 30%, or less, of your net monthly income*

First apartment

REALITY CHECK



What happens when you find an apartment you love, but it's way outside your spending ratio?

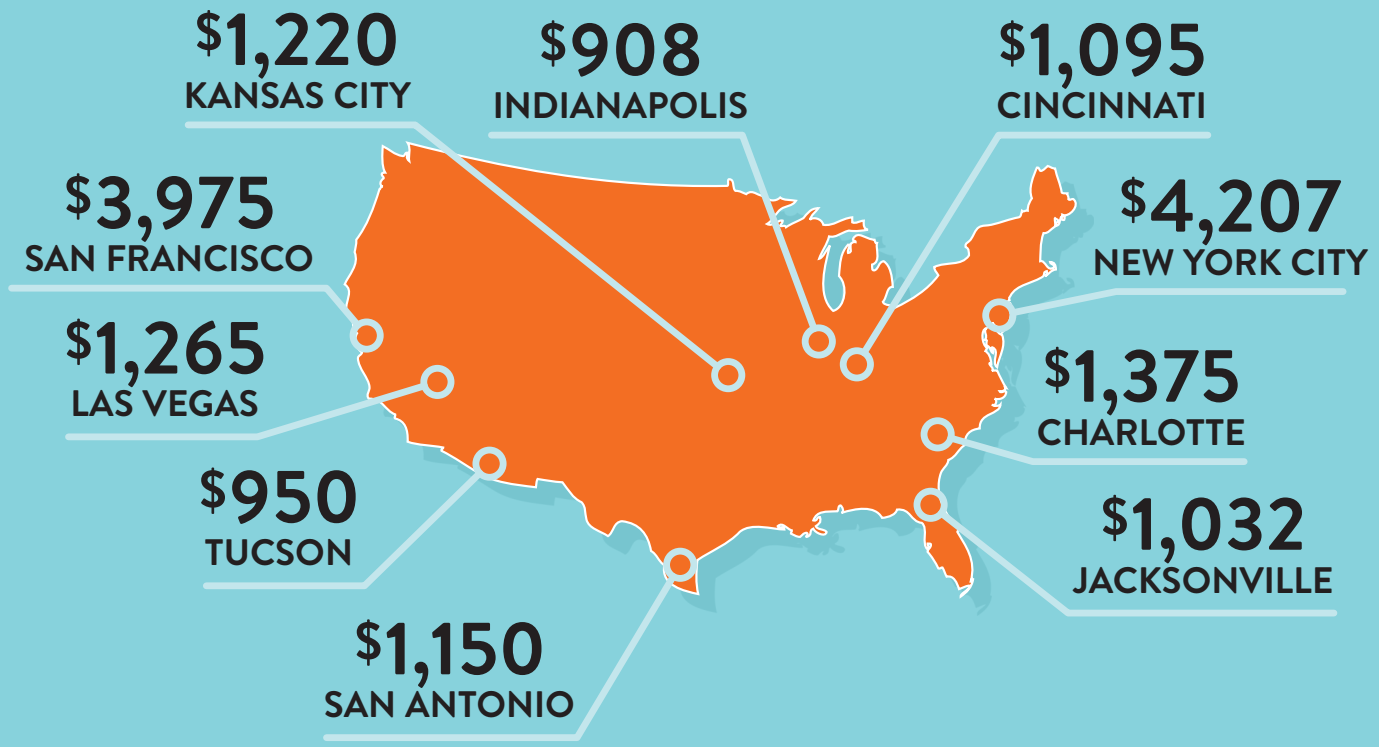
- **Increase your income** *Is the apartment you found worth taking on a second job or working longer hours?*
- **Reconsider your "must-haves"** *Be realistic about your expectations, especially if it's your first time living on your own; compare many different apartments to understand how much more that extra square footage or that view will cost you*
- **Reduce other spending areas** *In some cases, you can justify a higher housing spending ratio if it reduces (or eliminates) another spending category; for example, an apartment near work or school can reduce your monthly transportation costs*

- **Share the space** *Taking on a roommate can give you access to that dream apartment for less money*
- **Look in a different location** *Rental rates vary widely across the country; check out the pricing in nearby suburbs and cities to see if a move would make sense in the long run*

Average rent across

THE COUNTRY

Across the country, rents are rising. Here's a sampling of rent rates for a one-bedroom apartment in 10 metropolitan areas throughout the United States. Rent will be cheaper in the suburbs and rural areas.



More than just the

RENT CHECK

When taking your total housing costs into consideration, be sure to look past your rent payment. Here are a few items to take into consideration. Depending on your situation, there may be other expenses to consider.

ONE-TIME EXPENSES



First & last month's rent



Packing materials



Moving expenses



Starter furniture

ONGOING EXPENSES



Electricity



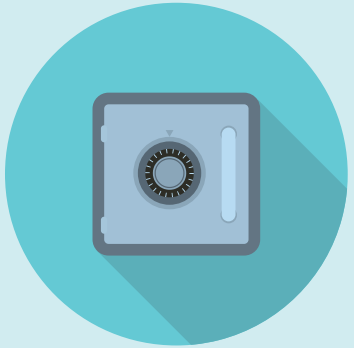
Utilities



Cable, telephone & Internet



Renter's insurance



Security monitoring



Parking



Household items

Save up before

MAKING THE LEAP

First month's rent	$ 1,500
Security deposit	$ 1,500
Background & credit check	$ 100
Moving costs	$ 500
Starter furniture	$ 1,500
Miscellaneous	$ 1,000
Total	**$ 6,100**

This is a rough example only. Amounts will vary, depending on where you are moving to or how far you are moving.

First month's rent	$ 1,500
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Scoring an apartment means putting down a security deposit—also known as the last month's rent

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You'll likely be subjected to a background and credit check—which you're often charged for, to the tune of $50 to $100, depending on the management company

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Don't overlook this expense—price out renting a moving truck versus a full-service move and don't forget boxes, tape and other supplies; if you have access to a pickup truck and willing friends, you may be able to save some money

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Your first apartment doesn't need to be a palace—spend an amount that you're comfortable with on furniture, and remember that, aside from the basics, you don't need to buy everything all at once; consider visiting thrift shops intermittently; end tables, lamps, bookshelves and the like can be purchased gradually—so think of furniture as a recurring expense for the first year, rather than as one lump sum

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Be sure to have enough set aside for other miscellaneous expenses including utility deposits, renter's insurance and basic cleaning supplies

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Sources: Consolidated Credit Counseling Services, *Forbes*, MoveIn, Inc., MyFirstApartment.com

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