

Better Money Habits®

# Managing Your Money

For those new or returning to the U.S.



# Auto and home loans

Better Money Habits®



# To buy or lease a car

Unless you're living in a major city, there's a good chance you'll need a car to get around.

## Buying a car

- You'll own the car once payments are made
- Traditionally, your monthly payments will be higher
- You have the option to sell or trade
- You can drive as many miles as you'd like
- Loan terms range from 3 to 7 years

VS

## Leasing a car

- You'll return or trade in the car for a new lease once your term is over
- Traditionally, your monthly payments will be lower
- You're restricted to mileage, anywhere from 10,000 to 15,000 miles per year
- A typical lease is 2 to 7 years



# Key terms to know about auto loans

- **Budget:** Review your budget to see what you can realistically afford and whether you can afford a down payment
- **Preapproved financing:** Consider getting preapproved for an auto loan by a bank, credit union or online lender before car shopping
- **Lenders:** If you need to finance, shop around to find the best rate
- **Term:** A longer term means smaller monthly payments
- **Interest rates:** The annual percentage rate (APR) is the interest rate plus any other fees that will add to your monthly payment
- **Depreciation:** A new car's value drops when you drive it off the lot



## Insurance

Whether you're buying or leasing, you'll need to carry auto insurance. Compare different companies to find the best rates ahead of time.

# The costs of an electric vehicle (EV)

- The initial investment may seem higher
- Automakers have expanded EV offerings to make them more affordable
- Tax credits and incentives can help lower the costs of an EV
- Employers may offer incentives or reimbursements for EV purchases



# Renting vs. buying a home

Owning a home is a financial commitment that requires planning ahead. If you're new to the country, renting may be a more realistic option. Here are the overall main differences between renting and buying.

## Renting

- You'll pay less upfront, but will most likely need the first and last months' rent and often a security deposit
- If repairs are needed, your landlord will likely be responsible
- Rent may increase over time
- Relocating will be easier

VS

## Owning

- Most mortgages require a down payment and closing costs
- You can customize your home, but you'll be responsible for repairs
- Home values can rise and fall over time
- You may build equity, which can increase your personal wealth



# Landlord vs. lender

The types of information that will be requested of you:

	Landlord	Lender
Employment status	✓	✓
Credit report	✓	✓
Background check	✓	
Financial obligations		✓
Tax returns and/or pay stubs	✓	✓
Other debt		✓
References	✓	



# When buying a home with family

The decision to purchase a home together can be an affordable way to share homeownership costs, ease the burdens of caregiving and invest in real estate. Here are some important financial considerations to keep in mind:

- Understand the needs of each person involved
- Decide who will contribute to purchase
- Decide who will be listed on the property deed as the “official owners”
- Set and agree on a budget
- Know the financing process and down payment requirements
- Establish clear long-term goals
- Consider your exit strategy



# The home loan process

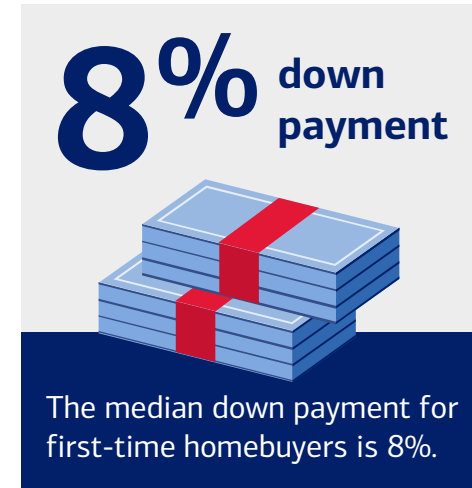
**Step 1: Prepare your finances** — how much can you afford?

**Step 2: Prequalify for the right loan** — meet with a lender

**Step 3: Call a real estate agent** — ask to see homes in your budget

**Step 4: Lock in your mortgage** — apply and lock in your interest rate

**Step 5: Prepare to close** — have your finances in order



Source: National Association of REALTORS®, November 2023

1

There are advantages and disadvantages when it comes to buying or leasing a car. It's good to be informed before you start looking around.

2

You may be entitled to tax credits and incentives to help lower the costs of purchasing an electric vehicle (EV).

3

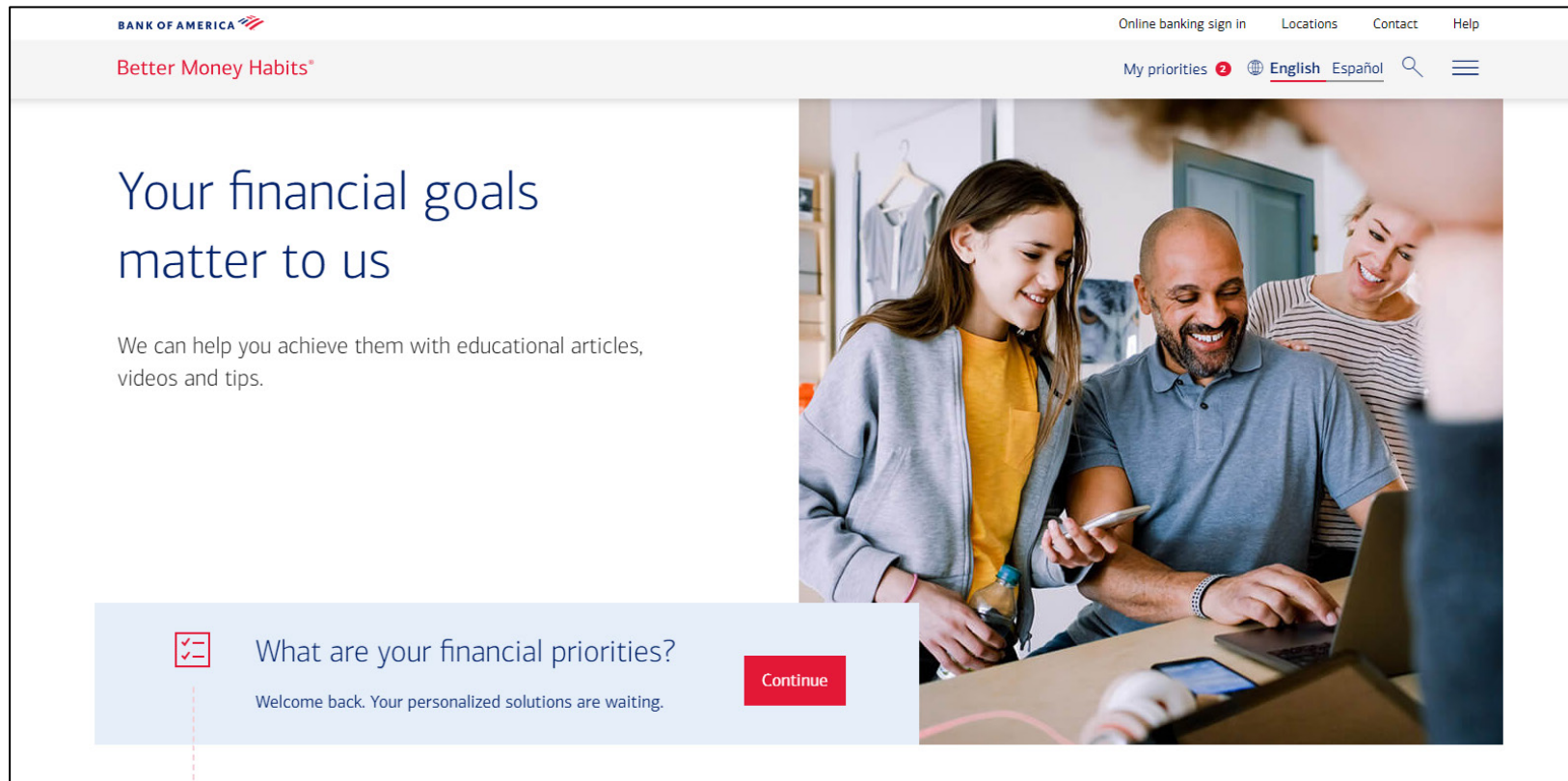
If you're new to the country, renting may be a more realistic option for housing. But further down the road, owning may help you build equity and increase your personal wealth.

4

It's important to consider the needs and responsibilities of each person involved if you purchase a home with family.

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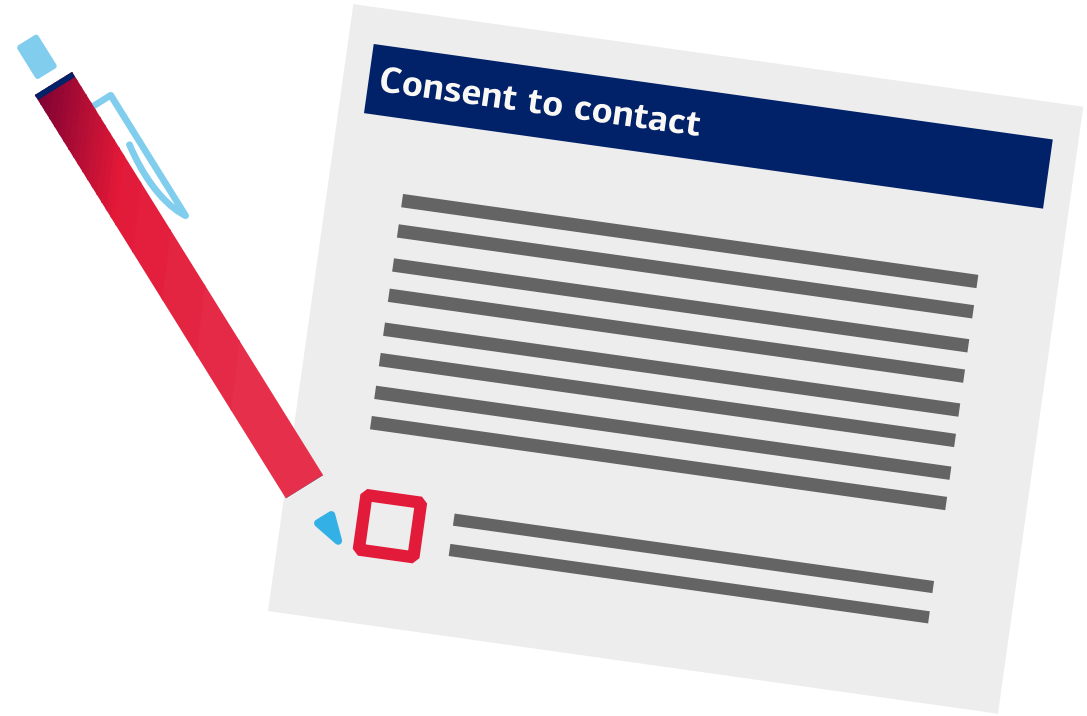
Prepare for the steps involved in the home loan process from how much you can afford to the type of mortgage that may work best for you.



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# Consent to contact card

- Gives you flexibility to reach out at your convenience
- Just scan before you leave, and we can set up a time that works for you



# Thank you

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