

Renting Versus Buying in 2009

5 Year Tax Savings Outlook

	First-Time Buyers					Renters	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1 - Year 5	
Household Income	\$48,900	\$48,900	\$48,900	\$48,900	\$48,900	\$48,900	
Standard IRS Deduction Married Filing Jointly	n/a	n/a	n/a	n/a	n/a	\$10,900	
Mortgage Interest Deduction	\$13,364	\$13,195	\$13,015	\$12,825	\$12,622	n/a	
Property Tax Deduction	\$2,480	\$2,480	\$2,480	\$2,480	\$2,480	n/a	
Total Deduction	\$15,844	\$15,675	\$15,495	\$15,305	\$15,102	\$10,900	
Total Taxable Income	\$33,056	\$33,225	\$33,405	\$33,595	\$33,798	\$38,000	
Total Taxes Owed	(\$4,958)	(\$4,984)	(\$5,011)	(\$5,039)	(\$5,070)	(\$5,700)	
Homebuyer Tax Credit	\$8,000	n/a	n/a	n/a	n/a	n/a	
Annual Tax Liability	\$3,042	(\$4,984)	(\$5,011)	(\$5,039)	(\$5,070)	(\$5,700)	
x 5 Years						5	
5 Year Total Tax Liability						(\$17,062)	(\$28,500)

First-time Buyer Purchasing in 2009 5-Year Tax Savings:
\$11,440

SOURCE: C.A.R.

