

Buying, Renting and Leasing

What do you think these words mean? When have we heard them before?

Buying, Renting and Leasing

Buying: obtaining ownership of the item

Renting: an agreement that provides use of an item for a short period of time (30 days) or an undetermined amount of time.

Leasing: a contract involving transferring an asset for a set period of time, outlined payment terms, and other terms and conditions.

*Renting and leasing are often used interchangeably, however the main difference is the length of time, with rent often being month to month and lease being 6-months to a year.

We will be discussing buying, renting and leasing options regarding 3 different types of purchases.

1. Big-ticket items

-high priced items (what someone considers high priced may be different depending on individual's incomes)

-examples: furniture (sofa, bedroom set), electronics (gaming console, entertainment system), appliances (washing machine, fridge) building materials (lumber, new cabinets)

2. Vehicles

-although vehicles can refer to any transport machine, we will be discussing only motor vehicles for personal use.

3. Housing

Buying: obtaining ownership of the item

There are many ways we can make purchases, such as in person at a store, online new, and second hand (online or in person).

Pros	Cons
ownership full control credit score (mortgage) financing option for vehicles and big- ticket necessities	responsibility (maintenance costs) big commitment inflation resell

When buying a new vehicle, you will have the option of financing. This means they will check your credit score and offer you the option to take the vehicle home and make payments at it, with interest. In terms of used vehicles, you may be able to finance through a dealership, or you can make a purchase through a private sale (including online such as Kijiji).

Renting: an agreement that provides use of an item for a short period of time (30 days) or an undetermined amount of time.

Pros	Cons
not responsible for maintenance little commitment	no ownership (cannot make changes) renter can make changes to property or rent amount.

Renting to own may also be an option if you are renting for now and eventually pay the remainder to get ownership.

Leasing: a contract involving transferring an asset for a set period of time, outlined payment terms, and other terms and conditions.

Pros	Cons
little commitment	no ownership terms may include additional payments

Leasing a vehicle allows access to a newer vehicle but you will be responsible for extra charges such as driving too many km. You will also have no equity afterwards.

Renting vs. Buying

Video and Questions

 https://www.youtube.com/watch?v=NZR_vMTLflk