

# The True Cost of Renting a Place Answer Key

**Directions:** Answer the following questions based on the information presented in the video [Better Money Habits: The True Cost of Renting a Place](#).

**1. What are three factors to consider when looking for a place to live?**

*Answers may vary but should include: how close to work, how close to family, how close to friends, the amount of space needed.*

**2. What is the 30 percent rule? Define gross income in your answer.**

*Take 30 percent of your gross income and allocate that to your general housing expenses, including utilities, insurance, and other costs associated with a place to live. Gross income is your entire income before taxes.*

**3. Using the 30 percent rule, how much should a teacher earning \$40,000 per year plan on spending for general housing expenses? How much is this per month if renting and incurring all costs associated with renting?**

*.30 \* \$40,000/year = \$12,000/year  
\$12,000/12 = \$1,000 per month*

**4. What expenses should you expect to pay when renting a place to live?**

*Expenses will include some of the following:  
Monthly rent, utilities (electric, gas, oil/fuel, water/sewer, garbage/trash, renter's insurance, other)*

**5. What options could you consider to reduce your monthly expenses when renting?**

*Answers may vary but should include: finding a roommate, finding a smaller place, other*

**6. If you were struggling to find a place you like within your budget, what other non-housing expenses would you be willing to give up that would allow you to go above the 30 percent rule?**

*Answers will vary, but students might say they would give up their car and use public transportation, or cut back on the number of times they go out to eat.*