

A Home Or THE Home: Affordable vs. Perfect

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Everyone needs a home, but some of us just can't settle for something less than we want in terms of location, space, storage, interior design and amenities. However, it's often rather unreasonable to be burdened with sky-high rent in exchange for fictitious everyday convenience.

Consider this: how comfortable can you feel if you have to eat canned food for every meal and stay in every Friday and Saturday night? That's something far from perfect. Fortunately, there is a simple solution to the problem - a rational estimation of your [rental possibilities](#) is the key to gaining that idyllic life you've always dreamed about.

The classical approach to figuring out how much rent you can afford is a simple mathematical calculation. It is widely known that your rent should be around your annual income divided by 40 (that is 30% of your income divided across 12 months). For instance, if you earn about \$60 000 per year, your rent limit is \$1500 ($\$60\,000/40=\1500).

You should treat the word 'limit' with respect and try to stay within this amount, which, by the way, is not small at all. Even in such big cities as Chicago you can find [accommodations for much less](#). Besides, 30% is a pretty smart range allowing you to meet the living and entertainment expenses and also to put something aside for the future, retirement or emergencies.

This calculation, though, should be applied to your actual income i.e. 'take-home' pay, not your salary. If, for example, 40% of your paycheck is withheld for taxes every month, the remaining 60% is the cash resources you are free to manage. Also, this money must cover housing costs - insurance, bills, utilities etc.

Starting from this 30% figure, it's much easier and much more logical now to think about your personal comfort. On one hand, why pay even that amount if you'd rather spend some of it on a hobby or parties? On the other hand, living in a big city like New York or Chicago, as a rule, requires higher rent spending. It does, however, allow [you to save on transport costs](#) or to be in a place where you can actually earn more.

So, focus on your personal budgetary specifics but within the limit - you still don't want rent to interfere with your other life goals and needs. In addition, it never hurts to draw up a budget of all of your expenses, as there is more to life than paying rent. Your other expenses may include anything from credit repayments, childcare or car insurance to simply cell phone, clothes, groceries, gym and so on. And round those figures up - it's always better to over-estimate and have some spare money for unplanned purchases.

Another important point is to remember that you probably won't live in the same place for ever. If you are just getting started with your career, it's normal that you don't have any savings at all. It's also obvious that when moving into your first apartment, you will need to account for some additional expenditures such as utilities, probably furniture, and several deposits, so it may be a good idea to start out in a slightly less expensive place. Then when you get your first promotion, you can probably afford a better accommodation.

To sum up, I suggest we put an equal mark between 'affordable' and 'perfect' - all in all, you're the only person who is able to cater to your own comfort. And there is no reason why A home cannot turn into THE home.