



# **MONEY SMART FOR YOUNG ADULTS**



## **MODULE 12**

# **Living on Your Own**

## **Instructor Guide**



FDIC-032-2022

The Federal Deposit Insurance Corporation is an independent agency created by Congress to maintain stability and public confidence in the nation's financial system. One way we do that is by providing free, non-biased financial education materials, including this instructor guide. For more information about our family of Money Smart products, visit **[fdic.gov/moneysmart](https://www.fdic.gov/moneysmart)**.

# Contents

<b>Welcome .....</b>	<b>1</b>
Module Purpose .....	1
Module at a Glance .....	2
<b>Module Opening.....</b>	<b>3</b>
Welcome Participants as They Arrive .....	3
Pre-Training Survey (Optional) .....	3
Parking Lot and Participant Guide .....	4
<b>Section 1: Options for Where to Live .....</b>	<b>5</b>
Things to Consider in Choosing a Place to Live .....	5
Apply It: What Do I Need and Want in a Place to Live? .....	6
Apply It: My Housing Options .....	7
<b>Section 2: Rent versus Buy .....</b>	<b>11</b>
Advantages and Disadvantages of Renting and Buying .....	11
Apply It: Should I Rent or Buy? .....	13
<b>Section 3: Credit and Housing Options .....</b>	<b>14</b>
How Credit Reports and Scores Affect Housing Options.....	14
Try It: Considering Credit and Renting.....	16
<i>Scenario: Ty Looks at Rental Options</i> .....	16
<i>Try It: Considering Credit and Renting—Answer Key</i> .....	17
<b>Section 4: Costs of Renting.....</b>	<b>18</b>
Apply It: Monthly Cost Estimator for Renting.....	18
Apply It: Move-In Cost Checklist .....	19
<b>Section 5: Renter’s Insurance .....</b>	<b>22</b>
About Renter’s Insurance.....	22
Apply It: What Do I Need to Protect? .....	24
<b>Module Closing .....</b>	<b>26</b>
Remember the Key Takeaways.....	26
Take Action .....	26
Post-Training Survey (Optional) .....	27
Answer Key for the Pre- and Post-Training Survey .....	28

# Welcome

Welcome to the FDIC's Money Smart for Young Adults!

This is the instructor guide for **Module 12: Living on Your Own.**

## Module Purpose

This module helps participants consider options for renting and buying a home. Participants will be able to:

- List needs and wants that affect housing decisions
- Describe a variety of housing options
- List things to consider in choosing whether to rent or buy a home
- Explain how credit reports and scores affect housing options
- List the costs of renting, including monthly costs and one-time costs
- Explain how renter's insurance protects renters
- Create a property inventory

Module 12: Living on Your Own of Money Smart for Young Adults focuses primarily on renting a place to live. If your group is interested in more information on homeownership, consider sharing sections of Money Smart for Adults Module 13: Buying a Home.

# Module at a Glance

We estimate that you will need 2 hours to cover the entire module, not including breaks. You can cover all the sections or select sections based on the time you have available and the needs of participants.

SECTION	SUBSECTIONS AND ACTIVITIES	ESTIMATED TIME (MINUTES)
<b>Module Opening</b>	<ul style="list-style-type: none"><li>▪ Welcome Participants as They Arrive</li><li>▪ Pre-Training Survey</li><li>▪ Parking Lot and Participant Guide</li></ul>	<b>10</b>
<b>Section 1: Options for Where to Live</b>	<ul style="list-style-type: none"><li>▪ Things to Consider in Choosing a Place to Live</li><li>▪ Apply It: What Do I Need and Want in a Place to Live?</li><li>▪ Apply It: My Housing Options</li></ul>	<b>35</b>
<b>Section 2: Rent Versus Buy</b>	<ul style="list-style-type: none"><li>▪ Advantages and Disadvantages of Renting and Buying</li><li>▪ Apply It: Should I Rent or Buy?</li></ul>	<b>15</b>
<b>Section 3: Credit and Housing Options</b>	<ul style="list-style-type: none"><li>▪ How Credit Reports and Scores Affect Housing Options</li><li>▪ Try It: Ty Talks With Friends About Credit and Renting</li></ul>	<b>20</b>
<b>Section 4: Costs of Renting</b>	<ul style="list-style-type: none"><li>▪ Apply It: Monthly Cost Estimator for Renting</li><li>▪ Apply It: Move-In Cost Checklist</li></ul>	<b>15</b>
<b>Section 5: Renter's Insurance</b>	<ul style="list-style-type: none"><li>▪ About Renter's Insurance</li><li>▪ Apply It: What Do I Need to Protect?</li></ul>	<b>20</b>
<b>Module Closing</b>	<ul style="list-style-type: none"><li>▪ Remember the Key Takeaways</li><li>▪ Take Action</li><li>▪ Post-Training Survey</li></ul>	<b>10</b>

The FDIC created Real-Life Money Situations for Young Adults to strengthen the financial knowledge, skills, and self-efficacy of young adults ages 16 to 24. The five scenarios can be used with the Money Smart for Young Adults financial education curriculum, with other financial education curricula, or as stand-alone activities. Each scenario features a young adult facing realistic financial decisions. Young adults reflect on the scenarios and consider how they might respond in similar situations. The scenario titled Mei Finds a Place to Live features financial decisions that relate to the content of this module. Search [fdic.gov](https://www.fdic.gov/real-life-money-situations-for-young-adults/) for Real-Life Money Situations for Young Adults.

# Module Opening

Time estimate for this section: 10 minutes

## Welcome Participants as They Arrive

### SHOW SLIDE 1



**DO**

- As participants arrive for the training, use this time to:
  - Welcome them and introduce yourself
  - Ask them to sign in for the training if you are using a sign-in sheet
  - Ensure that any requested reasonable accommodations are in place and make any necessary adjustments



## Pre-Training Survey (Optional)

See page 19 in the participant guide.

**Note to instructor:** Before training starts, you can ask participants to complete the pre-training survey in the back of the participant guide. Give participants copies of the survey, so they do not have to tear pages out of their guides. The questions are repeated in the post-training survey.

The answer key is at the end of this instructor guide, but do not share the answers now.

Using the pre- and post-training surveys allows you to estimate knowledge gains and get other feedback on the training. You may decide to compare pre-training surveys to post-training surveys to estimate knowledge gains of the entire group or for individual participants. If you want to estimate by participant, ask them to write their name or some other unique identifier on both their pre- and their post-training surveys.

### SHOW SLIDE 2



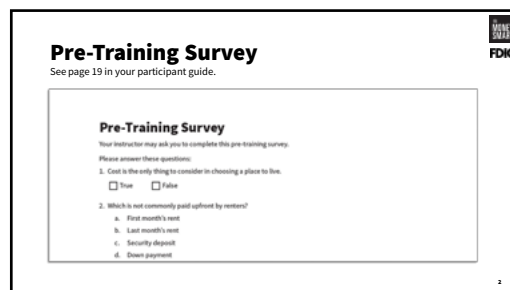
**SAY**

- Thank you for coming to this Money Smart training on “Living on Your Own.”
- Please complete the pre-training survey on page 19 of your participant guide.
- It should take less than five minutes to complete.



**DO**

- Collect the completed surveys.



# Parking Lot and Participant Guide



- I will use a parking lot to capture questions, ideas, and other thoughts. We can add items anytime during the training. Time permitting, I will address them during breaks or at the end of training.
- You have a participant guide. You can write in it. It is yours to keep.

# Section 1: Options for Where to Live

Time estimate for this section: 35 minutes

See page 2 in the participant guide.

Participants will be able to:

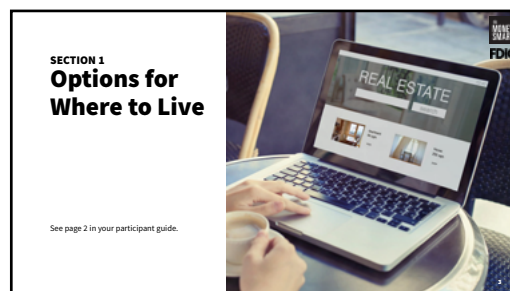
- List needs and wants that affect housing decisions
- Describe a variety of housing options

## SHOW SLIDE 3



**SAY**

- We will discuss how to figure out what you need and want in a place to live and also talk about options for housing.

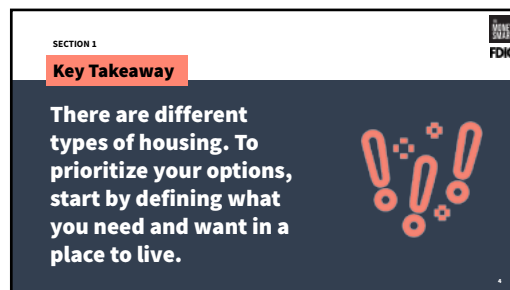


## SHOW SLIDE 4



**SAY**

- The key takeaway for this section is: There are different types of housing. To prioritize your options, start by defining what you need and want in a place to live.



## Things to Consider in Choosing a Place to Live

Lead activity (15 minutes)—Contest

See page 2 in the participant guide.

## SHOW SLIDE 5



**SAY**

- Deciding where to live can be complicated. There are many options for renting and buying.
- Considering what you need and want in a place to live can help you narrow down your options.
  - Needs and wants can relate to the home itself. For example, you may want a certain number of bedrooms. Or you may need wide hallways or other features that make the home accessible to people with disabilities.
  - Needs and wants can relate to the location. For example, you may want a place that is walking distance from where you work or go to school.





- Cost is also important to consider. You need to make sure you can afford the rent or housing payment. But there are other cost considerations as well. For example, you may want an energy-efficient place to live to keep your utility bills low.



## DO

- Break participants into small groups.
- Make sure each small group has a piece of flip chart paper, as well as several markers so multiple team members can write at once.



## SAY

- Let's have a contest to see which group can think of the most things that people may consider when looking for a place to live. You will have five minutes to get as many ideas on paper as you can.
- After five minutes, we'll count how many ideas each group wrote.



## DO

- Give participants five minutes to write down their ideas.
- Give each group two minutes to display their flip chart paper so that it is visible to the rest of the room and to count how many ideas they captured. If an idea is written more than once on a group's flip chart paper, the group should only count it once.
- Invite each group to share how many ideas they wrote down. Time permitting, ask each group to share a few of their ideas. Ask groups to avoid repeating ideas that other groups already shared.



## Apply It: What Do I Need and Want in a Place to Live?

Lead activity (5 minutes)—Exercise  
See page 2 in the participant guide.

### SHOW SLIDE 6



## SAY

- Turn to “Apply It: What Do I Need and Want in a Place to Live?” on page 2 in your participant guide. You will consider which ideas from the last activity are things you need and want in a place to live.
- Think ahead to when you will need to choose where to live. That may be a decision you need to make soon, or it may be further in the future.
- Take four minutes to write down at least five needs and at least five wants that will affect your housing decision. Look at what the groups wrote during the last activity for ideas.

Apply It  
**What Do I Need and Want in a Place to Live?**  
See page 2 in your participant guide.

**APPLY IT:**  
**What Do I Need and Want in a Place to Live?**  
What needs and wants will affect your housing decision? Describe your needs and wants in the table below. Try to list at least five in each column.

ADVANTAGES	DISADVANTAGES



## DO

- Give participants four minutes to complete “Apply It: What Do I Need and Want in a Place to Live?” in the participant guide.
- If time permits, ask a few participants to share their needs and wants.



## Apply It: My Housing Options

Present information (15 minutes)

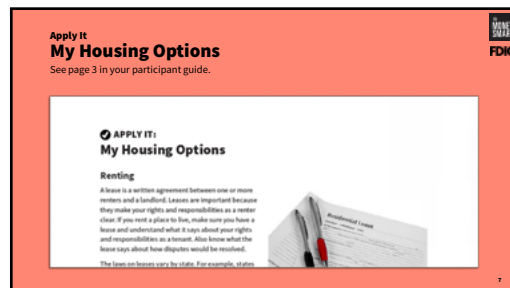
See page 3 in the participant guide.

### SHOW SLIDE 7



## SAY

- Turn to “Apply It: My Housing Options” on page 3 in your participant guide.
- This table outlines some options for housing. As we talk about these options, you can follow along in your participant guide.
- We will look first at options for renting and then at options for buying.
- As we review the options, check those you think might be options for you now or when you will need to choose where to live.
- There is a lot of information here. We’ll review some of the information together. But you may want to review the Apply It in more detail on your own after today’s training.

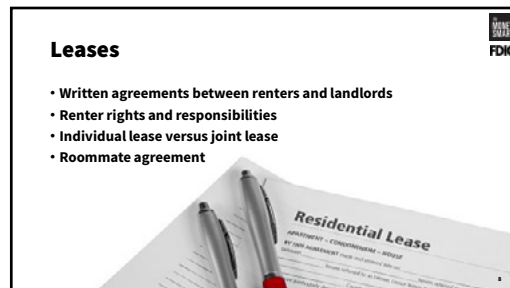


### SHOW SLIDE 8



## SAY

- Let’s consider some options for renting.
- A lease is a written agreement between one or more renters and a landlord. Leases are important because they explain your rights and responsibilities as a tenant. For example:
  - A lease establishes that you will have a place to live for the period specified in the lease, as long as you pay rent on time and meet your other responsibilities. Without a lease, you could be required to move out on short notice.
  - A lease establishes which types of repairs are the responsibility of the landlord. Without a lease, it is unclear who is responsible for repairs.
- If you rent a place to live, make sure you have a lease and understand what it says about your rights and responsibilities as a tenant. Also know what the lease says about how disputes would be resolved.
- The laws on leases vary by state. For example, states may limit the amount of the security deposit that landlords can require a tenant to pay. State laws also cover eviction, placing limits on when and how landlords can force renters to move out.



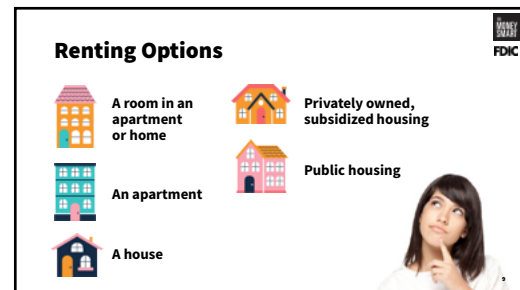
- An **individual lease** is between one person and the landlord. An individual lease means you are only responsible for paying your rent or for any damages you cause.
- A **joint lease** is between multiple people and the landlord. Being on a joint lease means you are on the hook if your roommates do not fulfill their responsibilities. For example, if a roommate does not pay their share of rent or they damage the rented home, you are responsible for the overdue rent or cost of damages. These and other situations can even lead to eviction.
- You may need a **co-signer** to secure a rented home if you do not have a credit history or if your credit history is unfavorable. A co-signer for an apartment lease is responsible for all obligations if you default.
- A **roommate agreement** is different from a lease. It is a written agreement among people sharing a rented home that describes how you will split costs and share the living space.

## SHOW SLIDE 9



### SAY

- Let's look at some options for renting.
- For any rental option, the landlord may require a credit check, require that you provide proof of income, or both.
- You can rent a room in an apartment or home.
  - This is a room that is yours to use, generally a bedroom.
  - You may have access to the kitchen, living room, or other common areas.
  - You may have a private or shared bathroom.
  - Generally this means living with at least one other person. Doing so can be an affordable option.
- You can rent an apartment.
  - This is a room or group of rooms owned by a landlord.
  - You can rent a unit in a small building or a unit in a large complex.
- You can rent a house.
  - This is a house owned by a landlord.
  - This option includes duplex buildings—houses that are divided into two units, each with its own entrance.
  - Sharing the house with others can be an affordable option.
  - Rent-to-own or lease-to-own options have higher monthly payments. Part of the payment is put toward rent and the other part is put toward a down payment for the home when purchased.
- You may be eligible to rent privately owned, subsidized housing.
  - These rental units are offered at reduced rents to people with low income.
  - Because affordable housing is in short supply, it may be difficult to find a unit. There could be long waiting lists.
  - You may need to meet minimum or maximum income requirements and provide proof of income.

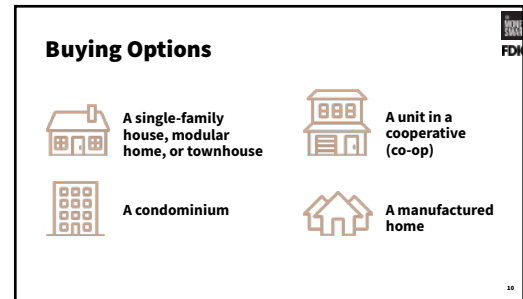


- You may be eligible to rent public housing.
  - These affordable rental units are available to people with low incomes, senior citizens, and people with disabilities.
  - Tenants may receive supportive services.
  - You must work with your local public housing authority to get public housing. There are sometimes long waiting lists.
  - You may need to meet minimum or maximum income requirements and provide proof of income.

## SHOW SLIDE 10



- SAY**
- Now let's consider options for buying a home. This part starts on page 2 in your participant guide.
  - Most people borrow money to buy a home.
  - Lenders review the credit reports and scores of people applying for loans. They do so to predict whether the applicant will make payments on their loans on time and as agreed. Based on that review, the value of the home, and other considerations, lenders decide how much they will loan the applicant and on what terms. Lenders also verify the income that will be used to repay the loan.
  - In addition to your down payment and monthly payments, common housing costs include utilities, maintenance and repairs, equipment for yard work, property taxes, and insurance.
  - You can buy a single-family home, modular home, or townhouse.
    - A single-family home is a standalone home on a piece of property you own.
    - A modular home is a type of single-family home. Sections of modular homes are built in factories and assembled on-site.
    - A townhouse (or row house) is built side-by-side with other homes. You may share one or two walls with other townhouses.
    - You may have a homeowner's association (HOA) or property owner's association (POA). If you buy a home with an HOA or POA, understand the costs and rules, as well as the benefits.
  - You can buy a condominium.
    - A condominium is part of a larger property. You own a unit. The condominium association owns the building and grounds.
    - You are a member of the condominium association, which charges fees and sets rules for condominium owners.
  - You can buy a unit in a cooperative (co-op).
    - You lease a unit and are a shareholder in the corporation that owns the entire property.
    - A tenant-elected board of directors must approve your application to join the co-op.
    - Financing may be different from a typical home loan. With a co-op, you are buying shares in the corporation that owns the entire property.
  - You can buy a manufactured home.



- This is a home built in a factory and delivered to a property. In contrast, parts of a modular home are built in a factory, and those parts are assembled on-site.
- Owners of these homes can place them on land they own or on land they lease from a manufactured home community.
- Manufactured homes made before 1976 are called mobile homes.

## SHOW SLIDE 11



### SAY

- Remember the key takeaway: There are different types of housing. To prioritize your options, start by defining what you need and want in a place to live.

SECTION 1

Remember the key takeaway

“There are different types of housing. To prioritize your options, start by defining what you need and want in a place to live.”

11

# Section 2: Rent versus Buy

Time estimate for this section: 15 minutes

Participants will be able to list things to consider in choosing whether to rent or buy a home.

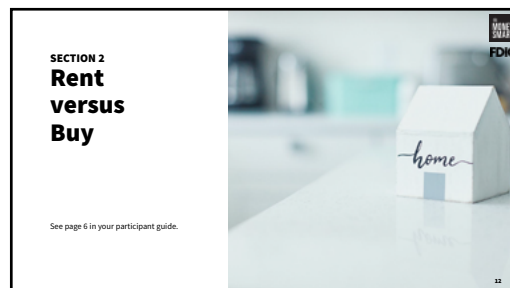
See page 6 in the participant guide.

## SHOW SLIDE 12



**SAY**

- We will discuss the advantages and disadvantages of renting and buying.

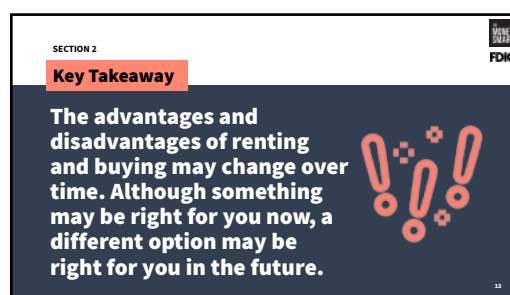


## SHOW SLIDE 13



**SAY**

- The key takeaway for this section is: The advantages and disadvantages of renting and buying may change over time. Although something may be right for you now, a different option may be right for you in the future.



## Advantages and Disadvantages of Renting and Buying

Lead activity (14 minutes)—Large group discussion

See page 6 in the participant guide.

## SHOW SLIDE 14



**SAY**

- Let's look at the advantages and disadvantages of renting versus buying a home.
- Remember, the advantages and disadvantages of renting and buying may change over time. Although something may be right for you now, a different option may be right for you in the future.
- Renting has advantages. For example:
  - Repairs are often the responsibility of the landlord.
  - Moving is easier. When the term of your lease is up, you can move without selling the home. Note that leases often require that you give the landlord advance notice that you will not renew the lease and will be moving out.





### ASK

- Can you think of other advantages of renting?



### DO

- Write participant responses on a flip chart or whiteboard.
- Encourage participants to take notes on the discussion in the participant guide.



### SAY

- There are also disadvantages of renting. For example:
  - Your rent might increase.
  - You may not be able to renew your lease and find a new place to live.
  - Your lease may prohibit pets (other than service animals) or limit the number of pets you can have. Some leases only allow pets of a particular type, size, or other characteristic.



### ASK

- Can you think of other disadvantages of renting?



### DO

- Write participant responses on a flip chart or whiteboard.
- If participants share that renting does not build equity, agree and note that the training will discuss that topic shortly.



### SAY

- Now, let's look at the advantages of buying a home. For example:
  - You can build equity. *Equity* refers to the value of the home minus the debt you owe on it. You can build equity in two ways.
    - » First, you build equity as you pay down the loan (assuming the value of your home does not drop).
    - » Second, homes may increase in value over time. Note that homes can also decrease in value, which reduces your equity.
  - Equity is wealth. You can borrow against it for many purposes (e.g., education, home renovations, and other long-term investments), usually at a relatively low interest rate. Be very careful and think twice before borrowing against your hard-earned home equity, because you could lose your home if you do not pay back the loan.



### ASK

- Can you think of other advantages of buying?



### DO

- Write participant responses on a flip chart or whiteboard.

## SAY

- Now, let's look at the disadvantages of buying a home.
  - When you own a home, property repairs and maintenance are your responsibility.
  - The process of buying a home is more complicated than the process of renting. Buying a home involves bidding on homes, getting a loan, and other steps.
  - When you own a home, it is not as easy to move as it is when you rent. You may have to sell or rent your home before you can afford to buy or rent another one.

## ASK

- Can you think of other disadvantages of buying?

## DO

- Write participant responses on a flip chart or whiteboard.

## **Apply It: Should I Rent or Buy?**

Present information (1 minute)  
See page 7 in the participant guide.

### SHOW SLIDE 15

## SAY

- Turn to “Apply It: Should I Rent or Buy?” on page 7 in your participant guide.
- You can use this resource after today's training to decide whether to rent or buy.
- Answer the questions in the table to consider different factors that may affect your decision.
- Use the “Other Consideration” rows to add ideas from our conversation about the advantages and disadvantages of renting and buying that are important to you.
- The last step of the Apply It is to decide whether renting or buying is a better option for you right now.



**Apply It**  
**Should I Rent or Buy?**  
See page 7 in your participant guide.


**APPLY IT:**  
**Should I Rent or Buy?**  
Answer the questions in the table to consider whether you want to pursue renting or buying. Keep in mind that neither renting nor buying may be options for you where you need to choose a place to live. You may have other options, such as living with family or friends without paying rent.

QUESTION	YOUR ANSWER	SOMETHING TO THINK ABOUT
How long do you think you will stay in the area?		Generally, the longer you plan to stay, the more advantages you get from buying a home. Consider job opportunities and job stability as well as community or family connections. These things can affect how long you stay in an area.

### SHOW SLIDE 16

## SAY

- Remember the key takeaway: The advantages and disadvantages of renting and buying may change over time. Although something may be right for you now, a different option may be right for you in the future.



**SECTION 2**  
**Remember the key takeaway**

**“The advantages and disadvantages of renting and buying may change over time. Although something may be right for you now, a different option may be right for you in the future.”**





# Section 3: Credit and Housing Options

Time estimate for this section: 20 minutes

Participants will be able to explain how credit reports and scores affect housing options.

See page 9 in the participant guide.

**Note to instructors:** This section discusses how credit reports and scores affect housing options. To provide more detailed information on how credit works and how to build credit, consider also offering training on Module 6: Building Your Credit History.

## SHOW SLIDE 17



**SAY**

- We will discuss how your credit reports and scores affect your housing options.

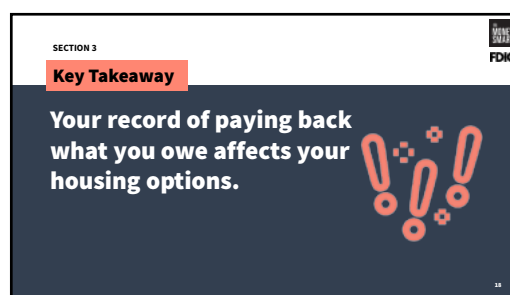


## SHOW SLIDE 18



**SAY**

- The key takeaway for this section is: Your record of paying back what you owe affects your housing options.



## How Credit Reports and Scores Affect Housing Options

Lead activity (10 minutes)—Large group discussion

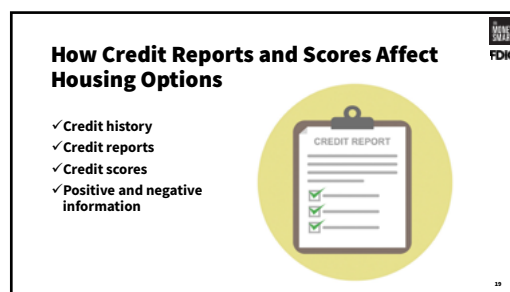
See page 9 in the participant guide.

## SHOW SLIDE 19



**SAY**

- Your credit history is your record of paying back what you owe.
- Credit reports are documents that summarize your credit history.
- Credit scores are numbers based on information in your credit reports. They predict the likelihood that you will pay your bills and debt payments as agreed.



- Your credit reports include positive information: the times when you paid debts on time.
- Your credit reports also include negative information: the times when you did not make debt payments on time and when bills you owed were sent to debt collectors.
- The positive and negative information in your credit reports affect your credit scores, too, along with other considerations.

### ? ASK

- If you are looking to rent a place to live, why might a landlord review your credit reports and scores before offering you a lease?

### ○ SAY

- Some landlords review the credit reports and scores of rental applicants. They do so to predict whether applicants will pay their rent on time and as agreed.
- People with credit reports that have negative information may not be able to rent some apartments, or they may need to pay a high security deposit.

### ? ASK

- Most people looking to buy a home get a home loan to help cover the cost of the home. Why will lenders review your credit reports and scores when considering your application for a home loan?

### ○ SAY

- Lenders review the credit reports and scores of people applying for home loans to predict whether they will make payments on their loans on time and as agreed.
- Based on that review and other considerations, lenders decide how much they will loan and on what terms. For example, they may charge a higher interest rate on loans to people with negative information in their credit history. That higher interest rate makes borrowing more expensive.

## SHOW SLIDE 20

### ○ SAY

- It is important to review your credit reports regularly to make sure there is no inaccurate information. You are entitled to one free credit report from each of the nationwide credit reporting agencies every 12 months.
- **Annualcreditreport.com** is the only website authorized to fill orders for these free credit reports.
- Report errors on your credit reports to the credit reporting agencies. They are required to investigate those errors and make the necessary corrections.

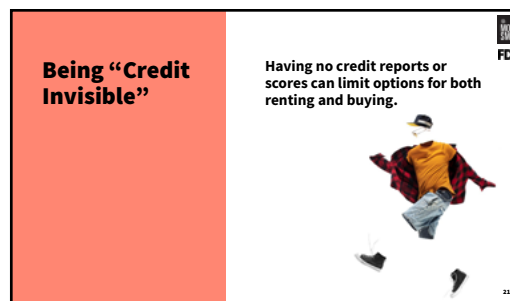


## SHOW SLIDE 21



**SAY**

- Having no credit reports and scores may not sound so bad. But you miss out on some opportunities if you do not have them.
- Some people call this being “credit invisible.”
- With no credit reports and scores:
  - Landlords cannot use your credit reports and scores to predict whether you will pay your rent.
  - Lenders considering offering you a home loan cannot use your credit reports and scores to predict whether you will repay a loan.
- Utility companies also use credit reports and scores to predict whether you will pay your bills on time. They may require customers with no credit reports or scores to pay large deposits.
- Not having a credit history may be the result of circumstances, or it could be a choice. Maybe someone just entered the country, or maybe someone just prefers always paying for everything in cash. It could also be because someone did not understand the importance of having a credit history.



## Try It: Considering Credit and Renting

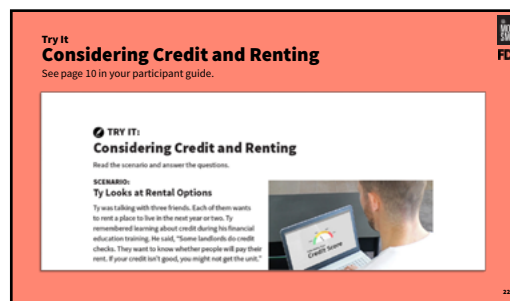
Lead activity (10 minutes)—Scenario  
See page 10 in the participant guide.

## SHOW SLIDE 22



**SAY**

- Ask participants to turn to “Try It: Ty Looks at Rental Options” on page 10 in the participant guide.
- Read the scenario to participants or ask for a volunteer to do so.



### Scenario: Ty Looks at Rental Options

Ty was talking with three friends. Each of them wants to rent a place to live in the next year or two. Ty remembered learning about credit during his financial education training. He said, “Some landlords do credit checks. They want to know whether people will pay their rent. If your credit isn’t good, you might not get the unit.”

Each friend had a different response.

Emilia said, “No problem. I’ve never owed anyone any money, so I’ve never been late. I should have a clean credit report and high scores.”

Stephen said, “I fell behind on paying my credit card bills for several months. I finally paid off what I owed on the card last summer and closed the account. I’m never going to borrow money again!”

Tanesha said, “I have two credit cards that I use, and I also pay the utilities where I live now. I think I’m usually on time, but I’ve been so busy that the past year and a half has been a blur. I wonder what is in my credit report.”



## DO

- Give participants five minutes to discuss the questions listed below the scenario in small groups.
- After five minutes, provide the answers as shown in the Answer Key. Time permitting, first ask participants to share their answers before providing the correct answers.

## Try It: Considering Credit and Renting—Answer Key

### *How should Ty respond to Emilia?*

- Emilia may be credit invisible.
- Credit reports are important. Not having a credit history means that Emilia may not have access to some housing options.
- Having a credit history gives lenders, landlords, and other businesses information so they can make certain decisions. Those decisions include whether to rent a place to Emilia or whether to offer her a home loan and on what terms.
- Emilia should build her credit so that her credit reports and scores reflect positive information. There are many ways to build credit. One idea is to open a credit card account and manage it carefully so that she repays the full amount of what she owes every month.

### *How should Ty respond to Stephen?*

- Ty has negative information in his credit history. He plans to avoid borrowing in the future.
- Negative information affects credit reports and scores. But positive information matters, too.
- Never borrowing money again means that Stephen will have fewer opportunities to add positive information to his credit history. Even if Stephen has struggled with paying bills or managing debt in the past, he can improve his credit moving forward.
- Stephen should improve his credit. There are many ways to improve credit. One idea is to open a credit card account and manage it carefully so that he repays the full amount of what he owes every month.

### *How should Ty respond to Tanesha?*

- Tanesha is unsure what is in her credit history, which will affect both her credit reports and scores.
- Tanesha is entitled to at least one free credit report from each of the nationwide credit reporting agencies every 12 months. To order her free credit reports, she should go to **annualcreditreport.com**. This information is in your participant guide.
- Tanesha can review her credit reports to make sure they are accurate and free of errors.
- Knowing what is in her credit reports is a first step. Depending on what she finds, she may want to take steps to improve her credit.

## SHOW SLIDE 23



## SAY

- Remember the key takeaway: Your record of paying back what you owe affects your housing options.

SECTION 3

FDIC

Remember the key takeaway

“Your record of paying back what you owe affects your housing options.”

23

# Section 4: Costs of Renting

Time estimate for this section: 15 minutes

Participants will be able to list costs of renting, including monthly costs and one-time costs.

See page 11 in the participant guide.

## SHOW SLIDE 24



**SAY**

- We will discuss costs of renting, including monthly costs and one-time costs.
- Because renting is a more common choice among young adults, this section focuses on the costs of that housing choice.
  - Resources for more information about buying include “How Money Smart Are You?” Visit [fdic.gov/moneysmart](https://fdic.gov/moneysmart).
  - In addition, U.S. Department of Housing and Urban Development (HUD)-approved housing counselors provide advice on buying a home. They provide assistance at any stage of the homebuying process. Visit [hud.gov/findacounselor](https://hud.gov/findacounselor) or call 1-800-569-4287.

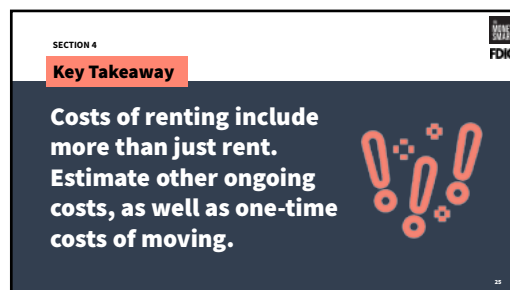


## SHOW SLIDE 25



**SAY**

- The key takeaway for this section is: Costs of renting include more than just rent. Estimate other ongoing costs, as well as the one-time costs of moving.



## Apply It: Monthly Cost Estimator for Renting

Present information (5 minutes)

See page 12 in the participant guide.

## SHOW SLIDE 26



**SAY**

- Turn to “Monthly Cost Estimator for Renting” on page 12 in your participant guide.
- You can use this resource after today’s training to estimate costs of renting for a specific month or for an average month.

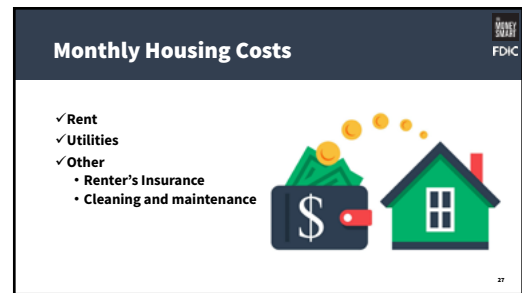


## SHOW SLIDE 27



### SAY

- Monthly housing costs for renting include the rent itself.
- Sometimes there are fees that are not included in rent; for example, fees for parking, amenities, and pets. Check the lease or ask about additional fees before signing a lease.
- Utilities may or may not be included in rent. Check the lease for these fees and ask the landlord questions.
  - You can estimate utility costs based on past experience. Or, you can visit utility company websites to find average utility costs for your area. Contact the utility companies if you cannot find the information you need.
  - You can estimate utility costs for a specific month or for an average month. If you estimate costs for a specific month, keep in mind that utility costs change over the year based on the weather. For example, gas bills may be low in warm months and higher in cold months.
- Also include other monthly costs of renting, which may include renter's insurance premiums, cleaning, or other expenses.



## Apply It: Move-In Cost Checklist

Present information (10 minutes)  
See page 13 in the participant guide.

## SHOW SLIDE 28



### SAY

- Do not forget about move-in costs!
  - These one-time costs can catch renters by surprise.
  - Some of the costs are deposits that you get back later if you meet your responsibilities. However, you still need to pay the deposits at the time of move-in.
- Turn to “Apply It: Move-In Cost Checklist” on page 13 in your participant guide.
- You can use this resource after today’s training to estimate the costs of your move.
- We will walk through this resource together. Follow along in your participant guide as we review different move-in costs.

**Apply It: Move-In Cost Checklist**  
See page 13 in your participant guide.

**APPLY IT: Move-In Cost Checklist**  
Use this checklist to calculate what the move will cost. If a move-in cost does not apply in your situation, skip that row.

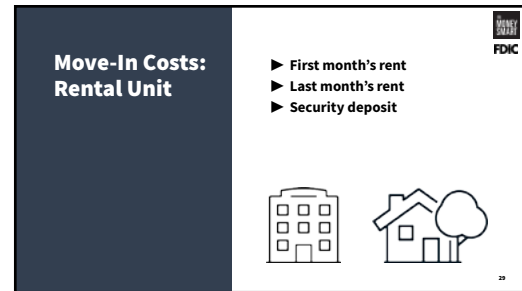
MOVE-IN COST	AMOUNT
Rental Unit	
First Month's Rent	\$
Last Month's Rent	\$
Security Deposit	\$
Other	\$

## SHOW SLIDE 29



### SAY

- Some move-in costs are related to the rental unit itself. Read the lease carefully for these costs. Ask the landlord for a summary of all costs.
- You generally have to pay the first month's rent before you move in.
- Some rentals may also require you to pay an amount equal to the last month's rent before you move in.
- You may also need to pay a security deposit before you move in.
  - How much you may have to pay will vary. It could be based on one month's rent or two months' rent, or something else.
  - You should get the security deposit back after you move out if you met the terms of the lease (for example, you did not cause any damages, the unit is clean, and you don't owe unpaid rent).
  - Not all rentals require a security deposit.
- State and local laws may cover:
  - How a landlord must handle your security deposit.
  - How quickly a landlord must return your security deposit to you after you move out if it is not used to pay for damages you caused.
  - The maximum amount a landlord can charge you for a security deposit
- You may also have to pay other fees upfront, such as an application fee or fees for amenities. You can use the "Other" rows to capture those costs.



## SHOW SLIDE 30



### SAY

- You may need to pay initial fees and deposits for utilities.
- You can contact utility companies with questions.

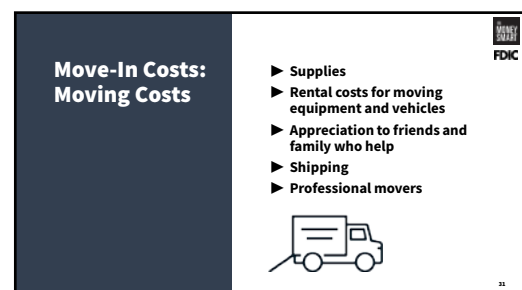


## SHOW SLIDE 31



### SAY

- Moving costs will vary based on the belongings you need to move and the distance of your move.
- Moving things yourself can reduce the costs of your move.
  - Be sure to budget for the cost of supplies, such as boxes and tape.
  - You may need to rent equipment or vehicles to transport your belongings.



- If you get help from friends and family, you will likely want to show your appreciation. For example, you may want to buy pizza on the day of your move for everyone who is helping.
- You may need to get professional help moving some of your belongings, especially large pieces of furniture. Shop around for the best deal. As you evaluate your options, consider:
  - » Cost estimates.
  - » Whether movers can commit to moving your belongings on dates and at times that work for you.
  - » How the movers will prevent damage to your belongings.
  - » Customer reviews and referrals from friends and family that have gotten professional help moving recently.

### SHOW SLIDE 32



#### SAY

- Moving often involves costs for furniture, decorating, and other ways of making a new place your own.
- Every move is different. Use the extra rows in the “Apply It” estimator to capture any other costs.

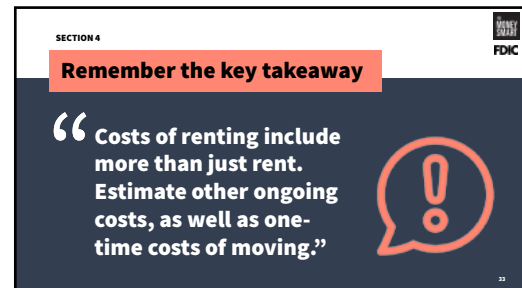


### SHOW SLIDE 33



#### SAY

- Remember the key takeaway: Costs of renting include more than just rent. Estimate other ongoing costs, as well as the one-time costs of moving.





# Section 5: Renter's Insurance

Time estimate for this section: 20 minutes

See page 15 in the participant guide.

Participants will be able to:

- Explain how renter's insurance protects renters
- Create a property inventory

## SHOW SLIDE 34



**SAY**

- We will discuss how renter's insurance protects renters.

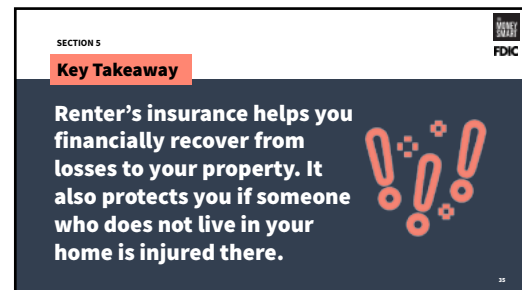


## SHOW SLIDE 35



**SAY**

- The key takeaway for this section is: Renter's insurance helps you financially recover from losses to your property. It also protects you if someone who does not live in your home is injured there.



## About Renter's Insurance

Present information (10 minutes)

See page 15 in the participant guide.

## SHOW SLIDE 36



**SAY**

- If something bad happens, like a fire or theft, could you afford to replace your personal property?
- If someone who does not live in your rental unit were injured there, could you afford to pay for the expenses resulting from the injury?
- This is where renter's insurance comes in.

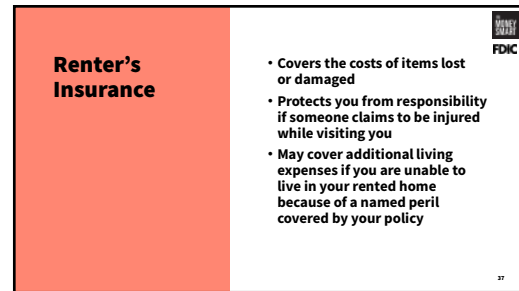


## SHOW SLIDE 37



### SAY

- Renter's insurance helps you financially recover from losses to your personal possessions due to a hazard or disaster listed in your insurance policy.
- The hazards and disasters that the insurance will cover are commonly known as "named perils." These could include burglary, fire or smoke, vandalism, theft, explosion, windstorm, hail, lightning, and water damage (not including floods).
- Renter's insurance does not cover the physical building. The property owner is responsible for that.
- Renter's insurance also protects you from being responsible if someone who does not live in your rental unit is injured there.
- Renter's insurance can cover the actual costs of the items lost or damaged or the replacement costs of these items, depending on the policy you select.
- Renter's insurance may also cover additional living expenses if you are unable to live in your rented home because of a named peril covered by your policy, depending on the coverage you select.

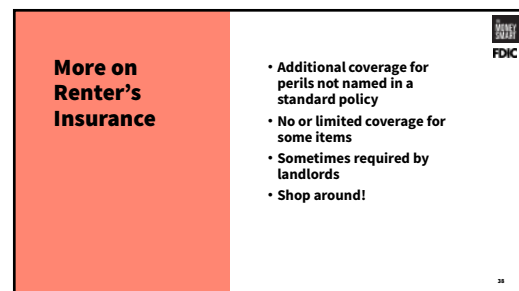


## SHOW SLIDE 38



### SAY

- You may want to buy additional insurance to cover perils not named in a standard policy, such as floods, earthquakes, and sewage backup.
- Some items may not be covered or have limited coverage, like computer equipment. You may want to buy additional insurance for these items.
- Some landlords will require their tenants to buy renter's insurance even if the tenants do not want to buy it. Some landlords may also require you to provide proof that you purchased renter's insurance before you can move in. The landlord may suggest a particular insurance company, but generally you can buy the insurance from any company. Renter's insurance can be valuable even if you are not required to have it.
- Renter's insurance is widely available from a broad range of insurance companies. The costs vary based on your particular circumstances and the amount and types of coverage you wish to buy.
  - Your premium is the amount you pay to the insurance company. Often people pay premiums once a year or every six months.
  - Renter's insurance policies generally require an annual deductible. You agree to pay up to that amount each year before the insurance company will pay any claims.
  - Insurance companies often charge higher premiums for policies that have lower deductibles. They often charge lower premiums for policies that have higher deductibles.
- Shop around to get the best deal. Consider not only the cost of renter's insurance premiums, but also the deductible, what the policy covers, and customer reviews.

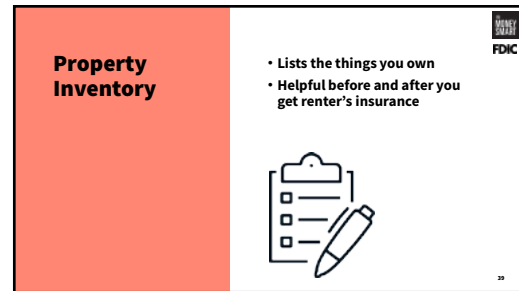


## SHOW SLIDE 39



### SAY

- A property inventory lists the things you own.
- A property inventory is helpful both before and after you purchase renter's insurance.
  - It is helpful as you shop for renter's insurance because it helps you check whether the things you value are covered by a renter's insurance policy.
  - It is helpful after you purchase renter's insurance because it can help you file an insurance claim if items are lost or damaged.
- Along with a property inventory, keep other records that provide evidence of what you own and what it may be worth. This documentation will help you file an insurance claim if items are lost or damaged.
  - Keep receipts and other documentation of your purchases.
  - Consider taking videos or photos of your home and valuables.



## Apply It: What Do I Need to Protect?

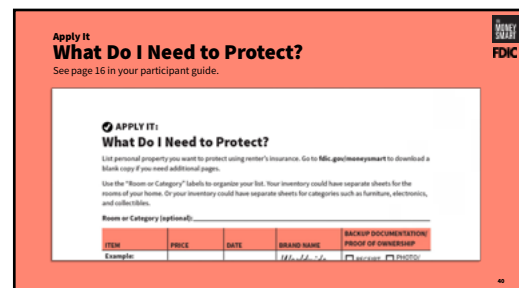
Lead activity (10 minutes)—Exercise  
See page 16 in the participant guide.

## SHOW SLIDE 40



### SAY

- Turn to “Apply It: What Do I Need to Protect?” on page 16 in your participant guide.
- Imagine you are currently renting or going to rent soon. Use “Apply It: What Do I Need to Protect?” to start an inventory of your property.
- Take four minutes to get a start your own property inventory. You can continue to work on it after today's training.
- Use the “Room or Category” labels to organize your list. Your inventory could have separate sheets for the rooms of your home. Or your inventory could have separate sheets for categories such as furniture, electronics, and collectibles.



### DO

- Give participants four minutes to get a start on “Apply It: What Do I Need to Protect?” in the participant guide.
- If time permits, ask a few participants to share examples of the personal property they added to their property inventories.

## SHOW SLIDE 41



### SAY

- Remember the key takeaway: Renter's insurance helps you financially recover from losses to your property. It also protects you if someone who does not live in your home is injured there.

SECTION 5

**Remember the key takeaway**

**“ Renter’s insurance helps you financially recover from losses to your property. It also protects you if someone who does not live in your home is injured there.”**

41

# Module Closing

Time estimate for this section: 10 minutes

## Remember the Key Takeaways

**Note to Instructor:** Only mention key takeaways for sections you included in the training.



### SAY

Remember the key takeaways. These are also listed on page 17 in your participant guide. Let me know if you have questions about any of them.

SECTION	KEY TAKEAWAY
1: Options for Where to Live	There are different types of housing. To prioritize your options, start by defining what you need and want in a place to live.
2: Rent Versus Buy	The advantages and disadvantages of renting and buying may change over time. Although something may be right for you now, a different option may be right for you in the future.
3: Credit and Housing Options	Your record of paying back what you owe affects your housing options.
4: Costs of Renting	Costs of renting include more than just rent. Estimate other ongoing costs, as well as the one-time costs of moving.
5: Renter's Insurance	Renter's insurance helps you financially recover from losses to your property. It also protects you if someone who does not live in your home is injured there.

## Take Action

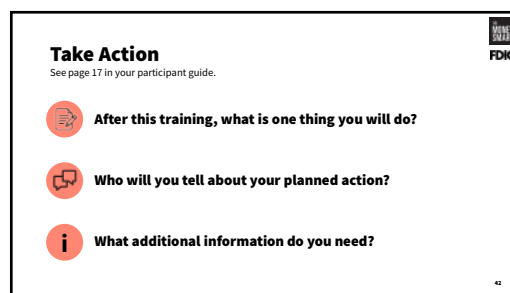
See page 17 in the participant guide.

### SHOW SLIDE 42






### SAY

- You are more likely to take action if you commit to taking action now.
- Consider writing down what you intend to do based on today's training.
- Take a few minutes to answer the questions under "Take Action" on page 17 in your participant guide.



**Take Action**  
See page 17 in your participant guide.

-  **After this training, what is one thing you will do?**
-  **Who will you tell about your planned action?**
-  **What additional information do you need?**

42



## DO

- If time permits, ask a few participants to share what they wrote.
- Remind participants about the activities in their participant guide they can complete after today's training.
- Refer participants to "Where to Get More Information or Help" on page 18 in their participant guide for a list of online resources.
- If this is the end of your training, thank participants for attending and administer the post-training survey.

## Post-Training Survey (Optional)

See page 20 in the participant guide.

### SHOW SLIDE 43



## SAY

- Thank you for coming to this Money Smart training.
- Please complete the post-training survey on page 20 of your participant guide.
- It should take less than five minutes to complete.



## DO

- Collect the completed surveys.

# Answer Key for the Pre- and Post-Training Survey

1. True or false? Cost is the only thing to consider in choosing a place to live.

The answer is **false**.

2. Which is not commonly paid upfront by renters?

- a. First month's rent
- b. Last month's rent
- c. Security deposit
- d. Down payment

The answer is **d. Down payment**.

3. Credit affects your options for:

- a. Renting a home
- b. Buying a home
- c. Both a and b
- d. Neither a nor b

The answer is **c. both a and b**.

4. True or false? Sometimes utilities are not included in rent.

The answer is **true**.

5. True or false? A property inventory is helpful both before and after you purchase renter's insurance.

The answer is **true**.

**Note to instructor:** There are no “right” or “wrong” answers to the remaining questions, which appear in the post-training survey and not in the pre-training survey.