Okay, thank you, Jane. It’s my pleasure to introduce Ellen Hoffman. Miss Hoffman is a freelance writer, author, and speaker, specializing in retirement and personal finance issues. Currently, Miss Hoffman writes *Your Retirement*, a column for the Business Week Online, and contributes to *Business Week* magazine. A former *Washington Post* reporter, Miss Hoffman has had articles published in *Individual Investor, Kiplinger’s Retirement Report, The AARP Bulletin*, and in *Choices for Better Living After 50*, and many other national publications.

Miss Hoffman is the author of the *Retirement Catch-Up Guide: 54 Real-Life Lessons to Boost Your Retirement Resources*, and in the *Retirement Catch-Up Guide*, there is a chapter devoted to making the most of your home equity. As a speaker and workshop presenter, Miss Hoffman has appeared on NBC’s *Today Show*, *CNBC, Fox News*, and numerous other radio and television shows. She too is a mentor of the Women’s Bureau Wi$e Up program, and now, welcome, Miss Hoffman.
Hi everybody. I’ll just apologize again very quickly. I got my time mixed up, and also I’ll apologize in advance if I’m covering things that were already covered by Susan.

For most people, owning a home really should be a key part of financial planning and financial goals. One of the most important financial decisions you ever make may be to buy a home, or if you are already a homeowner, to sell your current home and purchase another one. In my few minutes, I would like to shed some light on the answers to three basic questions about homeownership.

What are the reasons for buying a home, what are the reasons for not buying a home, and how do you figure out whether you should own a home?

Let’s talk first about the reasons for buying homes. Number one, as long as you’re working, there’s a big tax advantage. You can deduct the interest on your mortgage, which will reduce your income tax bills.

Second, another reason is that your home is really much more than a place to live, although of course that’s very important. But like money in the bank, or in your IRA, or in a stock portfolio,
your home is an asset. It has value, and over the years, that value can be used to improve your financial situation. Here’s an example, just one example of how owning a home can help your financial situation. Unless you had the bad luck to buy in a terrible neighborhood that is on the downswing, the value of your home is going to increase. At the same time, as you pay off the mortgage, your equity or share of ownership in the home will also increase.

So what does this mean in practical terms? Let’s say that you buy a home, you live in it for ten years, but your family gets bigger. You have another child or your mother comes to live with you and you need a larger place. In most cases, you will be able to sell the home for more than you bought it [for], and use that extra money as a down payment, so that you can buy a place that’s bigger and better.

Another reason for owning a home is that it’s especially helpful to preparing for retirement. Either you can continue to live in that home, hopefully with almost all or all of the mortgage paid off, or you can sell it, and use that money to buy a retirement home where you want, a home of the type you want, and you can sell it,
buy a smaller place, use the profit for cash flow, or to pay some bills for luxuries such as a vacation.

All of these advantages I’ve cited to owning a home stand out when you compare them with renting. When you rent, the money simply goes to the landlord and you don’t have a stake in the growing value of the property. Also, you’re subject to the landlord’s whims and rules, including even being required to move, even if you don’t want to.

Now that I’ve mentioned so many good reasons for owning a home, what are some reasons not to? To answer this, you really need to think hard about your financial situation, your goals and what type of living situation you are looking for. **So, what are some reasons that maybe you shouldn’t buy a home, at least right now?** The really basic one is that you simply can’t afford it. You’ll probably have to put a chunk of money down for a deposit. Maybe 10%, or 20% of the cost. Then you’ll have a monthly payment, not just for the mortgage, but also for insurance on the property, and also for taxes. When you’re a renter, you don’t have to worry about paying each of those bills every month because they’re already accounted for in the rent that you pay.
A bank or another mortgage lender will ask you to prove that your income can pay the monthly bills, but if you’re not secure in your job and if you don’t have some funds put away to use, if you lose your job or have an accident or some other type of emergency, then you are not ready to be a homeowner yet.

**Another reason that you may not be ready to buy a home is that it costs money for maintenance.** If you don’t maintain the property, it can lose value. There are always repairs to do. Maybe someday you’ll need a new roof, or the house will need to be painted, or you’ll want new cabinets in the kitchen. Your income will have to be high enough to pay for these things, in addition to the monthly payments for a mortgage, insurance and taxes, and, of course, for all your other living expenses.

**Another thing to think about is if you’re used to renting and having someone else take care of problems when they crop up, again, maybe you shouldn’t own your own place, or at least not a single family home.** If you purchase a condo or a garden apartment of some sort, you may find that some maintenance is taken care of by the management.
Finally, another reason for not buying—this is a little more specific—you shouldn’t invest your hard earned money in a property, unless you’ve done a thorough research job on what is happening in the neighborhood. What are the prospects for it to increase in value? You need to be as certain as possible that the home is a good investment. Realtors will tell you that location is the single most important factor in being able to sell or resell your home. If the only house you can afford is in a bad neighborhood, you probably should wait until you can afford one with better prospects for increasing in value.

At this point, I think I’ve really answered my own third question, which is how do you figure out if it’s time for you to buy a home? The answer is basically research, and here are the three questions that I think you really need to ask yourself and feel comfortable with the answers before you make this decision.

The first question is, do you have enough secure long-term income to pay, not only for the down payment and the mortgage, but all the other expenses associated with maintaining a home? The second question [is], are you psychologically prepared to be responsible for maintaining such a valuable asset, or is there a danger that you would let it get run down? The third question: if
you want to buy, can you get the type of property that you want for a price that you want in a location where it will probably increase in value?

If you can answer yes to all of these questions, then you are on your way. I’m going to now leave it up to my expert colleagues, who will talk much more about how you actually go through the process of home buying and what you need to know about that. Thank you.

J. Walstedt Thank you, Ellen. That was some excellent advice. I would now like to turn it over to Cindy Henning again to introduce our third speaker.