

## Is Your Home A Lifestyle Or An Investment?

By Jill Gleba

There is always a lively debate when the conversation turns to of whether your home is an “investment” or simply a place in which you live. I live in Troy on a lake and moved there in 1987. If I take the value of my home from a few years ago and compare it to the purchase price, my home averaged around 3.4% growth per year. I am going back four years so you do not skew the current bad real estate market to my observation. Now, take into account that I have added a sunroom, painted and improved rooms, carpeted, decorated, landscaped, and probably have been an average homeowner as far as fixing up my home to keep it looking nice. When I take into account the money I have spent on my upkeep and taxes, I feel I spent more than the 3.4% per year, and I really did not make any profit on my home, so I do not consider it an investment. Some of you may think that I could sell my home and live off of the equity. Good idea, however; while I live off the equity, I don’t still need a home to live in? There will always be costs in living somewhere. My point is that I live in my home as part of my lifestyle; not for an investment. I do own other properties as investments and collect rents, , and treat these properties under my business; these properties are not treated the same as my home.

I can already see your e-mails pouring in with examples of buying a nice home, selling it at retirement, downsizing, and having some money left over to live on during retirement. This is true; now let me take your thoughts to one step further. Let’s pretend you are a doctor earning \$200,000 per year with a family. Now if you truly wanted to build wealth, you could live in a less desirable neighborhood; buy a home that costs less than one year of salary; pay less taxes; and in general, live on less money. You could invest half of your salary and retire early! Many people do this, but where do you draw the line? The doctor may think that she may choose to pay more money to live in a better neighborhood with better schools and amenities, have her family hang out with other “professional” families, and possibly get a better value when selling her home someday. Everyone chooses their lifestyle; they have their own values, and choose to live where they may be most comfortable.

When I have a young couple come into my office, I always suggest they save and invest one income and live off the other income. This way, when it is time to buy a home, a car, start a family, finish school, or go on vacation, they actually have disposable income to spend on their “lifestyle” and can also build wealth consistently no matter what is happening in their life. If you buy a home based on two incomes, where is the elbow room?

I had a couple that is retiring soon stop in the other day, and they argued about selling their home because they could not agree on their next move. His desire was to buy a bigger home, more land, and move further up north. He grew up in the Upper Peninsula and loved it there. She did not want more land to take care of, more home to clean, and did not want to move away from the city. This is not an investment choice, this is a lifestyle choice.

A woman came in earlier this week because she could not pay her mortgage and asked me to look at her budget. She went out to eat every day for lunch and every evening for dinner. She RARELY cooked. I asked her if going out to eat was more important than paying her mortgage. She looked at me blankly and said she really did not like to cook. The truth is, she was spending her money according to her values. It is funny how our lifestyles get in the way of investing. Your spending does reveal what you really value!

Contact Jill at [info@glebaandassociates.com](mailto:info@glebaandassociates.com)

46 E. Square Lake Road, Troy, MI 48085

248-879-4510

[www.glebaandassociates.com](http://www.glebaandassociates.com)

Many of you have been kind enough to write to me with your questions. Please feel free to keep doing so; we may use them in a future column to share and help others.

Jill Gleba is a full-service wealth manager and owner of Gleba & Associates with 20+ years of financial guidance and coaching experience. She also owns Anne William, LLC, a real estate holding company.

Registered Representative of, and advisory services, and securities offered through Multi-Financial Securities Corporation, member FINRA, an ING Company. Gleba & Associates, Inc., Anne Williams, LLC are separate entities from Multi-Financial Securities Corporation.