



Lesson Four

Living On Your Own

living on your own websites



Students can greatly improve the experience of living on their own and renting an apartment by learning about important financial and legal aspects including leases, insurance, budgeting, credit, and more.

For related links and resources on this lesson, visit:
practicalmoneyskills.com/teens/4

living on your own lesson outline

overview

As young people grow up, a common goal is to live on their own. However, the challenges of independent living are often quite different from their expectations. This lesson provides a reality check for students as they investigate the costs associated with moving, obtaining furniture and appliances, and renting an apartment.

In preparation for living on their own, students are reminded of the budgeting process. In this lesson, we will encourage students to carefully consider various fixed and flexible expenses. In addition, they'll learn budgeting strategies for both flexible expenses (variable costs that change depending on level of consumption), such as entertainment, restaurants, and vacations, and fixed expenses (those that need to be paid every month), such as rent and apartment insurance.

As students start the apartment selection process, many factors will be considered. Where to live, how much to pay for rent, whether to share an apartment with a roommate, and what type of lease to sign, are just a few topics that will be addressed.

Many students are probably not aware of the many important elements of a lease. In this section of the lesson, various information sections and clauses of an apartment lease are discussed. This material can help to create awareness and caution among students before signing a lease (or other contracts).

goals

Help students understand the costs of living on their own, provide practice in setting up budgets that include such costs, and develop the skills and knowledge necessary to interpret and evaluate lease and rental agreements.

lesson objectives

- Set up a budget that includes rent, moving expenses, and the expenses associated with setting up a household
- Understand the rights and legal responsibilities of a tenant
- Understand the rights and legal responsibilities of a landlord
- Read and interpret various clauses in a lease



presentation slides

- 4-A** the cost of moving
- 4-B** preparing a budget
- 4-C** budgeting to move
- 4-D** a lease agreement
- 4-E** rights and responsibilities of tenants
- 4-F** rights and responsibilities of landlords

living on your own lesson outline

student activities

4-1 Estimate the Cost of Your Bedroom Furnishings

Based on one of these situations:

- A teenager living at home.
- A young adult living on his/her own.
- Ask students to estimate the total cost of the furniture, linens, and creature comforts in their bedrooms.
- Discuss their findings. Was the total more than they expected? What items did they include?

4-2 Calculate the Cost of Setting Up an Apartment or Redecorating a Home

- Ask each team member to choose a room in an apartment. Choices include kitchen, dining room, bedroom, living room, and bathroom.
- Ask each team member to research how much it would cost to furnish and equip that room. Encourage students to look at various alternatives, including secondhand stores, garage sales, donations from relatives, etc.
- Ask all teams to prepare a summary of their findings, including an itemized list of what they would buy, the estimated cost of each item, the source for each item, and the total cost of furnishing and equipping “their” apartments. Have all teams present their findings to the class.
- As a class, discuss some students’ findings, and brainstorm ways to cut costs.

4-3 Set Up a Budget to Begin Living on Your Own or Upgrade Your Lifestyle

- Divide students into teams of two or three people. These teams are now “roommates” or “married.”
- Assign a realistic income to each student, and give each student a budget sheet.
- Ask each person to set up a budget that includes the fixed and flexible expenses associated with leaving home and living on one’s own.
- As a class, discuss the budgets prepared by each team. How much money would the team need to move? How long would it take them to save the money? What types of items did they include in their budget? Given their income and their personal lifestyle preferences, how long could they stay within their budget? How many included savings in their budget? How many took into consideration unforeseen events? How many took into consideration their personal and financial goals?
- Using the blank budget sheets, help the class design a budget that includes the costs of leaving home and moving into an apartment, that allows for unforeseen events, and that takes into consideration personal and financial goals.

living on your own lesson outline

4-4 Read and Interpret a Lease/Rental Agreement

- Divide students into teams of three or four people.
- Ask each team to answer the questions about various terms and clauses in the leases.
- As a class, discuss the teams' findings. Are there clauses they would want to change? Are there clauses they would add? Would they sign the lease?

4-5 Create an Apartment Handbook

Have students interview family and friends about:

- How much it costs to rent an apartment
- How costs are divided up among roommates
- The pros and cons of having roommates
- How to read and interpret a lease
- What it costs to furnish an apartment
- Setting up and sticking to a budget

Have students compile findings in a handbook for first-time apartment dwellers.

4-6 Select an Apartment

Have students compare rental units based on the following:




- Location
- Building exterior
- Building interior
- Apartment layout and facilities
- Financial aspects

4-7 Lesson Four Quiz

For more information, please refer to the Appendix.

living on your own target audiences

Learning activities appropriate to varied target audiences for lesson four

activity			
	teenagers (14 18)	young adults (19 25)	adults (26+)
Survey/Interview	●	●	
Student Activity 4-1	●	●	
Student Activity 4-2	●	●	●
Student Activity 4-3	●	●	
Field Activity	●	●	
Student Activity 4-4	●	●	●
Student Activity 4-5	●	●	
Student Activity 4-6	●	●	●
Lesson Four Quiz 4-7	●	●	●

living on your own teaching notes

costs of living on your own

1. Typical fixed monthly expenses (a review).
 - Rent
 - Car payment
 - Car insurance
- 2. Typical flexible monthly expenses (a review).
 - Food
 - Utilities
 - Transportation (gas, oil, bus fare, etc.)
 - Clothing
 - Entertainment
 - Personal items



discussion



survey/interview:

Have students obtain information on the typical costs of these items from parents, relatives, and friends.

budgeting to live on your own

1. How much will your bedroom furnishings cost?
 - Furniture
 - Rugs
 - Linens
 - Electronics
 - Other
2. How much would it cost to set up and furnish a two-bedroom apartment?
 - Kitchen
 - Living room
 - Dining room
 - Bedroom 1
 - Bedroom 2
 - Bathroom
 - Creature comforts
3. Ways to cut costs
 - Used equipment and furniture
 - Secondhand stores
 - Donations from relatives
 - Used items advertised online and in local newspaper
 - Other



discussion



student activity 4-1



student activity 4-2



discussion



slide 4-B

living on your own teaching notes

the costs of moving

1. Moving-in costs
 - Rent for first month
 - Rent for last month
 - Cleaning deposit
 - Security deposit
 - Utilities deposit
 - Telephone deposit
2. Moving costs
 - Renting a truck
 - Hiring movers
 - Packing supplies



discussion



slide 4-A

roommates?

1. Pros and cons
2. Issues to consider
 - Lifestyles
 - How to split expenses
 - How to divide chores
 - House rules
 - Legal obligations if someone moves out



discussion

preparing a budget

1. Personal and financial goals
 - Short-term
 - Medium-term
 - Long-term
2. Needs and wants
 - Personal (e.g., nice view)
 - Professional (e.g., proximity to work)
3. Income
 - Current
 - Expected income in the next few months
 - Expected income in the next year
4. Practice setting up a budget
 - Rent
 - Moving costs
 - Moving-in costs
 - Costs of setting up an apartment



discussion



student activity 4-3



slide 4-B

living on your own teaching notes

a lease

1. What a lease looks like and what it usually contains
 - Length of lease
 - Amount of rent per month
 - Date rent must be paid
 - Name of lessor and lessee
 - Address where rent is to be sent
2. Clauses to be aware of
 - Confession of judgment clause
 - Inability to sue clause
 - Arbitrary clauses
3. Clauses you might want to add
 - List of appliances that come with the apartment
 - What facilities you may use
 - Any verbal promises made by landlord
 - Amount charged if you break the lease
 - List of extras you want to install and take with you when you leave
 - Any damages that exist when you move in
4. The rights and responsibilities of tenants
5. The rights and responsibilities of landlords



discussion



field activity:

Obtain a copy of an apartment rental lease to discuss.



slide 4-D

would you sign this lease or this rental agreement?

1. For each example:
 - What is the length of lease?
 - What is the amount of rent?
 - When is the rent due?
 - Are there any clauses you disagree with?
 - Are there any clauses you would like to add?



student activity 4-4

living on your own teaching notes

create a handbook for a first apartment

1. Have students interview family and friends about:
 - How much it costs to rent an apartment
 - How costs are divided up among roommates
 - The pros and cons of having roommates
 - How to read and interpret a lease
 - What it costs to furnish an apartment
 - Setting up and sticking to a budget
2. Have students compile findings in a handbook for first-time apartment dwellers.
3. Have students compare rental units based on the following:
 - Location
 - Building exterior
 - Building interior
 - Apartment layout and facilities
 - Financial aspects



student activity 4-5



student activity 4-6

lesson four quiz



quiz 4-7



would you sign this lease? answer key

directions

Use the attached lease form to answer the following questions.

- 1.** For which utilities, if any, does the landlord pay?

According to the lease, the landlord doesn't pay for any of the utilities.

- 2.** If you were to fall down a wet flight of stairs and break your leg while in the apartment building, could you hold the landlord legally responsible for your medical bills?

Only if you could prove the landlord was "willfully and grossly" negligent.

- 3.** If you break any provision of the lease, what recourse does the landlord have?

"The landlord, after giving proper notice required by law, may enter the Premises and remove any property and any persons therefrom in the manner allowed by law."

- 4.** What terms and conditions apply if you choose to stay after the lease has expired?

Tenancy becomes month-to-month at a rental in the amount of the last month's rent. All other terms and conditions remain the same.

- 5.** If the landlord changes (or waives) any provision in the lease, how are the other provisions affected?

All other provisions of the lease stay the same.

- 6.** If you want to let the landlord know you are moving out, what must you do?

Notify the landlord, in writing, at least 30 days before you plan to move out.

- 7.** Is there anything in this lease you would change?

- 8.** Would you add any provisions to this lease?



would you sign this rental agreement?

answer key

directions

Use the attached rental agreement form to answer the following questions.

1. Except in an emergency, how much notice must the landlord give you before entering your apartment?
24 hours.
2. What must you do if you want to alter the apartment in any way?
Obtain written consent from the Owner.
3. Under what circumstances may the landlord withhold your security deposit?
A landlord can withhold a "reasonable and necessary" amount to remedy the following defaults: nonpayment of rent, or to repair damages to the premises caused by Residents.
4. After you move out of the apartment, how long does the landlord have to return your security deposit (assuming you leave the apartment clean and in good condition)?
No more than two weeks.
5. What recourse, if any, does the landlord have if you sublease the apartment without prior consent?
The landlord can terminate your lease.
6. You rent the apartment with a friend, and you both sign the rental agreement. Then, you decide to move out but do not notify the landlord. At a later date, your former roommate defaults on the rent. Can the landlord hold you legally responsible?
Yes. There is a clause that states: "the undersigned Resident(s) whether or not in actual possession of the premises, are jointly and severally liable for all obligations under this rental agreement."
7. Is there anything in this rental agreement you would change?
8. Is there anything you would want to add to this rental agreement?



lesson four quiz: living on your own

answer key

true-false

1. f An electric bill is commonly considered a fixed living expense.
2. f A security deposit covers the rent for the first month when moving into an apartment.
3. t A roommate may reduce the financial burden of renting an apartment.
4. f Saving money for a down payment to buy a house is usually considered a short-term goal.
5. t A lease is designed to protect the rights of both a tenant and a landlord.

multiple choice

6. C A common flexible expense associated with apartment renting is:
A. a security deposit
B. apartment insurance
C. electricity
D. rent
7. B A _____ deposit refers to money held to cover possible damage in an apartment.
A. cleaning
B. security
C. telephone
D. utilities
8. B A common moving-in cost for an apartment would be:
A. a down payment
B. building insurance
C. real estate taxes
D. a security deposit
9. D A long-term goal would be to:
A. rent an apartment
B. own an apartment building
C. move to a larger apartment
D. buy additional furniture
10. C The agreement between a renter and a landlord is a:
A. security deposit
B. mortgage
C. lease
D. deed

case application

Ruth recently completed high school. She is working full time and taking courses in the evening and on weekends at a local community college. Since she is making a good income, Ruth wants to get an apartment. She believes this would give her more privacy to study, resulting in higher grades and a better chance to transfer to a top four-year college or university. What would you recommend in this situation? *While an apartment may be an appropriate decision, Ruth must also consider other factors. Since she works and goes to school, the apartment may not be used much. Also, by living at home, she would be able to save more money for future educational costs.*