

2.4 Understanding Buy, Rent, and Lease

When deciding how to obtain housing or a _____, people usually choose between **buying**, **renting**, or _____. Each option affects personal finances differently and should be chosen based on income, lifestyle, and long-term _____.

_____ means purchasing an item either outright or through a loan. Loans involve monthly payments that include _____ (the amount borrowed) and _____ (the cost of borrowing money). When you buy, you begin to build _____, which is the portion of the item that you actually own. Buying often requires higher _____ **costs**, such as a down payment, but can be more cost-effective over time.

An _____ is something you own that has value, such as a _____ or vehicle. Some assets increase in value over time, which is called _____. Others lose value, which is known as _____. Homes often appreciate, while vehicles usually depreciate.

_____ involves paying a regular fee to use property owned by someone else. Renters do not build equity, but renting typically has lower upfront costs and fewer responsibilities for _____ and maintenance. Renting offers _____, especially for people who may move or whose income may change.

Leasing, Income, and Decision Making

_____ is a long-term rental agreement, most commonly used for vehicles. Lease payments are usually lower than loan payments, but leases include restrictions such as _____ **limits** and wear-and-tear rules. At the end of a lease, the item is returned unless a buyout option is chosen.

_____ **income** is the amount of money left after taxes and essential expenses are paid. It plays a major role in deciding whether buying, renting, or leasing is affordable.

When making financial decisions, it is important to consider **opportunity** _____. Opportunity cost is the value of the next best option that is given up when a decision is made. For example, money used for a large down payment cannot be used for investing or saving.

Mathematics helps compare these options by calculating **monthly payments**, _____ **cost**, and long-term affordability. Using spreadsheets and organized calculations allows people to make informed financial decisions and avoid unnecessary debt.

Assignment: Buy, Rent, or Lease

Total Value: 25 Marks

Section A: Big Ideas (6 marks) Answer each question in **one sentence or less**.

1. Why might buying be a better long-term option than renting for some people?

2. Give one reason why renting may be the best choice in certain situations.

3. Why is opportunity cost important when making financial decisions?

Section B: Fill in the Blanks (7 marks)

Use the **word bank** to complete each sentence. Each word is used **once**. Two words will not be used.

1. The portion of an asset that you truly own is called _____.
2. The cost of borrowing money is known as _____.
3. Money remaining after taxes and essential expenses is called _____.
4. A vehicle lease often includes limits on _____.
5. When an asset increases in value, it experiences _____.
6. Renting usually requires lower _____ costs than buying.
7. Giving up one option in favour of another is an example of _____.

Word Bank:

disposable income, mileage, appreciation, equity, upfront, opportunity cost, depreciation, interest, asset

Section C: Multiple Choice (6 marks)

Write the correct letter in the space provided for each question.

1. ____ Which option allows a person to build equity over time?
A. Renting
B. Buying
C. Leasing
D. Borrowing
 2. ____ Which option has an end date with no ownership but lower monthly payments?
A. Buying
B. Renting
C. Financing
D. Leasing
 3. ____ Which factor most affects whether a person can afford to buy?
A. Vehicle colour
B. Disposable income
C. Advertising
D. Brand name
 4. ____ Which cost is most closely associated with leasing a vehicle?
A. Property tax
B. Down payment
C. Mileage penalties
D. Equity growth
 5. ____ Which option usually offers the most flexibility for short-term living?
A. Renting
B. Buying
C. Leasing
D. Financing
 6. ____ What mathematical tool is commonly used to compare buy, rent, and lease options?
A. Guesswork
B. Mental math
C. Spreadsheets
D. Advertising
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