

Lesson 1: Living Independently



When you graduate from high school, you may be faced with deciding whether to continue living at home or to move out on your own.

In this lesson you will examine why some young adults decide to live at home. You will compare the costs and responsibilities of living in a student residence with the costs and responsibilities of living in rental accommodations.

Why Some Young Adults Live at Home

Like many young people, you may dream about getting your own place and being independent. It's exciting to dream; however, it's also important to be realistic about the accommodations you will be able to afford, especially if you are a student.

When you think about moving away from home, do you picture a loft apartment near a movie theatre and your favourite coffee shop? Or maybe a condo with a great view, skylights, hot tub, swimming pool, and exercise room?

Many people who move away from home for the first time to work or study have to set their sights much lower. Student housing is more likely to be a basement apartment with a messy roommate or a student residence with a roommate who parties all night.

Instead of lounging in a hot tub, you may have to get used to the hot water running out. Instead of a great view, you could look out on a parking lot or a busy street. You may have to adjust to noise, institutional food, and people taking your laundry out of the dryer while it is still wet. No wonder some people say their first years away from home are their most memorable.



Student housing may offer you independence—but as you see, not the privacy and comfort you may be used to at home. In addition, the switch to this kind of living is expensive. With post-secondary costs rising each year, many students who attend school in their home communities are choosing to remain at home as long as possible. They find that living at home reduces stress and saves them money.

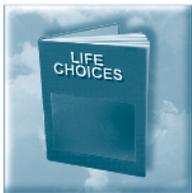
If your family can afford to help you this way—and even if you contribute financially—you could save on living expenses like rent, utilities, laundry, groceries, and transportation.

Did You Know?

Where you choose to live can save you time as well as money. When you are searching for an apartment, you will notice that those closer to post-secondary locations often cost more. In order to rent something affordable, you might end up quite far from campus. That could mean spending more time getting to your classes than attending them. If your home is close to your school, you may save both time and money by living there while you complete your education.

A 2006 report on social trends stated that more adult children in Canada are choosing to live at home with their parents. The report concluded that living at home longer is a practical lifestyle choice for many adult children; it allows them to save money, even when they contribute to home expenses. The downside of adult children living at home was identified as an increase in disagreements between parents and children about money, chores, and responsibilities.

According to this Statistics Canada study, many adult children simply continue to live at home after high school. Others—called *boomerang kids*—leave home for a time but then move back in with their families. This is what happened in the case of Sofia, who you read about at the beginning of this section.



To discover more about why some young adults move back home, read the following articles in *Venturing Out*:

- “Leaving Home” on pages 14 and 15
- “Home Again” on pages 42 and 43



1. Discuss the article “Leaving Home” with a partner or small group. List some of the problems the young people in the article experienced after leaving home.
2. Discuss the article “Home Again” with a partner or small group. How can young adults with very little income live at home and be financially considerate and fair to all involved in the household?

Compare your answers with the Suggested Responses at the end of the lesson.



For many students, continuing to live at home is not an option. They must move away to pursue post-secondary education or to obtain a job. In the remainder of this lesson, you will explore how the choice to move away from home affects financial and lifestyle choices.

Living in a Student Residence

Some students pursuing post-secondary studies choose to use on-campus food services and to live in “rez,” a furnished student residence—also referred to as a *dormitory*, or *dorm*.

Typically, residences offer double or single rooms furnished with a bed, dresser, desk, chair, and bookshelf. High-speed Internet and telephone are often available at additional cost. Students on each floor of the residence usually share washrooms and lounge areas.



3. Research the cost of living in a student residence and using on-campus food services for an eight-month academic year.
4. With a partner or small group, brainstorm some of the other expenses of students living in a furnished dormitory-style residence and eating on campus.
5. Most universities have *community standards*—rules and regulations for students living in their student residence. Research some typical rules and regulations that students living in these residences must follow.



Compare your answers with the Suggested Responses at the end of the lesson.

Living in a Rental Accommodation

Now that you have researched the expectations for living in a student residence, you will consider another option—renting an apartment, condo, townhouse, or house.

If you decide to rent accommodations in Alberta, be aware of the following:

- In Alberta, residential tenancy agreements—often referred to as *leases*—are covered by the Residential Tenancies Act (RTA).
- The Alberta Government publishes the Voluntary Code of Practice to explain the rights and responsibilities of **tenants**, **landlords**, and agents involved in renting residential properties.

tenant: a person who pays rent to live in or on someone else's property

landlord: a person who rents property to another person



The following websites have helpful information about renting in Alberta:

- <http://www.servicealberta.ca/>
- <http://www.landlordandtenant.org/home/default.aspx>

6. Use information from these websites to answer the following questions.
 - a. What is a residential tenancy agreement—also referred to as a *lease*?
 - b. What is a fixed-term tenancy? What is periodic tenancy?
 - c. What is a security deposit—also referred to as a *damage deposit*? What are some of the regulations on security deposits?
 - d. Why are move-in and move-out inspection reports mandatory?

Compare your answers with the Suggested Responses at the end of the lesson.



discretionary expense: an expense for goods and services that are either non-essential or more expensive than necessary

non-discretionary expense: an expense for goods and services that are essential

Most young adults who have been living at home or in a student residence are surprised to discover that renting an apartment or house involves a long list of expenses. When considering these expenses, you will want to distinguish between a **discretionary expense** and a **non-discretionary expense**.

Non-discretionary expenses are connected to your needs. Food and heat are examples of non-discretionary expenses. Discretionary expenses are connected to your wants. Entertainment and restaurant meals are examples of discretionary expenses.

fixed expense:
an expense
that generally
remains the
same from one
billing period
to the next



**flexible
expense:**
an expense
that changes
from one
billing period
to the next;
also called
a variable
expense

You will also want to distinguish between a **fixed expense** and a **flexible expense**. Fixed expenses generally remain the same for each billing period; rent and car payments are examples. Flexible expenses fluctuate from one billing period to another—sometimes by a lot, sometimes by a little. Telephone and fuel costs are examples of flexible expenses, sometimes referred to as *variable expenses*.

7. With a partner or small group, brainstorm some of the costs of living in a rental accommodation. Then discuss whether each expense is non-discretionary or discretionary, fixed or flexible.

Compare your answer with the Suggested Responses at the end of the lesson.

The Issue of Roommates

To cut costs, many young adults share rental accommodations with roommates.

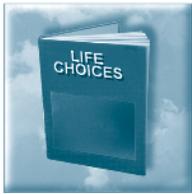


To see what can happen when students decide to share rental accommodations, view Segment 15: Moving Out on your Student Support CD.

8. With a partner or small group come up with a list of questions you can ask potential roommates to assess your compatibility with them.

Compare your answer with the Suggested Responses at the end of the lesson.





Several articles in *Venturing Out* provide other helpful tips on how to make a successful transition to independent living. Read the following articles:

- “Leaving the Nest” on pages 34 and 35
- “Rules of the Road When Setting Up” on page 38
- “How to Choose, Keep, or Lose a Roommate” on pages 68 and 69
- “Ten Tips for Living on Your Own” on page 69

Note: “Rules of the Road” on page 38 comes from a 1995 newspaper, so the costs quoted are no longer current. The basic information in the article is still sound, but most prices have probably increased—with the exception of the federal GST, which has decreased since this article was written.



9. With a partner or small group, brainstorm a list of factors to consider when choosing a rental accommodation.

Compare your answer with the Suggested Responses at the end of the lesson.

Go to page 1 of Assignment Booklet 2B and respond to questions 1, 2, and 3 of Section 2.

Looking Back; Looking Ahead



In this lesson you considered some of the lifestyle and financial choices that you must make when you venture out on your own. In the next lesson you will examine how to create a financial plan for independent living.

Glossary

discretionary expense: an expense for goods and services that are either non-essential or more expensive than necessary

fixed expense: an expense that generally remains the same from one billing period to the next

flexible expense: an expense that changes from one billing period to the next; also called a *variable expense*

landlord: a person who rents property to another person

non-discretionary expense: an expense for goods and services that are essential

tenant: a person who pays rent to live in or on someone else's property

Suggested Responses

1. Some of the problems the young people interviewed in the article experienced after leaving home include the following:
 - an untrustworthy roommate who steals
 - acute anxiety leading to insomnia
 - partying too much
 - finding dependable roommates
 - making enough money to cover expenses
 - endless requests for rides if you have a car
 - disagreements about cleanliness
 - disagreements about food
 - separating needs from wants
2. Young adults who live at home and have very little income can do several things to be financially considerate and fair to all involved in the household. They can contribute their personal resources to the family in lieu of, or in addition to, financial resources. For example, they can share in family responsibilities, such as household chores. They can be considerate about the way they interact with family members. For example, they can ensure that others know if they are not coming home for a meal, or they can take turns making meals.
3. Responses will vary depending on when the data is collected. Most colleges and universities provide information about student housing and meal plans on their websites. In addition, the following website gives information on many Canadian Universities:

http://www.aucc.ca/can_uni/our_universities/index_e.html

4. Following are some other expenses of living in a furnished residence and eating on campus:

- tuition and other fees
- books and educational supplies
- telephone and Internet
- hygiene and grooming products
- transportation
- entertainment
- gifts
- clothing

5. Responses will vary. Generally, community standards are meant to encourage order and co-operation. Following are examples of community standards:

- Residents shall not make noise loud enough to disturb roommates or neighbours.
- Residents shall not enter other residents' units or rooms without consent of the legal tenants.
- Residents shall not smoke in the residence.
- Residents shall not have open alcohol in public areas, except where authorized by alcohol permit.
- Residents shall not damage, remove, or destroy property not belonging to them.
- Residents shall not tamper with fire and security equipment.

6. a. A residential tenancy agreement is a written contract between a landlord and tenant that states how much the rent is, what the landlord's rules are, and how long the rental agreement will be in effect. If the landlord has promised to make any repairs or changes, these promises should also be written in the residential tenancy agreement.
- b. A fixed-term tenancy is an agreement that begins on a specific day and ends on a specific day. A periodic tenancy is an agreement that ends automatically at the end of each week, month, or year and then starts again automatically at the beginning of the next week, month, or year.
- c. A security deposit, sometimes called a damage deposit, is something of value, usually a sum of money, that a tenant pays a landlord before moving in. It must not be more than the amount of the first full month's rent. The landlord keeps the money in case you, as tenant, damage the property, do not pay the rent, or leave without cleaning properly. If you do no damage, pay the rent, and clean the house or apartment when you leave, the landlord must return the money with interest after you move out.
- d. Move-in and move-out inspection reports are mandatory to protect the interests of both tenants and landlords. These reports record the condition of residential premises before tenants move in and after they move out. If damage other than normal wear and tear has occurred, the landlord can deduct the costs from the security deposit.

Following are two examples of normal wear-and-tear situations for which deductions from the security deposit are not allowable:

- professional shampooing of rugs or drapes when there is no obvious dirt or staining
- slightly scratched kitchen counters

7. The expenses you identified will vary. Following is a sample response:

When you move into a new rental accommodation, you will have start-up costs. For example, you may need to furnish the rental accommodation and possibly pay moving expenses. In addition, you will most likely have to pay a security deposit and connection fees for electricity and phone. **Note:** If you do not pay your utility bills promptly, these services may be disconnected and you will be charged an additional fee for connecting them again.

As well as start-up costs, you will have expenses that occur on both a regular and an irregular basis. These could include telephone, Internet, cable TV, groceries, insurance, school supplies, transportation (public or private), laundry, eating out, entertainment, gifts, clothing, and grooming products. **Note:** Some rental accommodations include the cost of utilities (such as electricity, heat, and water) and garbage collection in the monthly rent; others do not include these.

The following list places these recurring expenses into categories:

- cable TV: discretionary, fixed
- clothing: non-discretionary, flexible (Basic clothing is non-discretionary; expensive clothing is discretionary.)
- eating out: discretionary, flexible
- entertainment: discretionary, flexible
- garbage collection: non-discretionary, fixed
- gifts: discretionary, flexible
- groceries: non-discretionary, flexible
- grooming products: non-discretionary, flexible (Basic products are non-discretionary; expensive products are discretionary.)
- insurance: discretionary, fixed (Some types of automobile insurance are non-discretionary.)
- Internet: discretionary, fixed
- laundry: non-discretionary, flexible
- long-distance telephone calls: discretionary, flexible
- rent: non-discretionary, fixed (Accommodation is non-discretionary; luxury accommodation is discretionary.)
- school supplies: non-discretionary, flexible

- telephone (not including long distance): non-discretionary, fixed
- transportation (public or private): non-discretionary, flexible (Basic transportation is non-discretionary; owning a vehicle or a luxury vehicle may be discretionary.)
- utilities (electricity, heat, water): non-discretionary, flexible

8. Following are some possible questions to ask potential roommates:

- Have you ever had a roommate before?
- What if anything bothered you about past roommates?
- Have you had any credit problems?
- Do you smoke, drink, or do drugs? If yes to any, how often?
- Do you stay out late on weekdays?
- Do you have friends or family who will be staying here frequently?
- Do you have any pets?
- What do you like to watch on television?
- What music do you listen to? How loud do you like your music?
- Do you know how to cook? What kind of food do you like?

9. Following are some of the factors to consider when choosing rental accommodation:

- location (closeness to place of study or work; closeness to shopping and recreation)
- transportation (parking availability or closeness to public transportation)
- safety and security (door locks, windows, alarm systems, buzzer entry)
- amenities (size, appliances, plumbing, lighting, heating, closets, storage, decorating)
- condition and maintenance of the rental unit
- financial aspects (amount of rent, length of lease, security deposit, utility costs)
- landlord (friendly, respectful, approachable, helpful)

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