

Living at home vs. moving out after college: 7 things you should consider

You just entered the “real world,” now what? Deciding where to live on your own for the first time involves more than just finding a place to sleep, it’s a choice that can impact your finances, career opportunities, personal growth and relationships. Whether you are thinking about staying at home or renting, here are some crucial factors to weigh:

1. Long-term financial goals and career opportunities will influence your choice

It’s essential to make sure your living situation matches your long-term goals, whether that’s advanced education, career progression, or saving for homeownership.

- **Advantages to living at home:** You can save on rent, pay down debt, and potentially avoid student loans if pursuing further education like grad school. It may also give you the opportunity to take on lower-paying jobs to gain experience without financial strain.
- **Advantages to renting:** Offers more flexibility in your job search with opportunities in different cities, potentially leading to higher-paying roles and faster career advancement

Evaluate your priorities carefully to make the decision that best supports your aspirations and sets you on the path to achieving your professional ambitions.

2. Rental rates impact financial readiness

One of the most critical aspects to evaluate when deciding between living at home or renting is the financial implications. Finding a roommate may also reduce pressure on individual expenses, as sharing costs could be a savvy way to save more money. Rental rates across the United States vary widely, depending heavily on things like the size of the apartment and location. The average rent in the US is \$1,534 per month with the average apartment size being 699 Sq Ft. This cost can be a lot for many young adults. As a first time renter, one rule of thumb is to keep your rent under 30% of your post-tax income.

Some examples of rent across major cities in the US:

New York, NY	\$3,796
Boston, MA	\$3,442
Los Angeles, CA	\$2,125
Chicago, IL	\$1,843
Austin, TX	\$1,440

3. Location: City or Suburbs?

Moving into a city or suburbs requires careful financial planning, which has a big influence on lifestyle decisions.

Living in a city potentially means paying more for groceries, rent and other living expenditures. Greater income potential and a variety of work options in sectors like media, technology and finance can offset it, though. Convenient facilities and cultural experiences are appealing, but they come at a cost that can call for financial restraint and budgeting.

Relocating to the suburbs usually comes with cheaper housing expenses and a slower pace of life, which can be beneficial from a financial standpoint, particularly for people just starting their careers. In the long term, savings or investments may be possible with lower rent and everyday costs, albeit there may be trade-offs.

4. Family dynamics matter

Whether you're contemplating staying with your family or renting your own place, understanding how family dynamics can influence your decision is important.

- **Strengthening bonds:** Living at home can create stronger familial connections and provide emotional support during transitional periods like leaving college.
- **Navigating independence:** It is very important to keep in mind negotiating boundaries, responsibilities, and differing expectations when living at home so you can still navigate independence.

Before deciding, consider how living with your family may affect your personal development and relationships. Also, consider

how important it is for you to be able to see them regularly. Communicate openly with family members and establish clear expectations.

5. Let personal values influence your decision

Personal values are a major factor in creating post-college living plans since they influence choices about your employment, lifestyle and long-term objectives. People who place a high value on environmental sustainability or do not want to commute in the first place, for example, might pursue jobs in conservation or renewable energy, which could have an impact on their housing and employment decisions. Similarly, people who place a high importance on family could want to relocate or look for work closer to their loved ones.

Financial planning is influenced by personal values as well. While some people place a higher priority on stability and long-term savings, others may place a higher value on life events and personal development. In the end, when housing plans are in line with your personal values, your post-college life is more likely to be fulfilled and satisfied because decisions are made based on what matters most to you.

6. Timing is important

Young professionals who can choose whether to live at home or move out of their families' home are at a unique point in their lives. Generally, this is one of the only moments in the time after graduation where you can pour almost every penny into savings, graduate school, debt payments, or other goals by living at home and saving. It is far more challenging to pivot from an independent lifestyle to moving back in with your parents after a few years of living out. You can also earn compound interest on savings by starting young. If you have goals that will take time to save for, consider the timing and financial opportunity you can have living at home.

7. Weigh your financial decisions

Similarly to savings, financial burdens should be a large consideration when deciding which path to take. Money that would be spent on rent can be used to pay off debt. Additionally, living at home can provide a financially stress-free environment to accumulate a good credit score.

To help you make an informed decision, we've developed a budgeting tool. This tool is designed to calculate your estimated monthly expenses based on your rent, lifestyle preferences and income level. By using this tool, you can get a clear picture of how much you can comfortably afford to spend on rent, utilities, food and other necessities without stretching your budget too thin.

Take advantage of our budgeting tool to gain clarity on your financial situation.

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Conclusion

Your post-college years offer you a wide variety of lifestyle choices, including the decision where to live and work and how you will being your career path. Your family's Mesirow Wealth Advisor is happy to help talk through your choices with you, and to help you get started with your first budget and financial plan.

Published January 2025

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