

OPEN THE HOUSE

HOME BUDGETING TOOLKIT



A new home. A new journey.
Every homeowner deserves the chance
to thrive.

This interactive workbook is built to help you **succeed as a homeowner**. It will assist you in understanding how much a home costs, how to take care of your home long-term, and advise on navigating homeownership surprises.

Contents

- **Part 1:** Understanding the true cost of homeownership
- **Part 2:** Planning for your home's lifespan
- **Part 3:** Tips for planning for the unexpected

Understanding the true cost of homeownership

Buying a home is very exciting but it often comes with some overwhelming decisions. Getting a firm grasp on your home's finances, including renovations, insurance, utilities, and maintenance, will help you feel confident and secure in your homeownership. We'll help you estimate for yourself.



1 Property Tax

01 What is it?

- A fee paid to your local government based on your home's assessed value and your local and state government tax rate.
- Property taxes help pay for road repairs, schools, the police, and other local services.
- The assessed value is the government's calculation of your property's worth for tax purposes, which is different than what you'd get from selling the property.
- Assessments are typically done every one to five years by your local government.

02 Understanding the cost

- The amount you owe can increase or decrease from year to year as your assessed value and/or tax rate changes. Market value, where you live, and the size and type of house you own can also impact your property taxes.
- If you believe your assessed value is too high, you may have the option to appeal it with your local tax authority. Check your area's rules for filing. Some require appeals in writing while others have to be done in person.
- If you're buying a home, check with your attorney, the realtor, or the previous seller to confirm the amount of taxes before closing.

TIP

[Escrow accounts](#) help ensure your property taxes and homeowners insurance premiums are paid on time. If your taxes or premiums go up, you might have an escrow shortage. This means you'll owe the difference, or your monthly payment might increase. Watch for annual escrow statements and plan for potential changes so you can prepare for extra costs.

03 Your estimated property taxes

ACTION

Calculate your estimated cost.

Assessed property values and tax rates can be found on your county or local government's website. Or, ask your real estate agent for recent property tax records in the neighborhoods you're considering.

\$ <input type="text"/>	x	<input type="text"/>	=	\$ <input type="text"/>
Assessed property value		Local property tax rate		Annual property tax estimate

2 Homeowners Insurance

01 What is it?

- [Homeowners insurance](#) protects against damage to your home and belongings from covered perils, while safeguarding your assets if you're liable for someone else's injuries or property damage. It may also help pay for living expenses if you need to move out during repairs.
- It isn't mandated by law, but if you are financing your home, lenders will typically require it. Because your home may be one of your most valuable assets, you might consider it a must-have.

02 Understanding the cost

- The amount of [dwelling coverage](#), which protects your home's structure, is the main factor that determines the cost. Other factors include location, the home's value, construction materials and other home features, coverage selections, weather risks, and prior claims.
- To make sure you're properly protected on your home insurance policy, review how much coverage you have in these areas: [dwelling](#), [other structures](#), [personal property](#), [liability](#), and [loss of use](#).
- Create a [home inventory](#)—an itemized list of your possessions—to make sure you have the right amount of personal property coverage.

03 Your estimated cost of homeowners insurance

ACTION Calculate your estimated cost.

Average annual cost in your state

Check out [homeowners insurance information by state](#) to find the average cost of homeowners insurance in your area.

Annual homeowners insurance quote

Or, get a [homeowners insurance quote](#) customized to your needs. Find out how much home insurance is right for you. Visit [progressive.com/home](https://www.progressive.com/home) or call [1-866-749-7436](tel:1-866-749-7436).

3 Maintenance & Repairs

01 What is it?

- Home maintenance and repairs include regular servicing that keep your house in working order, such as lawn care, HVAC cleaning and maintenance, clearing gutters, pest prevention, regular chimney cleaning, and fixing leaks. Staying on top of home maintenance may help improve the value of your home and prevent unexpected emergency repairs.

02 Understanding the cost

- A common rule of thumb is to budget 1% to 4% of your home's value each year, using 1% for routine maintenance and the additional 3% for unexpected repairs.
- Keep in mind that older homes can require more maintenance and repairs over time, including updating major home systems, such as electrical or HVAC.

03 Your estimated maintenance & repair costs

ACTION Calculate your estimated annual maintenance and repair cost.

Home value

x

Budget percentage

=

Estimated annual maintenance & repair cost

4 Home Improvements

01 What is it?

- Home improvements are updates that enhance the functionality, quality, or appeal of a home. They can also make a space safer, more modern, and more efficient. Home improvement costs can add up but may help maintain or even add to your home's value.
- While buyer appeal and market conditions ultimately determine the value of any given improvement, things like updated kitchens and bathrooms, finished basements, and modern heating and cooling systems tend to impact home value positively.



02 Understanding the cost

- Costs can vary based on local market conditions, the size, age, and condition of your home, materials used, and the complexity and duration of the project.
- Research the average price in your area for the project you're considering. This can help determine if it's in your budget and how you might pay for it.
- You can use your savings for a home project or explore financing options like home equity loans, a home equity line of credit, or cash-out refinancing. Plan carefully and consider each option in relation to your project and financial goals before committing.

TIP

As you consider your home's value, use our [Home Appraisal Advisor](#) to find answers to all your appraisal questions.

03 Your estimated annual cost

ACTION

Select any improvements to prioritize and budget for this year.

The cost of your home improvement project will vary depending on your individual project needs. Use the links below to understand the cost considerations for your prioritized projects and add an estimated cost based on your scope. For more precise costs, consider getting a few quotes from professionals to compare.

IMPROVEMENTS

[Living room remodel cost:](#)

[Bedroom remodeling costs:](#)

[Kitchen renovation costs:](#)

[Bathroom remodeling costs:](#)

[Basement renovation costs:](#)

[Attic remodeling costs:](#)

[Garage renovation costs:](#)

[New heating or cooling system:](#)

MY ESTIMATED COST

\$

\$

\$

\$

\$

\$

\$

\$

=

\$

Annual estimated improvement cost

5 Utilities

01 What is it?

- Monthly bills you pay for essential services like electricity, gas, heating oil, water, and sewer. Depending on how you define utilities, it can also include trash, cable, internet, phone, and streaming services. Utilities keep your home running day to day.

ENERGY SAVING:

Financial incentives for energy-efficient products and improvements may be available in your area. Visit the U.S. Department of Energy [here](#) for details.

02 Understanding the cost

- Utility costs vary widely depending on the service, provider, location, and usage. Also, in condos or townhomes, your homeowner's association (HOA) may cover some utilities.



03 Your estimated annual cost

Estimate your utility costs. Below are a few examples of utility bills and their average cost¹ to get you started.

- Average electric bill:** \$137 per month/\$1,644 per year
- Average water bill:** \$84 per month/\$1,008 per year
- Average residential gas bill:** \$80 per month/\$964 per year

ACTION

Estimated annual utility costs:

\$

TIP

If you're buying a home, ask the seller for the last 12 months of utility bills so you can get an accurate estimate of your average monthly costs.

6 Part 1 summary—annual homeownership costs

The total cost to own a home will vary across households and may include expenses beyond this list. Consider using these estimates to create a detailed monthly budget for your household to manage your total costs.

Annual estimated housing cost

\$

Property tax estimate

+

\$

Homeowners insurance quote

+

\$

Estimated maintenance & repair cost

+

\$

Estimated improvement cost

+

\$

Estimated utility cost

=

\$

Estimated annual housing cost

¹ [What Is a Utility Bill? Examples, Cost, Affordability](#) (NerdWallet)

Planning for your home's lifespan

Understanding the age and longevity of the major components of your home can be critical in prioritizing and planning ahead for major replacement costs.

IT'S NOT ALWAYS EASY TO GET THIS INFORMATION. HERE ARE A FEW TIPS:

- Work with a specialist or contractor to get an estimate on remaining lifespan.
- Ask for receipts, user manuals, and records from the seller. These can be helpful resources.
- Check labels on appliances and HVAC components (furnace, air conditioner, etc.)—they often include the date of installation.

ACTION

Below are average lifespans for various components of your home [according to Angi](#). Capture the replacement year for your home so you can plan ahead.

ROOF



COMPONENT IN THE HOME	AVERAGE LIFESPAN	REPLACEMENT YEAR
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Roof	30 years	
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TIPS

- Keeping gutters clean and periodically power-washing can help prolong your roof's life

SIDING



COMPONENT IN THE HOME	AVERAGE LIFESPAN	REPLACEMENT YEAR
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Siding	20 – 40 years	
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TIPS

- Keep an eye on holes and cracks and seal them over time. This minor maintenance is much less expensive than fully replacing damaged siding.

WINDOWS



COMPONENT IN THE HOME	AVERAGE LIFESPAN	REPLACEMENT YEAR
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Windows	20 years	
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TIPS

- Check for cracks in the seals several times a year. They're a sign of needed repair and can affect your energy bill.

FLOORING



COMPONENT IN THE HOME	AVERAGE LIFESPAN	REPLACEMENT YEAR
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Laminated floor	15 – 25 years	
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Carpeted floor	15 – 25 years	
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TIPS

- Structurally installed floors can last a lifetime
- Creaks, rotting wood, or sagging spots require fixing

HVAC



COMPONENT IN THE HOME	AVERAGE LIFESPAN	REPLACEMENT YEAR
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Furnace	15 – 20 years	
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Air conditioner	10 – 15 years	
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TIPS

- Change air filters regularly to improve longevity
- Hiring an HVAC professional for regular service can prevent damage and save money in the long run

APPLIANCES



COMPONENT IN THE HOME	AVERAGE LIFESPAN	REPLACEMENT YEAR
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Oven/range	10 – 15 years	
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Refrigerator	6 – 15 years	
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Dishwasher	8 – 10 years	
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Water heater	10 – 15 years	
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Washer and dryer	8 – 12 years	
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TIPS

- Regular cleanings can make kitchen appliances last longer
- Stainless steel can be a more durable choice than ceramic versions
- Avoid overloading washer and dryers, which can cause damage

KEEP IN MIND

While these averages provide an idea of how long things will last, they don't account for things like weather, usage, materials, quality, location, and wear and tear. This list should be used only as a general guideline and not as a guarantee of life expectancy of any component.

Strategies for secure homeownership

Staying in your home means being ready for the unexpected. Whether it's budgeting for emergencies, protecting your home, or keeping things in great shape, these steps will help you stay financially secure and ready for the road ahead in your home.

1 Create an emergency fund

- Make sure you're prepared for unexpected expenses or financial emergencies, such as sudden job loss or a surprise medical bill or repair, by allocating a portion of your monthly budget to an emergency fund.
- Some financial experts suggest setting aside enough to cover three to six months of essential living expenses. This includes mortgage, utilities, groceries, healthcare, transportation, and other essential bills.
- To start saving, consider making automatic contributions to your fund, adding tax refunds, bonuses, or credit card rewards, and looking for unused subscriptions or memberships you can cut.
- You can keep your emergency savings in many different types of accounts. What's important is that it's easily accessible should you need it in a hurry.

2 Stay on top of routine maintenance

- Keeping up with regular home maintenance can help address issues before they become larger, more costly fixes, while preserving your home's value.
- Set calendar reminders to keep yourself on track.
- Create a [home maintenance checklist](#) to organize and schedule necessary upkeep and repairs. Organizing maintenance tasks across seasons can spread out costs and keep things more manageable.

3 Save on home insurance

- **Increasing your deductible** is just one of the many ways to save on your home insurance.
- **Shopping around** can help you get a better rate now and throughout the life of your policy. Check out our [HomeQuote Explorer](#)® to find a rate that's right for you.
- **Adjust your coverages**—Compare your [home inventory](#) to your policy and remove things you no longer have.
- **Build a bundle** with an existing auto policy and save. Have a couple of toys to throw in? Add a boat, RV, or motorcycle to get the lowest home insurance cost.
- **Take advantage of discounts**—There are many to choose from. Simply going paperless can put more paper in your pocket.
- **Consider key home renovations** that can help reduce rates for some insurers.

4 Consider a home warranty

- A [home warranty](#) plan protects your appliances, electrical, plumbing, and HVAC systems after the manufacturer's warranty expires.
- Home warranties may be worth purchasing if you're concerned about the cost of repairing or replacing essential appliances and systems, especially in older homes.

5 Understand refinancing and if it's right for you

- The decision to [refinance](#) should be based on careful consideration of your financial goals and current market conditions. Typically, good times to refinance your home are when interest rates dip below your current rate or if you need to access the equity you have built up in your home to get cash.
- It's important to carefully evaluate the costs associated with refinancing, including closing costs, and compare them with the potential benefits, such as lower monthly payments or interest savings. Consulting with a mortgage professional or financial advisor can help you make an informed decision based on your specific circumstances.

COMMUNICATE WITH YOUR LENDER IF YOU'RE STRUGGLING FINANCIALLY.

It's recommended that you contact your lender early, before missing a payment, so they can work with you to create a financial plan.



PROGRESSIVE

CONGRATULATIONS
on being a savvy homeowner!



Please note: Whether or not to purchase a home or to stay in a home is ultimately your decision. This tool is intended to assist in that decision making process, but neither its applicability to your individual circumstances nor successful outcomes are guaranteed. You may want to consult your own financial, legal, or real estate advisors regarding your particular circumstances.