

MQFP® Study Guide 1.10: Active-Duty Additional Planning Considerations

Learning Objectives:

1.10 Active-Duty Additional Planning Considerations

- a. Contrast the costs of base housing with renting a house and buying a house

Exercise 1: Housing Costs Comparison

Create a detailed comparison of the costs of living in base housing, renting a house, and buying a house. Consider factors such as monthly rent/mortgage payments, utilities, maintenance, and potential appreciation or depreciation in property value.

- b. Project the expected expenses of owning a rental property

Exercise 2: Rental Property Expenses Projection

List the various expenses associated with owning a rental property, including mortgage payments, property taxes, insurance, maintenance, vacancies, property management fees, and any other relevant costs.

- c. Calculate expected tax impacts of selling a rental property given a set of circumstances

Exercise 3: Rental Property Tax Calculation

Given a hypothetical scenario of selling a rental property, calculate the expected tax impact, including capital gains tax and any depreciation recapture.

- d. Describe available student loan programs available to active duty servicemembers

Exercise 4: Student Loan Programs Description

Describe the various student loan programs available to active duty servicemembers, such as the Public Service Loan Forgiveness (PSLF) program, military-specific loan repayment programs, and deferment or forbearance options.

Quiz: (Multiple Choice)

1. True or False: Renting a house is always cheaper than buying a house in the long term.
- a) True
- b) False

2. What are some potential expenses that a rental property owner should consider when projecting the expected expenses of owning a rental property?

- a) Maintenance and vacancies only
- b) Mortgage payments and property taxes only
- c) Property management fees and insurance only
- d) Maintenance, vacancies, property management fees, insurance, and more

3. When selling a rental property, what is the tax rate applied to the capital gains?

- a) The same tax rate as ordinary income
- b) A reduced tax rate compared to ordinary income
- c) The capital gains tax rate, which varies based on the individual's income level and filing status
- d) There is no tax on capital gains from selling a rental property

4. True or False: Active duty servicemembers are not eligible for any student loan forgiveness programs.

- a) True
- b) False

References:

- Renting vs. Buying a Home: Which Is Right for You?, Consumer Financial Protection Bureau (CFPB): <https://www.consumerfinance.gov/consumer-tools/mortgages/renting-vs-buying-a-home-which-is-right-for-you/>

- 7 Rental Property Expenses You Need to Know About, Investopedia: <https://www.investopedia.com/articles/mortgages-real-estate/11/rental-property-expenses.asp>

- Capital Gains Tax Rates for 2023, NerdWallet: <https://www.nerdwallet.com/article/taxes/capital-gains-tax-rates>

- Federal Student Aid, U.S. Department of Education: <https://studentaid.gov/>

- Public Service Loan Forgiveness, Federal Student Aid: <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>

- Servicemembers Civil Relief Act (SCRA), Legal Services Corporation: https://www.lsc.gov/sites/default/files/images/LSC_pubs/SCRA.pdf

*Answer Key can be found at: <https://mqfp.org/study-guides/>