

# 3 Ways to Estimate Your Rental Property Expenses

To ensure the success and profitability of your investments, it's important to make thorough calculations of all expenses before investing in real estate. The following will help you calculate your incidentals and provide you with a clearer idea of what your monthly cash flow will look like. This will help you make a more informed decision on whether the investment will align with your financial goals.



## ✓ MAKE A DETAILED ESTIMATE

If you are seriously considering purchasing a rental property, this will be the most accurate calculation.

- Make sure to add up each of the property's expected monthly expenses, including the mortgage payment, property taxes, insurance, property management fee, homeowner's association fees (if applicable) as well as the estimated cost for repairs and periods of vacancy.

**Note:** If you are using a mortgage for an IRA purchase of property, you will also want to factor in the cost of Unrelated Debt Financed Income taxation (UDFI).

## ✓ USE THE 50% RULE

This is a quick estimation of expected expenses for a rental property.

- The 50% rule is simple: You should expect about 50% of your rental income to go toward non-mortgage expenses.

## ✓ USE AN ONLINE CALCULATOR

Online calculators, like the one from [Bigger Pockets](#), can help guide you through the process of calculating your rental property expenses.

- Safeguard has provided a [UDFI Calculator](#) to evaluate property ROI using a non-recourse mortgage.
- An online calculator will provide you with easy, step-by-step instructions and printable PDF results.
- The AARP also offers a free online calculator that will help you make detailed calculations, and includes useful information on related topics.

To find out more about how to estimate the expenses on a rental property, **contact** one of our investment experts today!