

Generate Income in Your Retirement

Real Estate Investing Strategies that Work



Do you have an investment plan to continue generating income in retirement?

A recent survey from the Employment Benefit Research Institute discovered that 64% of Americans felt they are behind in saving for retirement. If you are part of this overwhelming majority that feels like they haven't saved

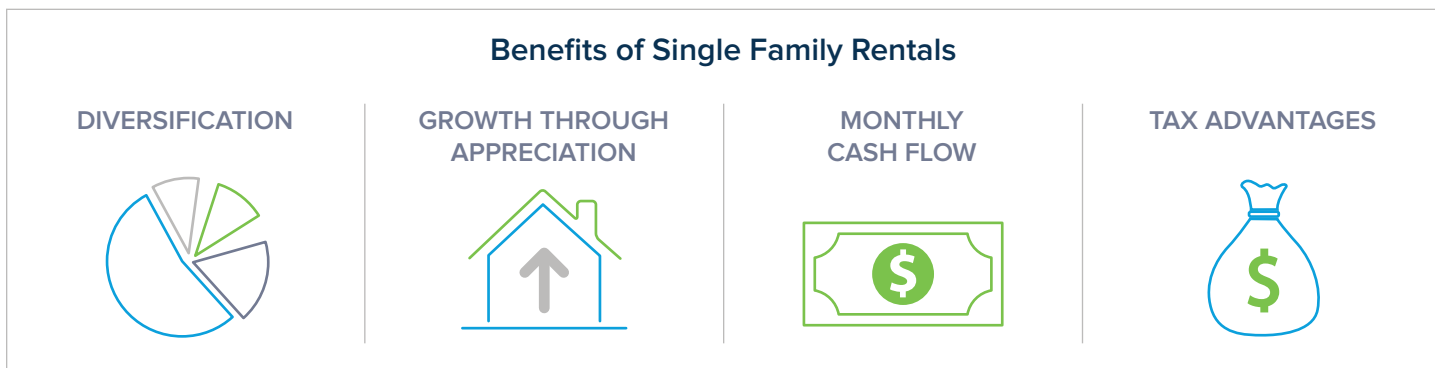
enough, you will either have to work longer and/or make sacrifices to the lifestyle you have been working hard to attain.

One of the best ways to ensure that you won't outlive your

retirement savings is to create a plan that will generate an additional stream of income in retirement. In this paper, we'll show you how you can easily build a real estate portfolio that will allow you to passively generate income in retirement.

64% of Americans felt they are behind in saving for retirement.

The most successful investors do not compose their portfolio with just stocks, bonds and mutual funds. They include an alternate asset class that's not tied to the stock market – real estate. While there are many different types of real estate to invest in, single family rentals can help you significantly grow your capital, and allow you to generate monthly income in retirement without touching the principal value of your asset.



What is my time horizon?

It ultimately comes down to knowing your time horizon and creating an investment strategy around it. When investing for your future, the first and foremost question you should be asking is, “what is my time horizon?”



For simplicity's sake, we're going to place investor's into three different horizons to give you an idea of strategies that each should use.

YEARS UNTIL RETIREMENT	TYPICAL AGE OF INVESTOR	HORIZON GOAL
<u>0-10 Years</u>	55 years or older	Generate as much cash flow as possible in the short term
<u>10-20 Years</u>	45-55 years old	Grow capital and diversify your portfolio in the short term, while maximizing income in retirement
<u>20+ Years</u>	45 years or younger	Maximize wealth in the short & mid-terms while generating as much income as possible in retirement

0-10 YEAR HORIZON

With a short-time horizon of ten years or less, retirement is just around the corner. You need to make the most of this time by growing and protecting your assets.

1

PROPERTY TYPE

The investment properties you choose should be focused on producing solid cash flow now or in the near future. If you are a little closer to the 10-year horizon, your investments should also be in markets that will provide stable income and growth through appreciation.

2

FUNDING OPTIONS

While there are several different ways to fund investment properties, with a shorter timeline, it makes the most sense to pay for these properties in full with cash. This means that you'll maximize your income immediately because the rent collected will go straight to your pocket, not to pay off a mortgage. This can be a great way to supplement or replace your income streams.







3

RISK TOLERANCE

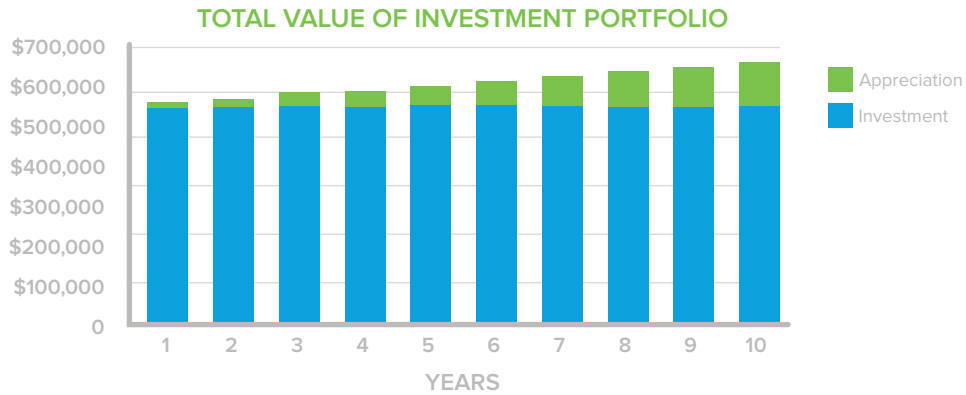
When you first entered the workforce, you were able to invest aggressively on investments that came with a higher risk but simultaneously had the potential for higher gains. With less than ten years to go until retirement, it is important to take a more conservative strategy and to choose investments that are as stable as possible while still providing you with the desired returns.

Much like you would choose a portfolio of stocks that are conservative for this time horizon, choosing real estate is quite similar. Instead of purchasing properties that are in risky neighborhoods with a potential for higher profits in the future, it is a better choice to purchase properties that are in stable neighborhoods with less risk.

PORTFOLIO EXAMPLE FOR RETIREES

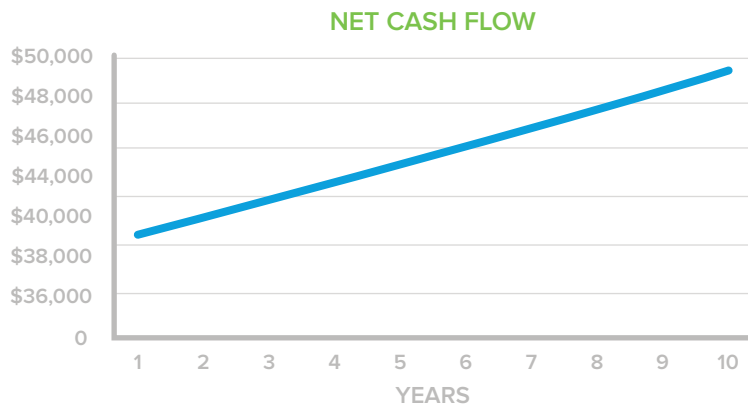
	CITY	RENT	APPRECIATION	PURCHASE PRICE	CAP RATE	INVESTMENT SUMMARY	
	Chicago	\$1,200	1.62%	\$63,000	7.9%	Investment Amount	\$546,284
	Columbia	\$1,100	2.43%	\$80,000	8.3%	Loan Amount	\$0
	Indianapolis	\$1,000	3.45%	\$79,900	7.2%	Total Portfolio Value	\$546,284
	Raleigh	\$1,200	3.24%	\$121,000	6.7%	Number of Properties	6
	Raleigh	\$700	3.48%	\$64,500	6.5%	Cap Rate	7.4%
	Raleigh	\$1,050	2.68%	\$72,500	7.6%	Year 10 Horizon Projections	
	Total	\$6,250	2.8%	\$480,900	7.4%	Cash flow	\$48,955
						Total Portfolio Value	\$636,606
						Loan Balance	\$0
						Total Equity	\$636,606
						Average Yield	8.2%
						Total Return	9.0%

0-10 YEAR HORIZON CONTINUED



As you can see in the graph above, your initial investment of \$546K has grown to over \$635K in just ten years. By investing in real estate, you own a tangible asset that is appreciating in value as the years go by. Your portfolio is diversified and typically safer going into retirement, which is an ideal place to be.

Since you purchased your investment properties in full, you maximize the cash flow generated through rents. You own these properties free and clear, and there is no mortgage to pay off. This means you carry less risk into your retirement, and profits are high. In fact, this real estate portfolio will generate an annual cash flow of over \$48K at the ten-year mark, and that value will continue to increase in the future, as rent typically increases year over year.



Have questions?

Schedule a free consultation with one of our Solutions Managers.

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10-20 YEAR HORIZON

The next major retirement horizon for investors is the intermediate term or those who are going to retire in 10-20 years.

1

PROPERTY TYPE

With an intermediate-time horizon, you should choose properties in a mixture of growth and income-based neighborhoods. These neighborhoods have strong local economies, healthy job markets, and continued plans for expansion. By investing in these neighborhoods, your properties should generate enough cash flow to pay for the mortgage, cover expenses, and provide some cash flow for the future.

2

FUNDING OPTIONS

Unlike investors with a shorter time horizon, you have more time and flexibility to tailor your real estate strategy. Investors in this group should choose leverage to maximize their overall buying power. Investors with a 10 to 20-year timeframe should opt for a 15-year fixed mortgage, which means the portfolio of properties will be fully paid for near or before retirement.







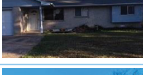

3

RISK TOLERANCE

At this point in your career, you've most likely grown capital by investing in numerous assets like stocks and bonds. While your assets have time to recover from a serious stock market correction, you shouldn't tolerate too much risk to your portfolio. This also applies to your real estate investments.

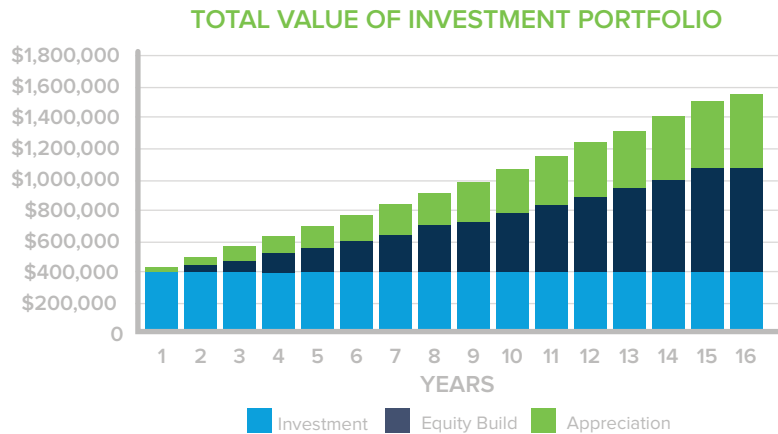
The key is to invest in multiple markets to mitigate your overall risk through diversification. The majority of your real estate investments should be in stable neighborhoods with less risk. You could also choose to add a few higher level-of-risk properties to reap potentially higher gains. By diversifying into multiple neighborhoods with varying degrees of risk, you'll be able to protect your portfolio while simultaneously growing your capital.

PORTFOLIO EXAMPLE FOR 10-20 YEAR HORIZON

	CITY	RENT	APPRECIATION	PURCHASE PRICE	CAP RATE	INVESTMENT SUMMARY	
	Raleigh	\$925	3.7%	\$115,900	4.3%	Investment Amount	\$371,905
	Raleigh	\$1,025	3.7%	\$110,000	5.0%	Loan Amount	\$680,550
	Raleigh	\$900	4.1%	\$85,000	5.4%	Total Portfolio Value	\$1,052,455
	Atlanta	\$925	3.8%	\$88,900	5.5%	Number of Properties	9
	Atlanta	\$1,200	4.2%	\$124,900	5.6%	Cap Rate	5.5%
	Atlanta	\$900	5.4%	\$83,000	5.4%	Year 15 Horizon Projections	
	Oklahoma City	\$1,200	2.0%	\$114,900	6.0%	Cash flow	\$20,381
	Oklahoma City	\$1,100	2.0%	\$99,900	6.4%	Total Portfolio Value	\$1,425,705
	Oklahoma City	\$1,050	1.5%	\$84,900	6.7%	Loan Balance	\$0
						Total Equity	\$1,425,705
						Average Yield	14.9%
	Total	\$9,225	3.4%	\$907,400	5.5%	Total Return	23.0%

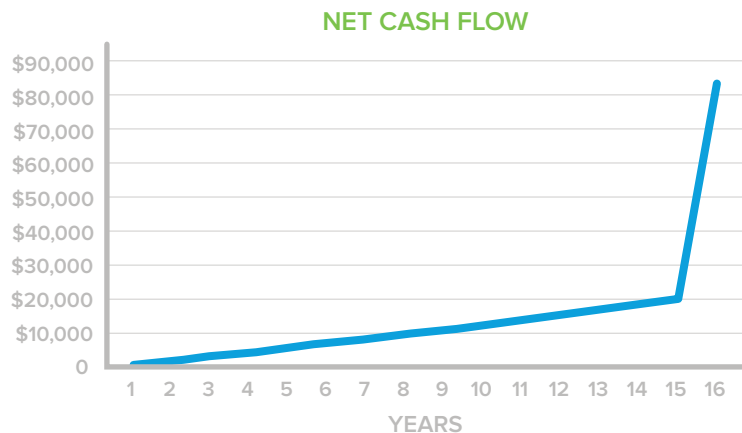
10-20 YEAR HORIZON CONTINUED

Since you wisely invested using “other people’s money” to finance your real estate portfolio, you were able to purchase more properties. These properties successfully increased in value through appreciation and built equity to raise your net worth.



As you can see in the graph above, your initial investment of roughly \$371K has grown to be worth over \$1.4 million at year 16 after the mortgage has been paid off. The value of your portfolio will continue to grow through appreciation in the future.

You'll notice your cash flow grows quite dramatically at year 16. This is because you used rents to pay down the mortgage and build equity during that time. After the 15-year fixed mortgage is paid off at year 16, your real estate portfolio will generate over \$83K per year in cash flow via rents.



Real estate is a great addition to your portfolio and having this collection of assets that is fully paid off can help ensure you are living the retired lifestyle you planned on. Not only will you be insulated from the ups and downs of the stock market, you'll also be able to continue taking advantage of this asset collection as it grows in the future.

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20+ YEAR HORIZON

If you have a retirement horizon that is 20 or more years away, you have something that the other investors in the previous horizons wish they had — time to build their wealth.

1

PROPERTY TYPE

The ideal types of investment properties for you are those that will see growth over the next 30 years as well as produce rents that will cover the mortgage and maintenance of the properties. These kinds of properties are located in areas with a strong local economy and workforce that is employed by numerous industries.

2

FUNDING OPTIONS




Even if you have a smaller initial investment, you still have significant buying power through the use of leverage. As the cash flow comes in via rent, use this income to purchase additional properties to build up your portfolio. By the time you retire, you will be able to amass a collection of properties that will be fully paid off and generate cash flow to fund your retirement lifestyle.

3

RISK TOLERANCE

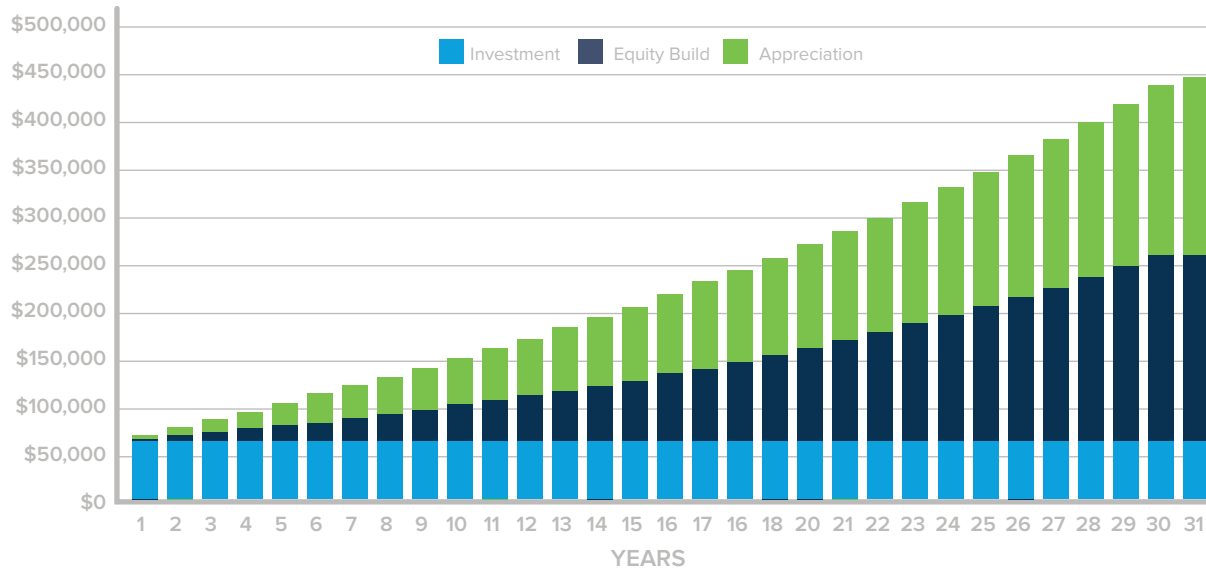
Since you have the luxury of time working in your favor, you have more flexibility when it comes to your risk tolerance. You should have a robust portfolio that includes assets with minimal risk to keep your portfolio stable as well as invest properties that are less conservative, but can have increased yields. The reason behind this strategy is that you have more time to build wealth and recover if there is an unpredictable turn in the economic climate. As you get closer to retirement, a more conservative approach should be made.

PORTFOLIO EXAMPLE FOR 20+ YEAR HORIZON

	CITY	RENT	APPRECIATION	PURCHASE PRICE	CAP RATE	INVESTMENT SUMMARY	
	Birmingham	\$1,300	2.32%	\$106,480	7.0%	Investment Amount	\$84,880
	Chicago	\$1,300	1.62%	\$72,689	9.5%	Loan Amount	\$195,877
	Tampa	\$975	2.2%	\$82,000	7.0%	Total Portfolio Value	\$280,757
	Total	\$3,575	2.1%	\$261,169	7.8%	Number of Properties	3
						Cap Rate	7.8%
						Year 30 Horizon Projections	
						Cash flow	\$26,328
						Total Portfolio Value	\$439,495
						Loan Balance	\$0
						Total Equity	\$439,495
						Average Yield	27.9%
						Total Return	32.9%

20+ YEAR HORIZON CONTINUED

INVESTMENT PORTFOLIO

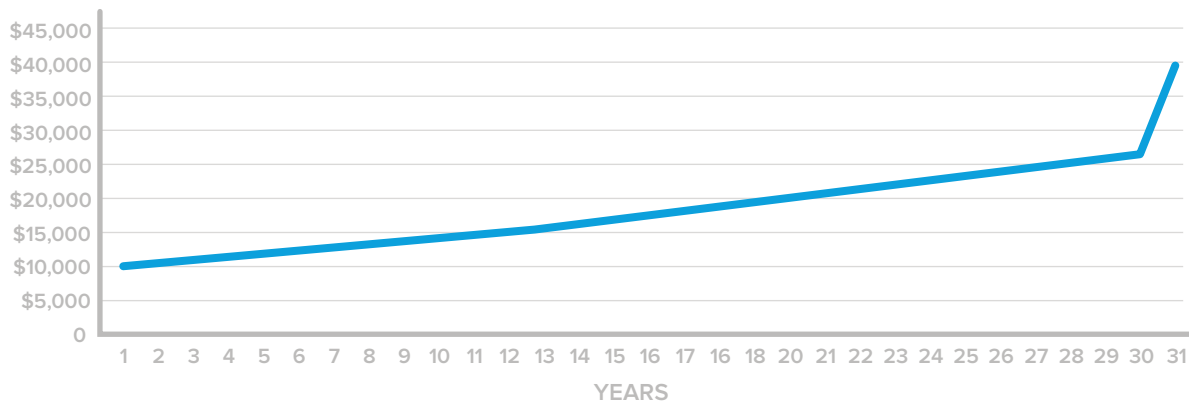


As you can see in this graph, the longer time horizon works in your favor. You have twenty or more years to gain the benefits of appreciation on your investments. By strategically investing with leverage, you are able to build equity and use the rent paid by your tenants to pay off your mortgages.

This means that by year 31, after the mortgages have been paid off, your initial investment of \$84K has grown to be worth over \$466K. And this value will continue to grow, as the investment properties continue to appreciate.

As your 30-year mortgage is paid off, your cash flow goes up dramatically, because you no longer have the cost of the mortgage dipping into your profits. Your portfolio of real estate assets will generate more than \$39K annually, increasing as rents naturally go up.

NET CASH FLOW



Now is the time to act and utilize the one advantage you have that most investors do not – time. By adding real estate to your portfolio, you gain the benefits of being insulated from the stock market volatility and of reaching the retired lifestyle you planned on in the future.

Have questions?

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CREATING A PLAN FOR YOUR INVESTMENT HORIZON STRATEGY

Now that you've realized your time horizon and the coinciding real estate strategy, it's time to implement a plan. The key to successfully generate income in retirement through real estate investing is selecting the right markets, neighborhoods and properties that match your time horizon and investment goals. Every investor has a unique situation and set of goals, but creating a plan based on your time horizon can help you see your retirement goals realized.

HomeUnion can help. Our end-to-end solution makes it simple for investors to purchase single family real estate. We help you find, acquire, and manage investment properties, so you can invest in real estate hands-free.

HOW HOMEUNION WORKS



1

MAKE THE DECISION

Be An Investor, Not a Landlord. Invest in single family rentals with HomeUnion.



2

DECIDE ON YOUR FINANCING

Is financing or cash best for your time horizon?



3

CHOOSE YOUR PROPERTIES

We will send you prevetted properties based on your personal investment goals.



4

ACQUIRE PROPERTIES

HomeUnion will do all the acquisition legwork for you, just approve the offers.



5

RELAX AS THE MONEY POURS IN

Watch the money roll in, as we take care of rehab, find good tenants, and fully manage your assets.

Schedule a free consultation today to build a custom portfolio for your specific investing horizon.

[SCHEDULE NOW](#)



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