

Baby Boom Investments With Nikki Connors



My parents are typical Kiwis of their generation. They worked hard their entire lives. They didn't expect anything for nothing and made sacrifices to pay off their mortgage. And they believed the government of the day when they were told they would be taken care of in their old age.

Well today the state pension is the official New Zealand poverty line.

My father became ill in 1987 and sold his business. He put the money he earned into the stock market under a management company when he went into hospital...and I'm sure you can guess the rest....

When he retired my parents had a large house with no means to maintain it. Dad died two years ago and at that time they were living in an Auckland apartment with a lovely view of the harbour and enjoyed watching the cruise liners and yachts coming and going past their balcony.

It is predicted in 2020 – and remember, that is only 10 years away – that there will be one person on a benefit for every person working. I don't think the state pension as we know it will survive. Those baby boomers (and I'm at the tale end of that generation) will be changing the face of the world and how the world economy will be managed.

My parents had to sell their house so that they had a lump sum to sup-

plement their pension. Others in the same situation will take out a reverse mortgage on their homes. Either way it simply should not be. As New Zealanders we are used to and entitled to a comfortable life in god zone.

I started my first property investment company in 2006 and now I have Propellor Property Investments. I see many couples in their late 50's early 60's who have done nothing because they were on 'bloody good' incomes or because they simply believed they had spent their working years paying for the right to a decent retirement. They are only just realizing that they actually have nothing to maintain what they have built up

Some clients have saved money the traditional way by putting it on term deposit in banks. Some took a more aggressive approach and invested in finance companies. Well, over the last 18 months we have all been shaken out of our complacency. Keeping savings in the bank at 3.5% will not give anyone a passive income unless there is a shed load of savings stashed away. Finance companies (the ones that are still remaining) are no longer seen as safe options. So where can anyone invest for at least a modest return on little outlay?

Guess what? Property still presents a very good option. Here's why...firstly you borrow the full amount from the

bank for the property; basically you are using other people's money to build up profit for yourself. If property traditionally doubles every 7 to 7 ½ years then let's be conservative and look at 10 years – that's growth at just under 6.5%. So you are getting that rate of interest on money that's not yours. Better than the 3.5% the banks are offering. Then if you are still working you will receive tax savings on that property as the building and chattels depreciate and of course you are receiving rental. One property alone at \$300,000 could double over 10 years giving you a potential capital gain or profit of \$300,000, you may get tax savings in that time of \$35,000 and you have both the rent and tax savings to supplement the mortgage and outgoings. Oh and we ensure your own home is protected too.

Last year I couldn't help some of the older people who came to me with horror stories of how their lives were affected by their losses in Bridgecorp or one of the other financial companies that didn't survive. I'm just relieved it wasn't my dad and he didn't have to suffer through his last days worrying about money and how mum was going to manage financially in a future without him.

Nikki Connors is Principal of Propellor Property Investments and well known NZ media commentator on investment property.

You won't be able to live on a state pension...

But we can work on a tailored strategy to ensure you have extra passive income over the next 10 years. And if you are still working, we can ensure you enjoy immediate tax savings on your income... by finding you the right investment property with a government guaranteed rental... by securing the right mortgage for you and putting in place the appropriate protection for your home.

We are also showing parents how the equity in the family home can help working children achieve their first investment properties without the use of a deposit. This is a very popular way to help secure your family's economic future.

And we do it for no charge – guaranteed.

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