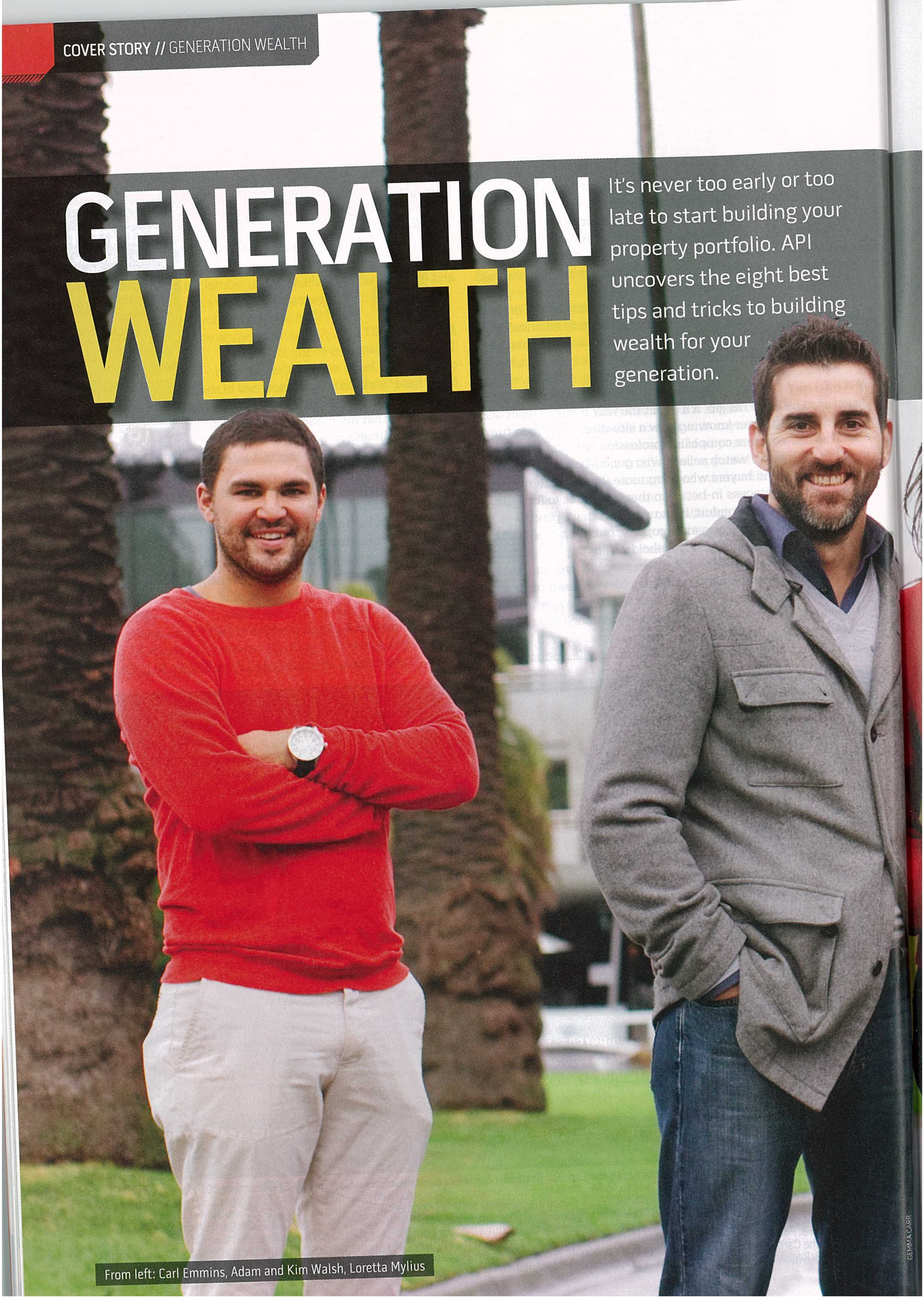
GENERATION WEALTH

It's never too early or too late to start building your property portfolio. API uncovers the eight best tips and tricks to building wealth for your generation.



From left: Carl Emmins, Adam and Kim Walsh, Loretta Mylius

GEMMA CARR

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"If only I started investing in property 10 years ago". We hear that sentence time and time again and yet so many people continue to do nothing. Others, of course, take control of their future. They decide to act now and buy property when they can afford to, rather than try to time the market or complain about the past and just give up.

Imagine if you really had bought that property a decade ago. Chances are, if you purchased an investment pad 10 or 20 years ago, you've definitely made money by now. Some might already have a considerable property portfolio; others are just starting out or perhaps still looking to purchase their first investment property.

Whatever stage you're at, it's never too early or late to start building a portfolio and working towards a secure and pleasant retirement. Chair of Property Investment Professionals of Australia (PIPA) and chief executive officer and founder of Empower Wealth, Ben Kingsley, says the strategy investors need to take depends on how much time you have left before you exit the workforce. No matter what your age or cash flow position, everyone can build a portfolio.

"Gen-X or Y have got more time for a strategy to play out," Kingsley explains.

"Baby boomers have less time. Some of them are realising they've left their run a bit late. They think they have to do the heavy lifting and take on more risk."

Better late than never

Name: Loretta Mylius
Lives: Chelsea Heights, Melbourne.
Invests: Ballarat
Properties: 2
Strategy: Buy and hold.

Like many baby boomers, Loretta Mylius spent most of her working life putting her two children first and never really worrying about her own future.

When the 56-year-old started her career, there wasn't compulsory superannuation and investing was out of the question – Loretta only lived week to week, providing as much as she could for her daughters.

But years of putting others first had big consequences. The single mother admits she now has next to nothing in super and, until recently, was facing a tough retirement.

"I didn't start getting super until much, much later," Loretta admits. "There's no way I could save for another 10 years and then retire on it."

Fortunately, Loretta had a lot of equity behind her, thanks to paying down most of her mortgage on a property in Chelsea Heights, Melbourne, which is worth about $470,000.

After turning 55, alarm bells started ringing when Loretta realised she only had 10 years until retirement.

She certainly isn't alone – it's a deadline that makes many baby boomers panic after years of slogging it out. While everyone dreams of playing golf or travelling the world after life in the workforce, the reality can be very different if there are no plans put in place.

Having never invested before, Loretta sought advice from a financial planner and buyers' agent, choosing a more cautious approach to purchase her first investment property.

Baby boomers can't afford to get it wrong because they just don't have the time to make up for mistakes if the property doesn't perform.

Loretta isn't prepared to take big risks, and that's why she decided to purchase a property in the safe but stable and promising area of Ballarat in Victoria. She has taken on many of the tips for baby boomers, including being realistic, not borrowing too much and considering the rental yield of the property.

Ballarat ticked all the boxes and after finding a four-bedroom brick house, Loretta has just settled on her first investment property.

She paid a very affordable $265,000 for the investment and is giving the property a mini renovation, replacing the carpet, painting over the purple and pink walls and also installing central heating. She hopes to rent it out for about $310 per week in a few weeks, which means the property should be more or less neutrally geared.

Another big tip for baby boomers is structuring the loan correctly. For the first time in her life, Loretta has just set up an offset account.

"A lot of young people do it these days but I never did, being a single mum and all," Loretta says.

"The pay goes into that offset account now, the bills are directly debited through a credit card and I don't use the credit card for anything but the bills. That's then paid off every month out of the offset account. I also get weekly money to spend on food, etc."

Loretta's only regret is the fact she didn't start investing much earlier in life. She advises baby boomers thinking about investing that it's never too late to start and planning for your future today and making small sacrifices is much better than having no financial nest egg for life after the workforce. Her plan is to purchase another property before retirement, using the equity she already has, and aim for something with a high yield in another regional area.

"There are a lot of things I wish I could have done 20 years ago," Loretta says. "If I didn't do this, I would still be living week to week on a wage and not doing anything about the future.

"Hopefully when I retire I can still have some weekly income from the investment properties. It's all still very new to me but it's working out so far. I'm very glad I have done this, I think it's just meant to be."

Loretta's top tips

- Stop procrastinating – better late than never.
- Establish an offset account.
- Use the help of property experts.
- Don't take big risks.
- Consider rental yield.