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Property Pensions Expert

Now you can retire earlier,
with more money
and more security by
investing in property

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Pension rules have changed

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The pensions overhaul which came into force in April will allow savers aged 55 and above to withdraw some or all of their pension pot as a lump sum instead of being forced to take the increasingly poor incomes provided by an annuity.

Is this the opportunity you have been looking for to start investing in property?

The changes that took place in April 2015 will enable you to take control of your pension funds and diversify into more profitable areas such as property - so that when you stop working you will have created more sustainable wealth for you, your family and future generations.

Create a superior pension through property



The lifeline the government have thrown out via these pension changes could help you to retire earlier, with more money and more long term security.

You see, using property investing as a pension vehicle has some great advantages. If done correctly, property investing can provide you with the monthly income and lifestyle you want to give up work... and STILL leave an inheritance for your children.

Often a traditional pension can be eroded over the years by inflation. The great thing about property is that if you set it up correctly and let's say, you want to derive your income from it, you'll discover that as the cost of living rises – so do your rents! By contrast if you were to link an annuity to inflation, it could cut your monthly income in half!

The other great thing about using property investing as a pension vehicle compared to a traditional pension is that as **the value of your property increases over time** you have an appreciating asset to leave to your spouse, your children and future generations.

Compare this with a traditional annuity where, unless you accept a lower monthly income, **when you die, your spouse is left to live on half the pension** – with more or less the same outgoings – and certainly there would be **nothing left for your children and future generations.**

Using income from property as you move into retirement can leave your capital untouched and appreciating, your income keeping up with inflation, security for your spouse and a legacy for your children and future generations. Plus if used in conjunction with an existing pension fund it can act as a pension stabiliser giving you a more balanced portfolio.

Property investing has always been my passion...

For nearly 40 years property has given me the financial and time freedom to do the things I want to do with my life. Many other people I know also have the freedom of not having to go to work because they have sorted out the money side of their lives by investing in property.

I have always wondered why it is that more people don't invest in property, for me it is a no brainer. Speak to anyone at a party and invariably they will have a tale of a property they should have bought 5, 10, 15 years ago, how much it is worth now and how they could have retired on it.

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So, why haven't you invested in property?

Is it lack of money? Lack of knowledge?

The pension changes that took place in April 2015 may well enable you to take control of your pension funds so that you can finally move into property investing.

However, before you get going there's a lot to learn...

Over my property investing career I have seen every economic cycle, every boom and bust and every new fangled property scheme and proposal.

Every property I own is full. I don't have a single empty property or even an empty room. This is because I invest in the right properties in the right locations to ensure I have full occupancy.

To be a successful property investor we need to treat the activity as a business, in fact it's a profession just like being a Doctor or Dentist, and we need to take that business, and ourselves, seriously.

So, the foundation of successful property investing is for you to set **your** strategy. The strategy that is right for you. In fact, you should not start investing in property until **you** have your strategic plan in place.

The two basic property investment strategies are generate income and generate capital.

With an **income strategy** you aim to generate cash surpluses every month so that you don't need to have a day job i.e. it becomes your pension.

With a **capital strategy** you are looking for capital growth within your property investments so that you can sell on at a profit or refinance to create an income.

Once you have your strategy in place only then are you ready to start looking for the right properties to safely invest in, with the cash flows and profits you need.

One of the most frequent questions I get from people is about where they should buy property when they start investing and in all honesty I struggle to answer the question as it's fundamentally flawed.

Because there is no ideal place to buy as it's not so much a physical geographical location that works more a **situation** that works.

So I have developed a 16 point check list to identify those situations – and consequently those investment opportunities that will work anywhere.

I have divided the 16 points into two blocks of 8 – one list is general and the second list is specific, so let's start with the general list and I have turned the list into a mnemonic list – so every letter of the word LOCATION represents something we need to look for:

So firstly the

L is for LOCAL situation – and here I am looking for the DVLC, or the university or the teaching hospital or the retail park, or a school – so I am looking for the one or two streets anywhere where there will be regular, consistent and appropriate demand for the property I want to buy – either as a rental or as a buy, do up, and

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sell type, buff and fluff property investment. So look for these pockets of demand to find your situation that works.



O is for **ON THE ROAD** – and what I mean by that is that every property you buy as an investment needs to be fairly near a main road so that the buyer or tenant can get in and out easily and access is simple. And with this one you can see that I am aiming at getting at customer volume – or most people most of the time. Pretty little isolated cottages are all very well but in order to be more certain of my profits and cash flows I need to make sure I can attract a large number of potential customers – and that means being easy access

C stands for **CASHFLOW** – any business owner will understand this one immediately and without cash flow we are broke so it's pretty important to make sure that the property will provide you with cash – and sooner rather than later. So look for properties that are already tenanted as an ideal as they will provide you with cash flow from day one (but of course make sure that the rent covers all the expenses on a monthly basis before you sign the deal).

A is for **ANALYSE THE RETURNS** and again its vital you do this BEFORE you buy so you need to make sure that the investment will provide you with an appropriate regular return either as

monthly rental yield or as a capital return if you decide to sell it again quickly.

T stands for **TENANTS** and plenty of them as these are your customers and life blood of your property. Only ever buy where there's a good regular supply of tenants – and if you're unsure then place an advert before you buy the property in a local newspaper advertising your potential, future property for rent – and see if you get any replies. If you don't then don't buy there.

Then the **I** and the **O** in location stands for **I O I O it's off to work we go!** Because every property you buy has to be close to as many sources of employment as possible, factories, shops, offices, the docks, the DVLC - whatever, and your property needs to have easy access to those local places of work. You want your tenants and buyers to be employed if possible and you can help there by having the property close to as many places of employment as possible.

Finally the **N** stands for **NEWSPAPERS, BREAD and MILK** and that means making sure your property is near to some general stores and services – and that includes groceries, petrol a pub and a post office and anything else you think is important. Think about how near you would like those things – and set a target – so for instance ensure that any property you buy is no more than 5 minutes walk from a newspaper, or 5 minutes walk from some milk and bread

So that gives us some general tips on location and once we have ticked all those boxes we can go onto the specific check list of what to look for and we need to take each letter of the word **SPECIFIC** to find those:

So

The **S** in Specific stands for **SAFE** – you have to be sure that you would be happy for your mum or dad or brother or sister to be there – particularly at night. And that's because tenants won't go where they don't feel safe so any property that makes them feel vulnerable won't do

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The **P** stands for **PLUMBING** which has to work! Tenants like power showers hot water and heating – so you need to check that the plumbing is good – or be prepared to pay to fix that

The **E** stands for **EXTERNAL PERSPECTIVE** and any property – even flats need some outdoor space if at all possible – so a balcony, share of a garden, a yard or roof terrace and that's because human beings need to see out and get some sense of visual perspective in order to be happy – so if you don't have that your tenant will get fed up, miserable and leave – so make sure there some outdoor space and preferably some good external views as well.



The **C** stands for **CEILING** which ideally should be nice and high and clear – as that will all give a sense of space and brightness

The **I** then stands for **INTERNAL DIMENSIONS and APPEARANCE**, and I set myself certain targets – for instance the main bedroom (or the only bedroom) has to be at least 100 square feet in size - so that's 10 foot by 10 foot or similar, and any separate living room or reception room needs to be the same – otherwise you can't really get furniture in the rooms. Its ok if second bedrooms or kitchens are not quite that big but for the main rooms you do need to be able to have furniture and walk about a bit!



The **F** stands for **FITTED FURNITURE and FIXTURES and FITTINGS** and this one is about getting the best use out of the space available because if we have relatively small rooms we can create a better space by having as much of the furniture fitted to the wall leaving a larger floor area visible in the middle – so look for fitted wardrobes, fitted kitchens and fitted bathroom cabinets and so on as a plus on your check list

The second **I** in specific stands for **INTUITIVE FLOW**, now I don't understand feng sui or what that means but a property for me has to be intuitive in that bedrooms generally have to be upstairs and the property needs to flow from the front door to the back door going through the living space and the kitchen. So we don't want toilets off the lounge and I don't like properties where the main bedroom is downstairs and the other bedrooms are upstairs – that's daft – as any young parent will tell you. So a property needs to have logic to it.

Finally the **C** stands for **CLEAN-ABLE**. So it doesn't matter if the property isn't clean when you buy it but it does need to be capable of being cleaned by a normal human. So if the property smells weird or has masses of condensation then think carefully because you can't clean away damp. Look and smell for mould, rot and damp – its generally obvious – mushrooms are a give away – black dots which are often in the corners or wallpaper that is slipping off a damp wall - none of that can be cleaned with a mop and bucket.

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So there we have it 16 things to look for – 8 general and 8 specific and you will probably realise all of the items on the check lists are about having a property that most people will find acceptable most of the time – for me its all about maximising the chances of getting a tenant or a buyer and getting the financial return for the property – and we can only do that if we have volume and lots of options – so the more you can buy properties that will appeal to the masses the better.

It is now time to take action...

The changes that took place in April 2015 will enable you to take control of your pension funds and diversify into more profitable areas such as property - so that when you stop working you will have created more sustainable wealth for you, your family and future generations.

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Property Investing Courses

If you would like information about the property investing courses we have available at Fielding Financial, please call my office on 01926 629028 or email us: enquiries@fieldingfinancial.com

Wishing you health, wealth and peace of mind.

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