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Got income?

Last month we discussed bonds and how many experts are concerned that they may be our next financial bubble. As I've discussed this with my clients over the past few months, many of them have asked what type of alternatives they should consider for their money that's currently tied to bonds.

Let's start by thinking about what we would normally look for in a bond investment. First of all, we would want something that isn't closely related to the stock market. Ideally, this investment wouldn't be affected if the stock market takes one of those tumbles we don't like to talk about. You know the ones...when you feel like you're careening down the big hill of a huge roller coaster!

Next, we'd like our money to be earning income; and I'm not talking about the type of income you get at the local bank right now. Nor am I talking about the type of income you get in your brokerage money market. Our good friends at the Fed have dropped interest rates so low

it's hardly fair to call the interest on CD or money market accounts "income."

So we're looking for higher income. Since you can't get something for nothing, that means there will be risk involved. That may or may not be something you're comfortable with. This should be considered with your advisor before making any decisions.

So what are our options? I've gotta say, with today's ridiculously low interest rate environment, our choices are limited. One of the options I like a lot for some of my clients right now is a specific type of professionally managed real estate. There are many different ways to invest in real estate, and they can differ significantly.

One of the more common options is a publicly traded real estate investment trust (REIT). This is a real estate investment that trades openly on an exchange (the New York Stock Exchange would be one example). These investments provide the opportunity for gains, but they also open the investor up to daily volatility.

(That's a Wall Street code word for risk!)

We're looking for something more stable here. The particular investment option I'm referring to is actually considered "non-traded." This means your investment does not trade on an open exchange and therefore is not subject to the volatility of the stock market.

The goal of this type of investment is to deliver a consistent and dependable income stream. This is generated from the rents of the properties held within the portfolio. Next month I'll detail why I believe the time may be right to consider this type of investment.

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