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## Who else wants their nest egg to earn income?

Last month we discussed why getting income on your nest egg is so darned tough right now and some of the choices out there to consider. One option is real estate, and I want to get into detail into a specific type of real estate investment.

This type of real estate investment is professionally managed. That's VERY important because if you're like me, you don't want to get any phone calls at three in the morning because the toilet is clogged! One of the unique characteristics about this program is that it is considered "non-traded" because it's not traded on an open exchange and is not subject to the ups and downs 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. Normally, an offering of this kind will try to give the investor a much higher income than current CD and money market rates – and potentially higher than many types of bonds are offering

today.

Another goal is for the value of the real estate to go up over time. The Fidelity Research Institute found that from 1963 to 2006, the average appreciation in real estate is 5.9% per year. Of course, during those years there were times when the growth was much better, and there were times when values dropped.

So is there a catch? I love to tell all my clients that if anyone ever describes an investment to you and tells you there's no catch or strings attached, that you should immediately run (don't walk) for the door! There are ALWAYS strings attached!

First and foremost, since these holdings are not traded on the open market, you may not be able to just sell it whenever you want to. The ideal investor for this type of account is someone who is comfortable leaving the amount of the investment in the account for some time. How much time? We don't exactly know. You see, the portfolio could be sold a year from now; but it's also possible the manager will decide to hold the investment

for a long time frame. That could be seven to ten years for example.

The other most obvious string that is attached is the risk of your principle. Sure, real estate has historically had positive returns, but that is no guarantee for the future. Many so called experts believe now is a great time to buy into real estate, but unless they have a crystal ball hidden in their offices, there's certainly no way to be sure!

So if you're looking for income right now, I'd encourage you to check out this option – just make sure you find out not only why you would want to invest – but also any reasons you wouldn't!

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