

## The Benefits of Passive Real Estate Investing for Retirees

Passive income is the money stream retirees dream about. Investing in a rental property is one of the best ways to generate passive income. When you make the right passive real estate investments, you are earning money with absolutely no effort. There is no rent to collect, properties to maintain, or construction projects to manage.

**Many retirees turn to passive real estate investing because they don't want to:**

- Scout and analyze potential investments.
- Deal with remodeling the property.
- Find a reliable tenant.
- Manage the property.

**What is passive real estate investing?**

Many potential real estate investors shy away from this form of investing because they fear the common headaches involved with managing and maintaining investment properties. As a passive real estate investor you don't have to deal with actively managing the property. There are no late night phone calls about blocked toilets or direct contact with bad tenants. A passive real estate investment eliminates the usual headaches associated with actively managed real estate investments.

Passive investors earn a portion of the revenues generated as passive income. Income is truly passive because there is no work required on your part. You don't have to worry about anything but to collect your passive income.

**What are the benefits of passive real estate investing?**

One of the greatest benefits of passive real estate investing is that no experience is required. There are a lot of moving parts in active investing. You have to worry about finding and vetting tenants, then remodeling and managing your properties. It is a lot of work, the exact opposite of passive income. If you have no property management experience, you could make many costly mistakes.

Passive real estate investing is possible because there are professionals who are experts at scouting properties and running the numbers. Private investors might not have the time or expertise to identify the best real estate investments. Most individual investors don't have an extensive broker network, research and analytics skills nor a means of managing construction projects.

Understanding real estate tax laws can be complicated, but it is crucial for passive real estate investors. Investors must consider many things, including state tax implications, deal structures and more. With your investment property, you might be able to deduct, as an expense, property taxes, mortgage interest, repairs, maintenance, professional fees, depreciation, and insurance, etc. Before you invest, you should discuss potential tax issues with your tax professional.

Passive real estate investment requires virtually no time commitment. Once you own the property, there is no work needed. It is all done for you.

Passive real estate is a great way to diversify your investment portfolio. With stocks at all-time highs, many people turn to real estate to diversify. Real estate is also popular because it is tangible, unlike stocks which many consider illusory.

In times of outsized inflation, historically, real estate has been one of the best performing investments. Rents and property values usually keep pace with inflation (unlike bonds which have fixed payments).

### **How do you know if passive investing is for you?**

The best way to determine if passive investing is something to consider is to take an honest assessment of experience, time, and capital that you have at your disposal.

#### **Answer the following questions:**

- How much experience do you have buying investment properties?
- How much time do you want to dedicate to investing?
- How much capital do you have to invest?

Based on your answers to the above questions you may decide if passive real estate investing appeals to you.

The passive real estate investing path is especially appealing to retirees. They turn to passive investing to avoid the hassles of active real estate investing. With passive investing, they earn regular income without the need to manage or maintain the property.