

# PROPERTY IS NEW FORM OF PENSION FUND

**MORE and more people are turning their backs on pensions and investing in property to save for their retirement. But potential problems loom**

Irish householders are estimated to own between €30billion and €33billion worth of investment property and more than three-quarters of the owners view the investment as their pension.

**But there are potential problems for buy-to-let investors who are hoping the property boom will continue and interest rates remain at their current rock bottom levels.**

Martin Haugh, managing director of HLD Actuarial Consultants, has warned even if property continues to build on the gains of the last decade, most investors don't own enough of it to provide a decent income in retirement.

## **Retirement**

"To provide an income in retirement of €20,000 a year, you would need to recover more than €600,000 from your buy-to-let property," he said.

**"This is difficult when the typical property is a €250,000 two-bedroom flat with a 70 per cent interest-only mortgage."**

Mr Haugh believes that property can be a great pension asset — but only as part of a wider investment strategy.

"We seem to have a genetic predisposition to property in Ireland but unfortunately for the average person, property is likely to be their only investment asset.

**"Investments should be built up in layers, starting with a basic pension product.**

"Once you're got a retirement income of €10,000 to €15,000 a year in place, you can start looking at alternatives."

Property diehards are advised to divert some of their money into a conventional pension, if only to cash in on tax breaks.



**RETIREMENT: It should be a happy time**

