ACHIEVING YOUR PASSIVE INCOME GOAL

Your Inputs

Name: ______________________________________

Age: _________

Your ANNUAL passive income goal is $____________________________.

You want to accomplish this goal in ______________ years.

TRADITIONAL METHOD 1: THE 4% RULE

METHOD 1: 4% Rule

The 4% rule is a widely used guideline for retirement planning that suggests withdrawing 4% of one's portfolio value each year to ensure that the portfolio lasts for a retirement of 25-30 years. The rule was first introduced by financial planner William Bengen in 1994 and has since been widely adopted by financial advisors and retirees. The 4% rule assumes a balanced portfolio of stocks and bonds.

The amount below shows the portfolio value you must have to generate the passive income amount you specified.

For the **4% Rule**, you need a
Target Portfolio Value of $____________________

However, the 4% rule may not work anymore due to various changes in market conditions and investment returns. For instance, with the current low interest rate environment, bonds which are a crucial component of retirement portfolios are providing lower returns, making it challenging to sustain a 4% withdrawal rate. Additionally, retirees are living longer, and inflation is eroding purchasing power, further complicating the 4% rule. The sources that support these changes include academic research and investment industry experts, such as the financial planning industry's trade group, the Financial Planning Association. It's now suggested to use a 3% withdrawal rate.

For the **3% Rule**, you need a
Target Portfolio Value of $____________________

TRADITIONAL METHOD 2: THE NUMBER OF DOORS

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"Number of doors" in real estate investing refers to the total number of rental properties an investor has in their portfolio. This metric has often been used as a measure of success in real estate investing, with the assumption that the more properties an investor has, the more successful they are.

However, "number of doors" is not a reliable indicator of success in real estate investing because it only reflects the quantity of properties and does not consider other important factors such as the quality of the properties, the rental income generated, expenses, and overall return on investment. For instance, an investor with a smaller number of high-quality properties that generate steady rental income and have low expenses may be more successful than an investor with a larger number of lower-quality properties that have high expenses and generate lower returns. Therefore, it's essential to consider multiple metrics when evaluating the success of a real estate investment portfolio, not just the number of doors.

To achieve your goals, you need to purchase 'real estate doors' in the RANGE between:

__________ to _________doors.

How much money in down payment and reserves will you need for that many "doors" in your market?

TRADITIONAL METHOD 3: CAPITAL TO HAVE/RAISE

METHOD 3: Capital to Have or Raise

Some people are fortunate enough to have the money to make real estate investments. If you fall into this category, this will show you how much money you need to invest in order to get your desired level of passive income at an anticipated 8% cash-on-cash return.

You must currently HAVE $____________________

in your bank account in order to meet your annual passive income from real estate.

— OR —

You must RAISE from other individuals and INVEST in real estate if you don't have the funds but wish to raise it from other investors.

You must RAISE $____________________

in order to reach your annual real estate target.

The calculations above imply that you raise capital from investors and invest it in real estate, yielding 8% cash-on-cash, while giving them a 50% equity stake.