



RENTVESTING — NOT JUST FOR THE YOUNG ONES

Rentvesting has traditionally been associated with young adults seeking flexibility and affordability in the property market.

The concept involves renting a place to live while simultaneously owning an investment property.

Rentvesting is a viable alternative for individuals who lack the financial means to purchase their desired property. Instead, they opt to acquire an investment property while either continuing to rent or residing with their family.

However, it's important to recognise that rentvesting is not exclusively limited to the younger generation.

In fact, mature adults may also benefit from this strategy for a variety of reasons.

This article explores the financial advantages of rentvesting for individuals in different stages of life, emphasising the need for careful consideration and professional advice.

Flexibility after major life changes

Life events such as divorce or separation can significantly impact an individual's housing needs. In these situations, one party may prefer to retain the family home as an investment property while seeking alternative living arrangements.

Rentvesting may offer the flexibility to rent a property temporarily instead of making a rushed decision on a new permanent residence. It could also allow individuals to maintain ownership of their existing property while exploring their options at a more deliberate pace.

Rentvesting may also present a cost saving option by avoiding the expenses associated with buying and selling two properties. This can potentially be advantageous when individuals are navigating financial challenges after experiencing a loss of a second income.

Financial benefits and tax deductions

Rentvesting may also provide financial benefits for mature adults. By treating their principal place of residence as an investment property, they may become eligible for tax deductions on mortgage interest payments and other related costs.

This could result in potential tax savings and improve overall financial efficiency. Consulting with a tax accountant and financial adviser is crucial to understanding the specific tax implications and associated benefits based on individual circumstances. And of course, don't do anything without speaking to your family lawyer first.

Income generation and lifestyle choices

Rentvesting may allow individuals, regardless of age, to generate income through their investment property while still living at home or renting. This additional income stream can potentially provide financial stability and support various lifestyle choices. For instance, mature adults who desire to travel extensively for a period of time may rely on the rental income to support their adventures.

Rentvesting offers the flexibility to live in a rental property while benefiting from the financial gains of property ownership.



Mortgage affordability in a high interest rate environment

In an environment of high interest rates, mortgage affordability becomes a significant consideration for homeowners. Rentvesting may offer a practical solution in such circumstances.

By temporarily moving out of the family home and renting it out, homeowners could generate rental income to offset mortgage costs. This could alleviate the financial strain caused by high mortgage repayments and help individuals maintain ownership of their property.

While rentvesting may not be the preferred choice for individuals deeply attached to their homes, it can often make the crucial difference in preserving home ownership rather than facing the risk of losing it.

Seek professional advice

Rentvesting can present attractive opportunities, but it is essential to approach this strategy with careful consideration and seek professional advice.

Consulting with a mortgage specialist, tax specialist and financial adviser is crucial to understanding the intricacies of rentvesting, including tax implications, cash flow management and long term financial planning.

These experts can provide personalised guidance based on individual circumstances and goals, helping to avoid rash decisions and ensure a well informed approach.

So, not only could the 'young ones' reap benefits from this strategy, so might those a little more mature, particularly in situations such as major life changes or lifestyle choices that require flexibility.

The ability to retain an investment property while living in a rental property could offer both financial stability and a little bit of peace of mind.



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