

## Chapter 1

# Evaluating Real Estate as an Investment

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### *In This Chapter*

- ▶ Getting started
  - ▶ Contrasting real estate with other financial options
  - ▶ Deciding whether real estate is really for you
  - ▶ Arranging your overall investment and financial plans to include real estate
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**W**hen Robert first entered the real estate field while attending college decades ago, his father, a retired real estate attorney, advised that he use his monthly income primarily to pay day-to-day living expenses and allocate money each month into long-term financial investments like real estate. This solid advice has served Robert well over the years.

It's never too early or too late to formulate your own plan into a comprehensive wealth-building strategy. For many, such a strategy can help with the challenges of funding future education for children and ensuring a comfortable retirement.

The challenge involved with real estate is that it takes some real planning to get started. Contacting an investment company and purchasing some shares of your favorite mutual fund or stock is a lot easier than acquiring your first rental property. Buying property isn't that difficult, though. You just need a financial and real estate investment plan, a lot of patience, and the willingness to do some hard work, and you're on your way to building your own real estate empire!

In this chapter, we give you some information that can help you decide whether you have what it takes to make money *and* be comfortable with investing in real estate. We compare real estate investments to other investments. We provide some questions you need to ask yourself before making any decisions. And finally, we offer guidance on how real estate investments can fit into your overall personal financial plans. Along the way, we share

our experience, insights, and thoughts on a long-term strategy for building wealth through real estate that virtually everyone can understand and actually achieve.

## Understanding Real Estate's Income- and Wealth-Producing Potential



Compared with most other investments, good real estate can excel at producing current income for property owners. So in addition to the longer-term appreciation potential, you can also earn income year in and year out. Real estate is a true growth *and* income investment.



The vast majority of people who don't make money in real estate make easily avoidable mistakes, which we help you avoid.

The following list highlights the major benefits of investing in real estate:

✓ **Tax-deferred compounding of value:** In real estate investing, the appreciation of your properties compounds *tax-deferred* during your years of ownership. You don't pay tax on this profit until you sell your property — and even then you can roll over your gain into another investment property and avoid paying taxes. (See the “Tax advantages” section later in this chapter.)

✓ **Regular cash flow:** If you have property that you rent out, you have money coming in every month in the form of rents. Some properties, particularly larger multiunit complexes, may have some additional sources, such as from coin-operated washers and dryers.

When you own investment real estate, you should also expect to incur expenses that include your mortgage payment, property taxes, insurance, and maintenance. The interaction of the revenues coming in and the expenses going out is what tells you whether you realize positive operating profit each month.

✓ **Reduced income tax bills:** For income tax purposes, you also get to claim an expense that isn't really an out-of-pocket cost — depreciation. Depreciation enables you to reduce your current income tax bill and hence increase your cash flow from a property. (We explain this tax advantage and others later in the “Tax advantages” section.)

✓ **Rate of increase of rental income versus overall expenses:** Over time, your operating profit, which is subject to ordinary income tax, should rise as you increase your rental prices faster than the rate of increase for your property's overall expenses. What follows is a simple example to show why even modest rental increases are magnified into larger operating profits and healthy returns on investment over time.



Suppose that you're in the market to purchase a single-family home that you want to rent out and that such properties are selling for about \$200,000 in the area you've deemed to be a good investment. (**Note:** Housing prices vary widely across different areas but the following example should give you a relative sense of how a rental property's expenses and revenue change over time.) You expect to make a 20 percent down payment and take out a 30-year fixed rate mortgage at 6 percent for the remainder of the purchase price — \$160,000. Here are the details:

Monthly mortgage payment	\$960
Monthly property tax	\$200
Other monthly expenses (maintenance, insurance)	\$200
Monthly rent	\$1,400

In Table 1-1, we show you what happens with your investment over time. We assume that your rent and expenses (except for your mortgage payment, which is fixed) increase 3 percent annually and that your property appreciates a conservative 4 percent per year. (For simplification purposes, we ignore depreciation in this example. If we had included the benefit of depreciation, it would further enhance the calculated returns.)

**Table 1-1**                      **How a Rental Property's Income and Wealth Build Over Time**

<i>Year</i>	<i>Monthly Rent</i>	<i>Monthly Expenses</i>	<i>Property Value</i>	<i>Mortgage Balance</i>
0	\$1,400	\$1,360	\$200,000	\$160,000
5	\$1,623	\$1,424	\$243,330	\$148,960
10	\$1,881	\$1,498	\$296,050	\$133,920
20	\$2,529	\$1,682	\$438,225	\$86,400
30	\$3,398	\$1,931	\$648,680	\$0
31	\$3,500	\$1,000	\$674,625	\$0

Now, notice what happens over time. When you first buy the property, the monthly rent and the monthly expenses are about equal. By year five, the monthly income exceeds the expenses by about \$200 per month. Consider why this happens — your largest monthly expense, the mortgage payment, doesn't increase. So, even though we assume that the rent increases just 3 percent per year, which is the same rate of increase assumed for your non-mortgage expenses, the compounding of rental inflation begins to produce larger and larger cash flow to you, the property owner. Cash flow of \$200 per month may not sound like much, but consider that this \$2,400 annual income is from an original \$40,000 investment. Thus, by year five, your rental property

is producing a 6 percent return on your down payment. (And remember, if you factor in the tax deduction for depreciation, your cash flow and return are even higher.)

In addition to the monthly cash flow from the amount that the rent exceeds the property's expenses, also look at the last two columns in Table 1-1 to see what has happened by year five to your *equity* (the difference between market value and mortgage) in the property. With just a 4 percent annual increase in market value, your \$40,000 in equity (the down payment) has more than doubled to \$94,370 (\$243,330 – \$148,960).

By years 10 and 20, you can see the further increases in your monthly cash flow and significant expansion in your property's equity. By year 30, the property is producing more than \$1,400 per month cash flow and you're now the proud owner of a mortgage-free property worth more than triple what you paid for it!

After you get the mortgage paid off in year 30, take a look at what happens to your monthly expenses (big drop) and therefore your cash flow in year 31 and beyond (big increase).

## *Recognizing the Caveats of Real-Estate Investing*

Despite all its potential, real-estate investing isn't lucrative at all times and for all people — here's a quick outline of the biggest caveats that accompany investing in real estate:



- ✓ **Few home runs:** Your likely returns from real estate won't approach the home runs that the most accomplished entrepreneurs achieve in the business world.
- ✓ **Upfront operating profit challenges:** Unless you make a large down payment, your monthly operating profit may be small or nonexistent in the early years of rental property ownership. During soft periods in the local economy, rents may rise more slowly than your expenses or even fall. That's why you must ensure that you can weather financially tough times. In the worst cases, we've seen rental property owners lose both their investment property and their homes. Please see the section "Fitting Real Estate into Your Financial Plans" later in this chapter.

- ✔ **Ups and downs:** You're not going to earn an 8 to 10 percent return every year. Although you have the potential for significant profits, owning real estate isn't like owning a printing press at the U.S. Treasury. Like stocks and other types of ownership investments, real estate goes through down as well as up periods. Most people who make money investing in real estate do so because they invest and hold property over many years.
- ✔ **Relatively high transaction costs:** If you buy a property and then want out a year or two later, you may find that even though it has appreciated in value, much (if not all) of your profit has been wiped away by the high transaction costs. Typically, the costs of buying and selling — which include real estate agent commissions, loan fees, title insurance, and other closing costs — amount to about 15 percent of the purchase price of a property. So, although you may be elated if your property appreciates 15 percent in value in short order, you may not be so thrilled to realize that if you sell the property, you may not have any greater return than if you had stashed your money in a lowly bank account.
- ✔ **Tax implications:** Last, but not least, when you make a profit on your real estate investment, the federal and state governments are waiting with open hands for their share. Throughout this book, we highlight ways to improve your after-tax returns. As we stress more than once, the profit you have left after Uncle Sam takes his bite (not your pretax income) is all that really matters.

These drawbacks shouldn't keep you from exploring real estate investing as an option; rather, they simply reinforce the need to really know what you're getting into with this type of investing and whether it's a good match for you. The rest of this chapter takes you deeper into an assessment of real estate as an investment as well as introspection about your goals, interests, and abilities.

## *Comparing Real Estate to Other Investments*

Surely you've considered or heard about many different investments over the years. To help you appreciate and understand the unique characteristics of real estate, we compare and contrast real estate's attributes with those of other wealth building investments like stocks and small business.

## How leverage affects your real estate returns

Real estate is different from most other investments in that you can typically borrow (finance) up to 70 to 80 percent or more of the value of the property. Thus, you can use your small down payment of 20 to 30 percent of the purchase price to buy, own, and control a much larger investment. (During market downturns, lenders tighten requirements and may require larger down payments than they do during good times.) So when your real estate increases in value (which is what you hope and expect), you make money on your investment as well as on the money that you borrowed. That's what we mean when we say that the investment returns from real estate get magnified due to *leverage*.

Take a look at this simple example. Suppose you purchase a property for \$150,000 and make a \$30,000 down payment. Over the next three years, imagine that the property appreciates 10 percent to \$165,000. Thus, you have a profit (on paper) of \$15,000 (\$165,000 – \$150,000) on

an investment of just \$30,000. In other words, you've made a 50 percent return on your investment. (**Note:** We ignore *cash flow* — whether your expenses from the property exceed the rental income that you collect or vice versa, and the tax benefits associated with rental real estate.)

Remember, leverage magnifies all of your returns, and those returns aren't always positive! If your \$150,000 property decreases in value to \$135,000, even though it has only dropped 10 percent in value, you actually lose (on paper) 50 percent of your original \$30,000 investment. (In case you care, and it's okay if you don't, some wonks apply the terms *positive leverage* and *negative leverage*.) Please see the "Understanding Real Estate's Income- and Wealth-Producing Potential" section earlier in this chapter for a more detailed example of investment property profit and return.

## Returns

Clearly, a major reason that many people invest in real estate is for the healthy total *returns* (which include ongoing profits and the appreciation of the property). Real estate generates robust long-term returns because, like stocks and small business, it's an *ownership investment*. By that, we mean that real estate is an asset that has the ability to produce income *and* profits.

Our research and experience suggest that total real estate investment returns are comparable to those from stocks — about 8 to 10 percent annually. Interestingly, the average annual return on real estate investment trusts (REITs), publicly traded companies that invest in income producing real estate such as apartment buildings, office complexes, and shopping centers has been about 10 percent. See our discussion of REITs in Chapter 4.

And you can earn returns better than 10 percent per year if you select excellent properties in the best areas and manage them well.

## Risk

Real estate doesn't always rise in value — witness the decline occurring in most parts of the U.S. during the late 2000s. That said, market values for real estate don't generally suffer from as much volatility as stock prices do. You may recall how the excitement surrounding the mushrooming of technology and Internet stock prices in the late 1990s turned into the dismay and agony of those same sectors' stock prices crashing in the early 2000s. Many stocks in this industry, including those of leaders in their niches, saw their stock prices plummet by 80 percent, 90 percent, or more.

Keep in mind (especially if you tend to be concerned about shorter-term risks) that real estate can suffer from declines of 10 percent, 20 percent, or more. If you make a down payment of say, 20 percent, and want to sell your property after a 10 to 15 percent price decline, you may find that all (as in 100 percent) of your invested dollars (down payment) are wiped out after you factor in transaction costs. So you can lose everything.



You can greatly reduce and minimize your risk investing in real estate through buying and holding property for many years (seven to ten or more).

## Liquidity

*Liquidity* — the ease and cost with which you can sell and get your money out of an investment — is one of real estate's shortcomings. Real estate is relatively *illiquid*: You can't sell a piece of property with the same speed with which you whip out your ATM card and withdraw money from your bank account or sell a stock with a phone call or click of your computer's mouse.

We actually view this illiquidity as a strength, certainly compared with stocks that people often trade in and out of because doing so is so easy and seemingly cheap. As a result, many stock market investors tend to lose sight of the long-term and miss out on the bigger gains that accrue to patient buy-and-stick-with-it investors. Because you can't track the value of investment real estate daily on your computer, and because real estate takes considerable time, energy, and money to sell, you're far more likely to buy and hold onto your properties for the longer-term.

Although real estate investments are generally less liquid than stocks, they're generally more liquid than investments made in your own or someone else's small business. People need a place to live and businesses need a place to operate, so there's always demand for real estate (although the supply of such properties can greatly exceed the demand in some areas during certain time periods).

## *Capital requirements*

Although you can easily get started with traditional investments such as stocks and mutual funds with a few hundred or thousand dollars, the vast majority of quality real estate investments require far greater investments — usually on the order of tens of thousands of dollars. (We devote an entire part of this book — Part II, to be precise — to showing you how to raise capital and secure financing.)



If you're one of the many people who don't have that kind of money burning a hole in your pocket, don't despair. We present you with lower cost real estate investment options. Among the simplest low-cost real estate investment options are real estate investment trusts (REITs). You can buy these as exchange traded stocks or invest in a portfolio of REITs through an REIT mutual fund (see Chapter 4).

## *Diversification value*

An advantage of holding investment real estate is that its value doesn't necessarily move in tandem with other investments, such as stocks or small-business investments that you hold. You may recall, for example, the massive stock market decline in the early 2000s. In most communities around America, real estate values were either steady or actually rising during this horrendous period for stock prices.

However, real estate prices and stock prices, for example, *can* move down together in value (as happened in most parts of the country during the 2007–2008 stock market slide). Sluggish business conditions and lower corporate profits can depress stock and real estate prices.

## *Opportunities to add value*

Although you may not know much about investing in the stock market, you may have some good ideas about how to improve a property and make it more valuable. You can fix up a property or develop it further and raise the rental income accordingly. Perhaps through legwork, persistence, and good negotiating skills, you can purchase a property below its fair market value.

Relative to investing in the stock market, persistent and savvy real estate investors can more easily buy property in the private real estate market at below fair market value. You can do the same in the stock market, but the scores of professional, full-time money managers who analyze the public market for stocks make finding bargains more difficult. We help you identify properties that you can add value to in Part III.



## ***Tax advantages***

Real estate investment offers numerous tax advantages. In this section, we compare and contrast investment property tax issues with those of other investments.

### ***Deductible expenses (including depreciation)***

Owning a property has much in common with owning your own small business. Every year, you account for your income and expenses on a tax return. (We cover all the taxing points about investment properties in Chapter 18.) For now, we want to remind you to keep good records of your expenses in purchasing and operating rental real estate. (Check out Chapter 17 for more information on all things accounting.) One expense that you get to deduct for rental real estate on your tax return — depreciation — doesn't actually involve spending or outlaying money. *Depreciation* is an allowable tax deduction for buildings, because structures wear out over time. Under current tax laws, residential real estate is depreciated over 27½ years (commercial buildings are depreciated over 39 years). Residential real estate is depreciated over shorter time periods because it has traditionally been a favored investment in our nation's tax laws.

### ***Tax-free rollovers of rental property profits***

When you sell a stock or mutual fund investment that you hold outside a retirement account, you must pay tax on your profits. By contrast, you can avoid paying tax on your profit when you sell a rental property if you roll over your gain into another like-kind investment real estate property.

The rules for properly making one of these 1031 exchanges are complex and usually involve third parties. We cover 1031 exchanges in Chapter 18. Make sure that you find an attorney and/or tax advisor who is an expert at these transactions to ensure that everything goes smoothly (and legally).

If you don't roll over your gain, you may owe significant taxes because of how the IRS defines your gain. For example, if you buy a property for \$200,000 and sell it for \$550,000, you not only owe tax on that difference, but you also owe tax on an additional amount, depending on the property's depreciation. The amount of depreciation that you deduct on your tax returns reduces the original \$200,000 purchase price, making the taxable difference that much larger. For example, if you deducted \$125,000 for depreciation over the years that you owned the property, you owe tax on the difference between the sale price of \$550,000 and \$75,000 (\$200,000 purchase price – \$125,000 depreciation).

### ***Deferred taxes with installment sales***

*Installment sales* are a complex method that can be used to defer your tax bill when you sell an investment property at a profit and you don't buy another rental property. With such a sale, you play the role of banker and provide

financing to the buyer. In addition to collecting a competitive interest rate from the seller, you only have to pay capital gains tax as you receive proceeds over time from the sale. For details, please see Chapter 18.

### ***Special tax credits for low-income housing and old buildings***

If you invest in and upgrade low-income housing or certified historic buildings, you can gain special tax credits. The credits represent a direct reduction in your tax bill from expenditures to rehabilitate and improve such properties. These tax credits exist to encourage investors to invest in and fix up old or run-down buildings that likely would continue to deteriorate otherwise. The IRS has strict rules governing what types of properties qualify. See IRS Form 3468 to discover more about these credits.

## ***Determining Whether You Should Invest in Real Estate***

We believe that most people can succeed at investing in real estate if they're willing to do their homework, which includes selecting top real estate professionals. In the sections that follow, we ask several important questions to help you decide whether you have what it takes to succeed and be happy with real estate investments that involve managing property.

### ***Do you have sufficient time?***

Purchasing and owning investment real estate and being a landlord is time consuming. If you fail to do your homework before purchasing property, you can end up overpaying or buying real estate with a mess of problems. Finding competent and ethical real estate professionals takes time. (We guide you through the process in Chapter 6.) Investigating communities, neighborhoods, and zoning also soaks up plenty of hours (information on performing this research is located in Chapter 10), as does examining tenant issues with potential properties (see Chapter 11).

As for managing a property, you can hire a property manager to interview tenants and solve problems such as leaky faucets and broken appliances, but doing so costs money and still requires some of your time.



If you're stretched too thin due to work and family responsibilities, real estate investing may not be for you. You may want to look into the less time-intensive real estate investments discussed in Chapters 3 and 4.

## *Can you deal with problems?*

Challenges and problems inevitably occur when you try to buy a property. Purchase negotiations can be stressful and frustrating. You can also count on some problems coming up when you own and manage investment real estate. Most tenants won't care for a property the way property owners do.

If every little problem (especially those that you think may have been caused by your tenants) causes you distress, at a minimum, you should only own rental property with the assistance of a property manager. You should also question whether you're really going to be happy owning investment property. The financial rewards come well down the road, but you live the day-to-day ownership headaches immediately.

## *Does real estate interest you?*

In our experience, some of the best real estate investors have a curiosity and interest in real estate. If you don't already possess it, such an interest and curiosity *can* be cultivated — and this book may just do the trick.

On the other hand, some people simply aren't comfortable investing in rental property. For example, if you've had experience and success with stock market investing, you may be uncomfortable venturing into real estate investments. Some people we know are on a mission to start their own business and may prefer to channel the time and money into that outlet.

## *Can you handle market downturns?*

Real estate investing isn't for the faint of heart. Buying and holding real estate is a whole lot of fun when prices and rents are rising. But market downturns happen, and they test you emotionally as well as financially.

Consider the real estate market price declines that happened in most communities and types of property in the late 2000s. Such drops can present attractive buying opportunities for those with courage and cash.

None of us has a crystal ball though so don't expect to be able to buy at the precise bottom of prices and sell at the precise peak of your local market. Even if you make a smart buy now, you'll inevitably end up holding some of your investment property during a difficult market (recessions where you have trouble finding and retaining quality tenants, where rents may fall rather than rise, where your property falls in value). Do you have the financial wherewithal to handle such a downturn? How have you handled other investments when their values have fallen?

## *Fitting Real Estate into Your Financial Plans*

For most nonwealthy people, purchasing investment real estate has a major impact on their overall personal financial situation. So, before you go out to buy property, you should inventory your money life and be sure your fiscal house is in order. This section explains how you can do just that.

### *Ensure your best personal financial health*

If you're trying to improve your physical fitness by exercising, you may find that eating lots of junk food and smoking are barriers to your goal. Likewise, investing in real estate or other growth investments such as stocks while you're carrying high-cost consumer debt (credit cards, auto loans, and so on) and spending more than you earn impedes your financial goals.



Before you set out to invest in real estate, pay off all your consumer debt. Not only will you be financially healthier for doing so, but you'll also enhance your future mortgage applications.

Eliminate wasteful and unnecessary spending; analyze your monthly spending to identify target areas for reduction. This practice enables you to save more and better afford making investments including real estate. Live below your means. As Charles Dickens said, "Annual income twenty pounds; annual expenditures nineteen pounds; result, happiness. Annual income twenty pounds; annual expenditure twenty pounds; result, misery."

### *Protect yourself with insurance*

Regardless of your real estate investment desires and decisions, you absolutely must have comprehensive insurance for yourself and your major assets, including

- ✓ **Health insurance:** Major medical coverage protects you from financial ruin if you have a big accident or illness that requires significant hospital and other medical care.
- ✓ **Disability insurance:** For most working people, their biggest asset is their future income-earning ability. Disability insurance replaces a portion of your employment earnings if you're unable to work for an extended period of time due to an incapacitating illness or injury.

- ✓ **Life insurance:** If loved ones are financially dependent upon you, term life insurance, which provides a lump sum death benefit, can help to replace your employment earnings if you pass away.
- ✓ **Homeowner's insurance:** Not only do you want homeowner's insurance to protect you against the financial cost due to a fire or other home-damaging catastrophe, but such coverage also provides you with liability protection. (After you buy and operate a rental property with tenants, you should obtain rental owner's insurance. See Chapter 16 for more information).
- ✓ **Auto insurance:** This coverage is similar to homeowner's coverage in that it insures a valuable asset and also provides liability insurance should you be involved in an accident.
- ✓ **Excess liability (umbrella) insurance:** This relatively inexpensive coverage, available in million dollar increments, adds on to the modest liability protection offered on your home and autos, which is inadequate for more-affluent people.

Nobody enjoys spending hard-earned money on insurance. However, having proper protection gives you peace of mind and financial security, so don't put off reviewing and securing needed policies. For assistance, see the latest edition of Eric's *Personal Finance For Dummies* (Wiley).

## *Consider retirement account funding*

If you're not taking advantage of your retirement accounts (such as 401(k)s, 403(b)s, SEP-IRAs, and Keoghs), you may be missing out on some terrific tax benefits. Funding retirement accounts gives you an immediate tax deduction when you contribute to them. And some employer accounts offer "free" matching money — but you've got to contribute to earn the matching money.

In comparison, you derive no tax benefits while you accumulate your down payment for an investment real estate purchase (or other investment such as for a small business). Furthermore, the operating profit or income from your real estate investment is subject to ordinary income taxes as you earn it. To be fair and balanced, we must mention here that investment real estate offers numerous tax benefits, which we detail in the "Tax advantages" section earlier in this chapter.

## *Think about asset allocation*

With money that you invest for the longer-term, you should have an overall game plan in mind. Fancy-talking financial advisors like to use buzzwords such as *asset allocation*, a term that indicates what portion of your money

you have invested in different types of investment vehicles, such as stocks and real estate (for growth) or lending vehicles, such as bonds and CDs (which produce current income).



Here's a simple way to calculate asset allocation: Subtract your age from 110. The result is the percentage of your long-term money that you should invest in ownership investments for appreciation. So, for example, a 40-year-old would take 110 minus 40 equals 70 percent in growth investments such as stocks and real estate. If you want to be more aggressive, subtract your age from 120; a 40-year-old would then have 80 percent in growth investments.

As you gain more knowledge, assets, and diversification of growth assets, you're in a better position to take on more risk. Just be sure you're properly covered with insurance as discussed earlier in the section "Protect yourself with insurance."



These are simply guidelines, not hard-and-fast rules or mandates. If you want to be more aggressive and are comfortable taking on greater risk, you can invest higher portions in ownership investments.

As you consider asset allocation, when classifying your investments, determine and use your *equity* in your real estate holdings, which is the market value of property less outstanding mortgages. For example, suppose that prior to buying an investment property, your long-term investments consist of the following:

Stocks	\$150,000
Bonds	\$50,000
CDs	\$50,000
Total	\$250,000

So, you have 60 percent in ownership investments (\$150,000) and 40 percent in lending investments (\$50,000 + \$50,000). Now, suppose you plan to purchase a \$300,000 income property making a \$75,000 down payment. Because you've decided to bump up your ownership investment portion to make your money grow more over the years, you plan to use your maturing CD balance and sell some of your bonds for the down payment. After your real estate purchase, here's how your investment portfolio looks:

Stocks	\$150,000
Real estate	\$75,000 (\$300,000 property – \$225,000 mortgage)
Bonds	\$25,000
Total	\$250,000

## Become your own landlord

Many real estate investors are actually involved in other activities as their primary source of income. Ironically, many of these business owners come to realize the benefits of real estate investing but miss the single greatest opportunity that is right before their eyes — the

prospect of being their own landlord. Robert has advised many business owners that they should purchase the buildings occupied by their own businesses and essentially pay the rent to themselves. If you own a business that rents, do yourself a favor — become your own landlord!

Thus, after the real estate purchase, you've got 90 percent in ownership investments (\$150,000 + \$75,000) and just 10 percent in lending investments (\$25,000). Such a mix may be appropriate for someone under the age of 50 who desires an aggressive investment portfolio positioned for long-term growth potential.

