Am I on track...
...to retire by age 50?

THE CURRENT SITUATION

Ales Eisner, 40, is an IT contractor making $150,000 annually in Surrey, B.C. He's single and has been an aggressive investor, mainly because he wants to retire at age 50. "I like high growth as well as dividend-paying stocks," says Eisner. "I try to keep my portfolio Canadian and I've had an average annual return of 10% gross." Three years ago, he also purchased four investment properties in the U.S.: two in Nevada and two in Arizona, all sight unseen for less than $100,000 each. To buy them, he had to put $280,000 on a line of credit, but each U.S. house has since doubled in price.

Today, his income properties net $20,000 annually but he plans to sell one in three years to help pay off the debt on his other homes and to get rid of any business-related debt on a second line of credit. At age 50, he will then sell all but one of his houses. "The cash from those sales would go to my investment portfolio," says Eisner, who currently contributes a combined $1,450 per month to his various accounts. He'd like to start working part time in three years, earning $70,000 annually. He'll then quit completely at age 50 if he can generate a net retirement income of $45,000.

THE VERDICT

Thanks to his great saving habits, Eisner is unquestionably on track to achieve his goal, says Marc Lamontagne, a certified financial planner in Ottawa. "Even with a reduction in Ales's income in three years when he works only part time, he can certainly accumulate a net worth of about $2 million close to age 50. That will be ample to sustain his modest lifestyle in retirement." How Eisner will spend his money or what type of legacy he wants to leave are bigger questions.

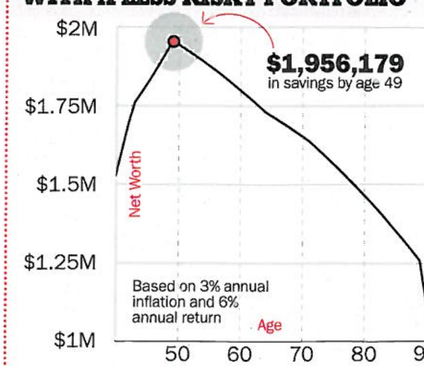
However, this doesn't mean Lamontagne has no concerns at all. "Ales's investment strategy is too aggressive and borders on speculative," he says. Buying a rental property sight unseen is risky, as is having a portfolio too heavily invested in real estate or a single country's stocks. "He lacks a well-diversified portfolio that could protect him in a market downturn." He also thinks an annual 10% gross rate of return may be unrealistic. In this economic environment, a 6% to 8% annual return is more probable. But because Eisner is such a good saver, he really doesn't need to take on so much risk in the first place, Lamontagne concludes. **JULIE CAZZIN**

Photograph by Ben Nelms

WHERE HE STANDS:

ASSETS	
TFSA	$33,300
Non-registered trading accounts	$224,481
Non-registered mutual funds	$295,214
RRSP (blue-chip stocks, REITs)	$110,000
Principal residence	$460,000
Four U.S. properties	$674,000
Total assets	**$1,796,995**
LIABILITIES	
Line of credit #1 (prime + 0.5%)	$280,000
Line of credit #2 (2%)	$50,082
Total liabilities	**$330,082**
NET WORTH	**$1,466,913**

EISNER CAN MEET HIS GOAL WITH A LESS RISKY PORTFOLIO



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