

April 2024



## The fast way to a life supported by passive income

Imagine that, without any effort on your part, enough money regularly pours into your bank account to meet (or exceed) all your living expenses. Suddenly, work becomes optional and a world of opportunities opens up. That's the ultimate in passive income – all your financial needs met without lifting a finger.

The fast way to a life supported by passive income is to win the lottery or receive a large inheritance. Invested wisely, large lump sums can generate rental income, interest, share dividends and capital growth, all of which can replace an earned income but without the hard work.

Other forms of passive income include royalties on book sales, licensing fees on patents and, increasingly, income associated with creation of Internet content, such as YouTube videos. However, while these passive income streams may become geese that lay golden eggs, it takes a lot of effort to

write a book, develop an invention, or create popular Internet content.

And the unfortunate reality is that we can't all be lottery winners or best-selling authors, genius inventors or Internet sensations. We can, however, start to build a passive income stream that will grow over time, replacing an increasing proportion of our active income. In fact, if you're working and receiving employer superannuation contributions, you're already on the path to generating a passive income. You may just have to wait awhile until you can enjoy it.

With its generous tax breaks superannuation is likely to play a leading role in most passive income strategies. However, with its restrictions on access, if you are some years away from retirement age you may want to pursue a more flexible approach to developing a passive income stream. How? It all begins with a savings plan.

This simply involves making regular contributions to a suitable investment vehicle. To begin with this might be an interest-paying bank account, but as your nest egg grows you can diversify into potentially higher performing investments such as managed funds, direct shares and eventually direct property.

Importantly, by reinvesting the income produced by your savings plan you'll tap into the power of compound interest. Over the long term, compounding is the powerhouse that will contribute the most to your future passive income stream. As the income produced by your portfolio increases, so do your options. For example, you might want to cut back to working part time.

One other form of passive income worth mentioning is the age pension. If you're over age pension age it may be a good idea to investigate strategies to maximise your pension entitlement. Just make sure the overall result is positive.

Ready to pursue the potential of passive income? We will be happy to help you take that first step.

In this article we have not taken into account any particular person's objectives, financial situation or needs. You should, before acting on this information, consider the appropriateness of this information having regard to your personal objectives, financial situation or needs. We recommend you obtain financial advice specific to your situation before making any financial investment or insurance decision.

---

**nixon financial services pty ltd**  
corporate authorised representative

Gisborne Ph: (03) 5428 0123 Sunbury Ph: (03) 9744 2400

Email: [info@nixonfs.com.au](mailto:info@nixonfs.com.au) Web: [www.nixonfinancialservices.com.au](http://www.nixonfinancialservices.com.au)

Bob Nixon (AR 264149), Joel Plowman (AR 1256299) and Michelle Abela (AR 1267997)

Nixon Financial Services Pty Ltd is a Corporate Authorised Representative of Sentry Advice Pty Ltd AFSL: 227 748