



HOW TO PAY YOUR HOME OFF IN UNDER 15 YEARS

AND SAVE \$550K IN REPAYMENTS

PART 1

PART 1

USE PROPERTY INVESTMENT TO PAY YOUR HOME OFF SOONER

***ARE YOU LESS THAN EXCITED
ABOUT THE THOUGHT OF HAVING
YOUR HOME DEBT HANGING OVER
YOUR HEAD FOR 25-30 YEARS?***

***TIRED OF THE PROSPECT OF
PUTTING ALL YOUR SPARE CASH
INTO YOUR MORTGAGE AND NOT
FEELING LIKE YOU'RE GETTING
ANYWHERE?***

If you answered yes to either of these questions (and I bet you did), you're not alone. Most Australian homeowners are staring down the barrel of spending the next 25 to 30 years of their lives paying off their home loan, often restricting their lifestyle in the process.

How would your lifestyle improve if you could reroute all those additional repayments elsewhere and still have confidence that your mortgage will be taken care of in half the time or less? Thousands of investment property owners invest for exactly that reason.



HERE'S HOW IT WORKS:

Assume you own a \$850,000 property with a mortgage of \$600,000. There's a couple of ways you can eliminate that debt:

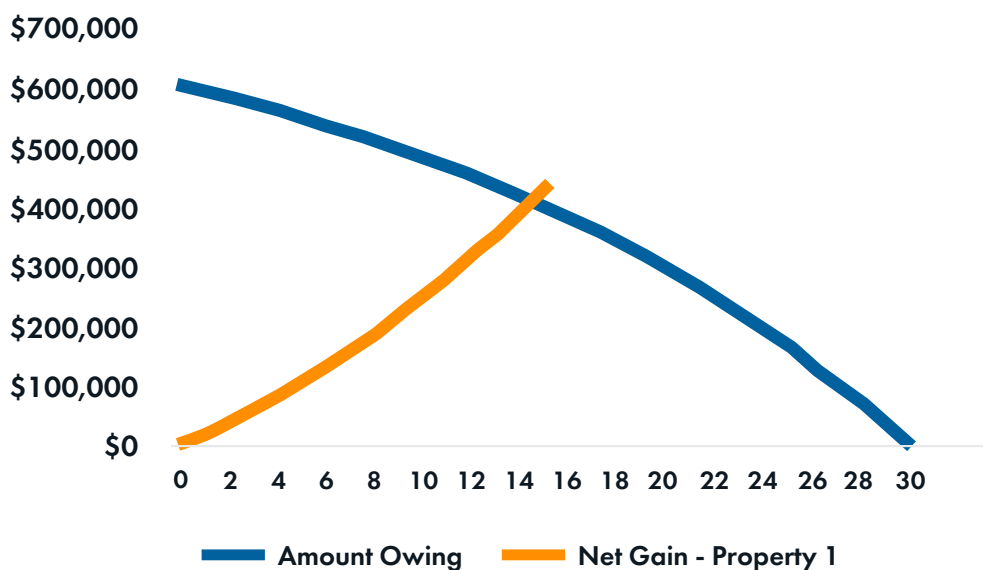
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You do what most Australians do and make repayments of more than \$3,000 per month for thirty years. By year thirty, that \$600,000 mortgage has cost you nearly \$1.1 million. You're now approaching retirement owning your home debt free but with no income producing assets outside of superannuation.

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You're a trailblazer who decides there must be a better way to secure your financial future. You use a small amount of the equity in your principal place of residence (PPR) to buy a \$500,000 investment property. The figure below charts the amount owing on your PPR vs the net gain on your investment property, assuming an annual return on your investment of 5%. The lines intersect at year 15 indicating the gain on your investment equals the amount owing on your PPR. In 15 years your debt has declined only \$200,000 to \$400,000 but you've made \$547,000 in repayments. The after-tax gain on your investment is \$432,000.

FIGURE 1:
NET INVESTMENT GAIN VS AMOUNT OWING ON PPR



*Assuming an interest rate of 4.5% on your PPR mortgage (principal and interest loan) and interest only on your investment property. Assuming a capital growth rate of 5% average per annum over the long term. Figures are for illustration purposes only. Source: Full Financial Property and St George Mortgage Calculator

CONGRATULATIONS!

The net gain on your investment (assuming you sell) more than covers the outstanding debt on your PPR. In only fifteen years, you're potentially able to eliminate the debt on your home. You're now mortgage free! You've also saved yourself nearly \$550,000 in principal and interest costs. By that point, rental increases will more than likely mean you could refinance to release equity and retain your investment property.

Your total asset and debt values (PPR and investment) now and in 15 years' time are shown in the table below:

TABLE 1:
NET WEALTH POSITION – PPR AND INVESTMENT AFTER 15 YEARS

	POSITION NOW	POSITION IN FIFTEEN YEARS
PPR Value	\$850,000	\$1.8 million
PPR Debt	\$600,000	\$400,000 (A)
Equity in PPR	\$250,000	\$1.4 million
Investment Value	\$500,000	\$1.04 million
Investment Debt	\$500,000	\$500,000 *
Equity in Investment	\$0	\$540,000
Investment Gain Less Capital Gains Tax	\$0	\$432,000 (B)
Net Wealth	\$250,000	\$1.94 million
		B > A Your investment gain is larger than the debt on your PPR

*Assuming an interest rate of 4.5% on your PPR mortgage (principal and interest loan) and interest only on your investment property.

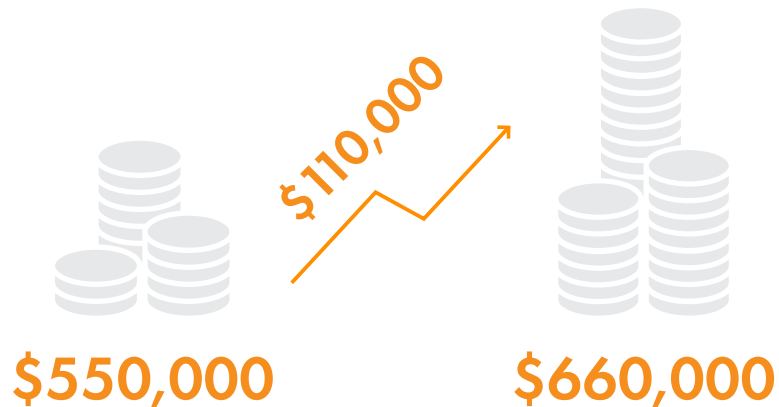
Source: Full Financial Property and St George Mortgage Calculator



**IN ONLY FIFTEEN
YEARS, YOU'RE
POTENTIALLY ABLE TO
ELIMINATE THE DEBT
ON YOUR HOME**

Had your investment property increased at the average annual rate of Australian capital cities between June 2007 and June 2017, you'd have enough equity in your investment to cover your debt in just 12 years. If that wasn't enough, the principal and interest you save increases \$110,000 to \$660,000.

SAVINGS INCREASE FROM



In part two you'll find out how to put an additional \$3.5 million into your retirement plan and pay your PPR mortgage off in closer to ten years.



ENJOYED PART 1?

GRAB PART 2 BELOW



GRAB PART 2

GET IN TOUCH

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