



## MORTGAGE ACCELERATOR

**Borrow to invest in a Timbercorp Project. Generate sound returns and use the tax savings and future income created to fast track the repayment of a non deductible mortgage.**



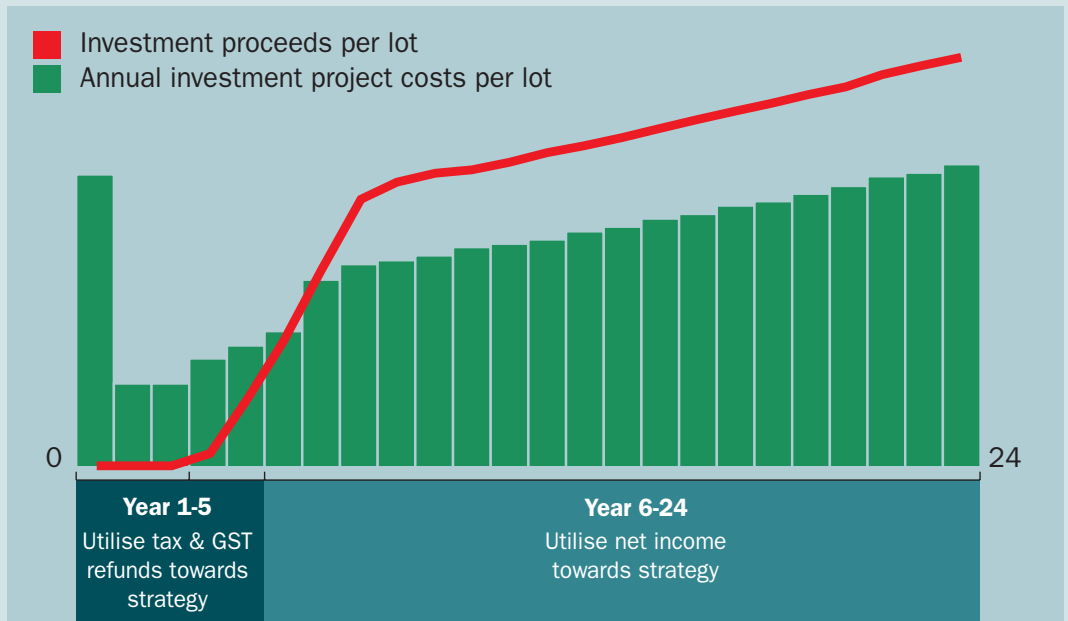
### CASE STUDY - ADAM AND JACINTA

Adam and Jacinta's home value	\$500,000
Mortgage	\$250,000
Mortgage term	25 years
Interest rate	7.5% p.a.
Current monthly repayments	\$1,847.48

#### STRATEGY

- Establish an investment loan facility using home equity
- Invest in 7 Almondlots costing \$49,000 and register for GST
- Pay all Timbercorp project costs out of the investment loan account for the first 5 years
- Each year pay the tax and GST refunds into the home loan (less investment loan funding costs)
- From year 6 pay the net proceeds off the mortgage (after allowing for the investment loan funding costs)
- When the mortgage is fully repaid; pay off the investment loan
- Once both loans are repaid; invest all surplus income

#### HORTICULTURE PROJECT STRUCTURE



#### OUTCOME

- The home loan is repaid in 13 yrs (12 years early!)
- The investment loan is paid off in a further 6 years
- By year 25, Adam and Jacinta have accumulated \$237,000\* in savings and have a debt free home

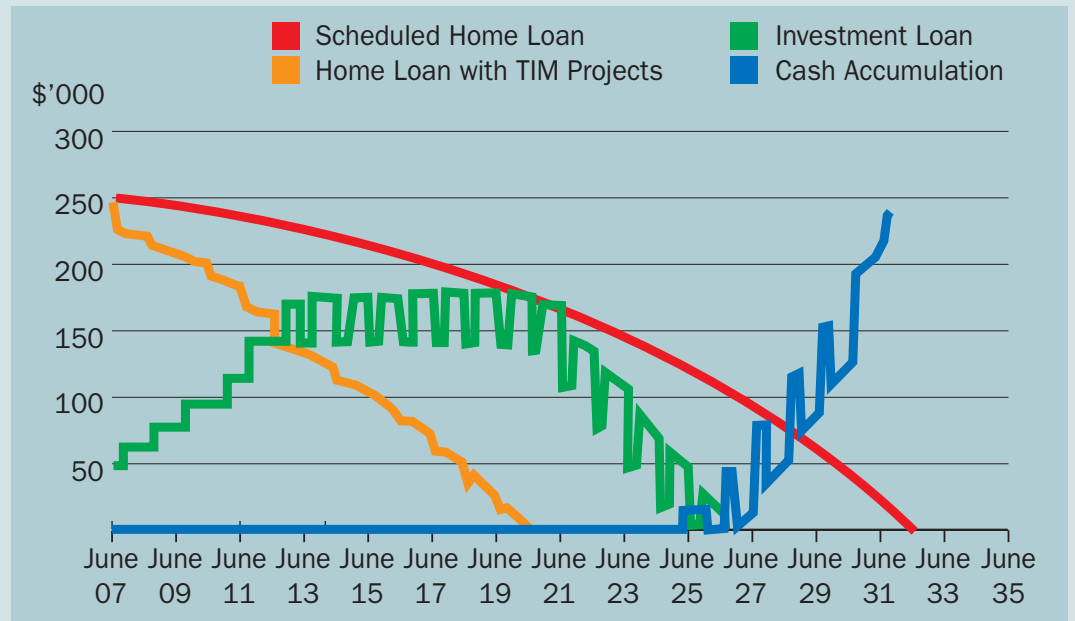
\*Earnings rate on savings fund assumed at 7% p.a.



## IMPACT OF MORTGAGE ACCELERATOR TO ADAM AND JACINTA'S MORTGAGE

	WITHOUT Timbercorp Project	WITH Timbercorp Project
Scheduled principal payments	\$250,000	
Total payments	(\$554,521)	(374,672)
Interest paid	(\$304,521)	(\$124,672)
<b>HOME LOAN INTEREST SAVED</b>	<b>–</b>	<b>\$179,849</b>
Date loan paid out	2032	2020
<b>HOME LOAN REDUCED BY</b>		<b>12 YEARS</b>
<b>NET PROCEEDS FROM TIMBERCORP PROJECT AFTER ALL LOANS REPAYED</b>		<b>\$237,435</b>

## LOAN RUN OFF



### Assumptions:

- 41.5% marginal tax rate
- Continues to pay \$1,847.48 plus interest on investment loan
- Timbercorp Almond Project used as example with projected costs and income based on independent experts projections.

### Important Notice

The information in this document:

- is based on the laws applicable at the time of publication, which are subject to change;
- is hypothetical and is intended as a guide only;
- is not, and should not be relied upon as legal, investment or taxation advice;
- does not take into account your individual financial circumstances, investment needs or objectives.

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