



MORTGAGE REDUCTION

Borrow to invest in a Timbercorp Project. Generate sound returns and use the tax savings created to make an unscheduled repayment of a non-deductible mortgage.



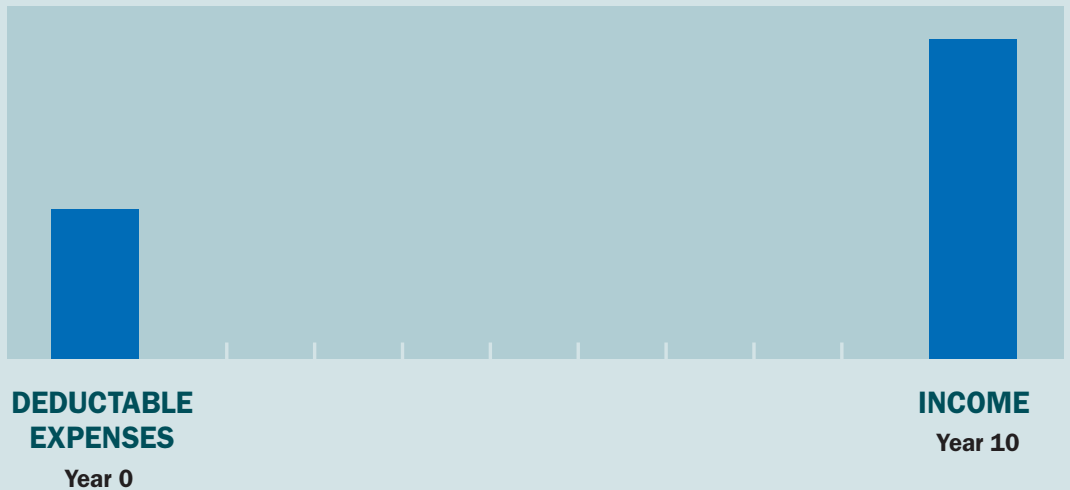
CASE STUDY - TOM AND JULIE

Tom and Julie's home value	\$500,000
Mortgage	\$250,000
Mortgage term	30 years
Interest rate	7.5% p.a.
Current monthly repayments	\$1,748.04

STRATEGY

- Invest in 16 Timberlots costing \$49,280 and register for GST
- Finance the investment through an investment loan using home equity
- Pay the tax and GST refunds of \$25,312* into the home loan as an un-scheduled repayment

TIMBERLOT PROJECT STRUCTURE



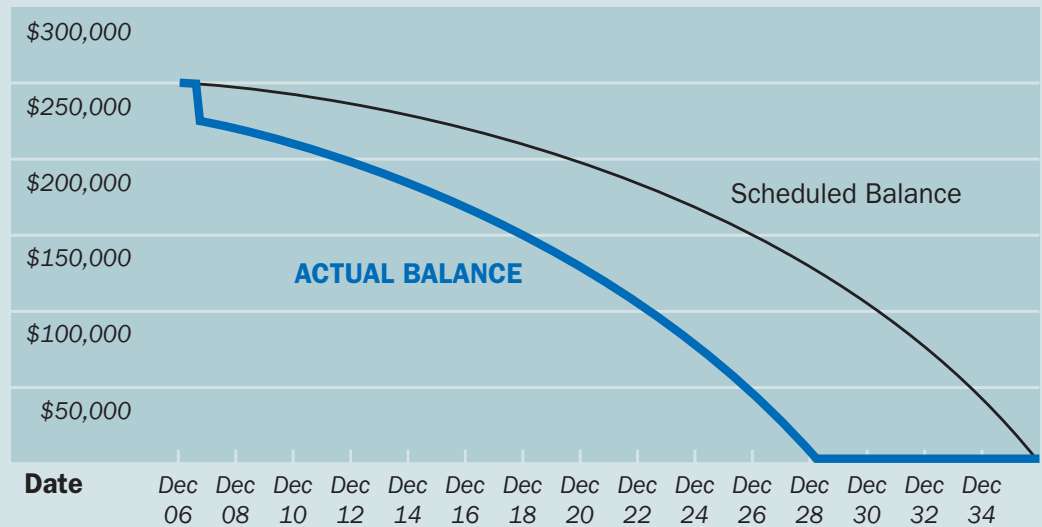
IMPACT OF UNSCHEDULED REPAYMENT TO TOM AND JULIE'S MORTGAGE

	WITHOUT unscheduled principal repayment	WITH unscheduled principal repayment
Scheduled principal payments	\$250,000	\$224,688
Unscheduled principal payments	–	\$25,312
Total Interest paid over 30 years	\$379,293	\$237,956
INTEREST SAVED	–	\$141,337
Date loan paid out	November 2036	December 2028
YEARS LOAN REDUCED BY		7.9 YEARS



LOAN AMORTISATION

Loan Balance



* Assumes an average tax rate of 46.5% and that the investor is registered for GST

TOM AND JULIE'S NEW FINANCE ARRANGEMENTS

	Amount	Payment	Tax treatment	Repayments p/m	Cost after tax consideration p/m
Home loan	\$224,688	Principal & Interest	Non-deductible	\$1,748.04	\$1,748.04
Investment loan	\$50,000	Interest only	Deductible	\$312.50	\$167.19

OUTCOME

Tom and Julie will:

- Repay their mortgage 7.9 years earlier
- Save \$141,337 in mortgage loan interest
- Diversify their portfolio with sound returns through a plantation investment
- Use the proceeds from the Timbercorp project to repay investment loan

Investment loan interest cost over 10 years	\$20,063
Interest saving on mortgage	\$141,337

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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