

Mortgage Reduction

Creating wealth by saving money!

An investment in the Willmott Forests Premium Forestry Blend Project (PFB) offers long term wealth creation, with multiple income streams and 100% tax deductibility.

Case study

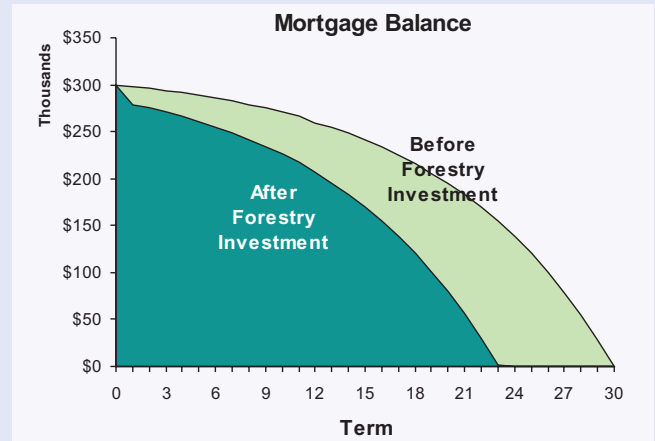
Mortgage debt	\$300,000
Mortgage term	30 years
Interest rate	9.5%
John and Felicity's annual income	\$80,000 each
Monthly surplus income	\$1,000



Mortgage repayments continue to put pressure on a family's household income, with all their hard work going into paying off their mortgage debt rather than being used to build wealth for the future. A forestry investment provides a unique solution to reduce your mortgage debt quicker, by utilising the tax savings as additional advanced repayments.

STRATEGY

- John and Felicity jointly invest \$50,000* in the Willmott Forest Premium Forestry Blend Project;
- Investment funded through a loan with the Commonwealth Bank of Australia on a 12 year principal and interest basis, with first repayment commencing on the first business day in August 2009, funded from monthly surplus income.



OUTCOME

- John and Felicity now have diversified their investment portfolio;
- Loan term reduced by 6 years and 11 months saving \$193,123;
- Projected income streams commencing in year 3, 5, 7, 9, 10, 13 and 15, after planting; and
- A comfortable level of gearing, with future interest payments tax deductible.

Individual income tax position for John and Felicity	WITHOUT PFB investment	WITH PFB investment
Annual income	\$ 80,000	\$ 80,000
PFB investment		(\$ 25,000*)
Taxable income	\$ 80,000	\$ 55,000
Tax on taxable income	\$ 18,000	\$ 10,500
Medicare Levy	\$ 1,200	\$ 825
Medicare surcharge**	\$ 800	\$ 0
After tax income	\$ 60,000	\$ 68,675
Personal tax savings from PFB investment		\$ 8,675 Each

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