

Investment Finance Specialist

*Discover the difference of working with
A finance broker who is also a property investor*



Pauline Sultana has been in the Mortgage and Finance Industry for the past 10 years. Pauline:

- Has a Diploma in Financial Services
- Is a member of MFAA
- Has completed her Certificate IV in Mortgage Lending
- Is a member of the Credit Ombudsman Services Ltd.
- Is a Justice of the Peace.

Pauline also has a large investment portfolio.

WHY BUILD WEALTH?

- Nearly all of us want to be wealthy – Nearly all of us retire below the poverty line.
- We are not taught to earn and accumulate money
- Financial Intelligence – is not how much money you make but how much money you keep and how hard that money works for you.

What is your Financial Goal?

Many people “survive” on a pension, but you must want more than that for your golden years.

To live comfortably in retirement it's estimated a single person will need \$37,822 p.a. and a couple will need \$50,771 p.a.

What will you receive from your super when you retire?

To Live Comfortably	For a single person to generate \$37,822 pa	For a couple to generate \$50,771 pa
To last 15 years	\$413,559[^]	\$555,148[^]
To last 20 years	\$500,346[^]	\$671,648[^]
To last 25 years	\$569,779[^]	\$764,852[^]

The life expectancy of an Australian male is 79, an Australian female is 84 or higher for people in well-developed areas.

If you expect to retire at 65, will you have \$671,648 in super?

What steps can you take now
to ensure you will have this
when you retire?

USE THE EQUITY IN YOUR HOME
TO PURCHASE AN INVESTMENT
PROPERTY

Determine available equity for investment property purchase



Family Home

Value \$450,000

80%* of the property value \$360,000

Existing Home loan \$120,000

**Available equity for
Investment Property purchases \$240,000**

*Higher percentages are possible using Mortgage Insurance

Purchase of Investment Property 1



Purchase price of Property	=	\$350,000
5% allowance for Costs		<u>\$ 17,500</u>
Total financing required		\$367,500

Total Security Value

$$\text{Home } \$450,000 + \text{I/P } \$350,000 = \$800,000$$

Total Borrowings

$$\begin{aligned} \text{Home } \$120,000 + \text{I/P } \$367,500 &= \$487,500 \\ &= 61\% \text{ LVR} \end{aligned}$$

Purchase of Investment Property 2



Purchase price of Property	\$400,000
5% allowance for Costs	<u>\$ 20,000</u>
Total financing required	\$420,000

Total Security Value

Home + I/P \$800,000 + I/P 2 \$400,000 = \$1,200,000

Total Borrowings

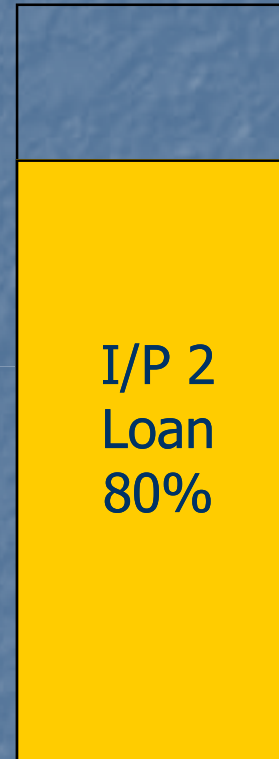
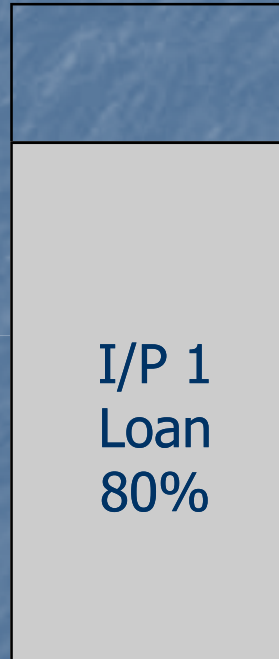
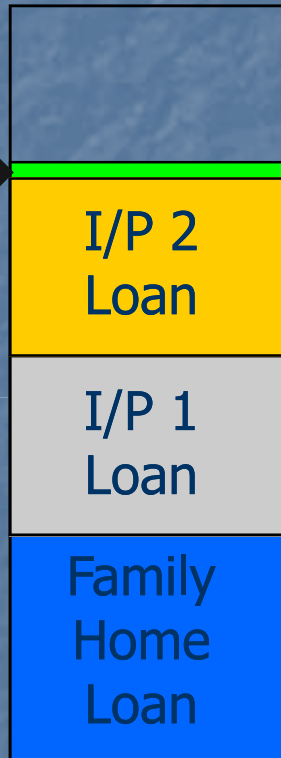
Home + I/P \$487,500 + I/P 2 \$420,000 = \$907,500
= 76% LVR

Own Home
\$450,000

I/P 1
\$350,000

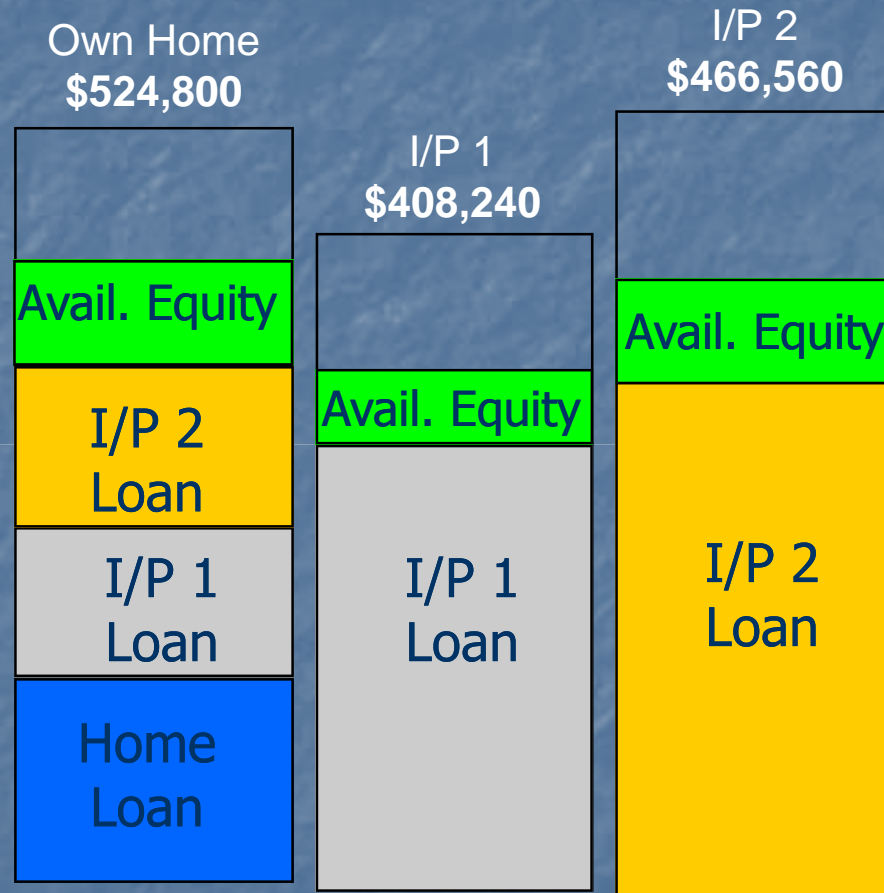
I/P 2
\$400,000

Available
Equity



Equity
Position after
Investment
Property
purchases

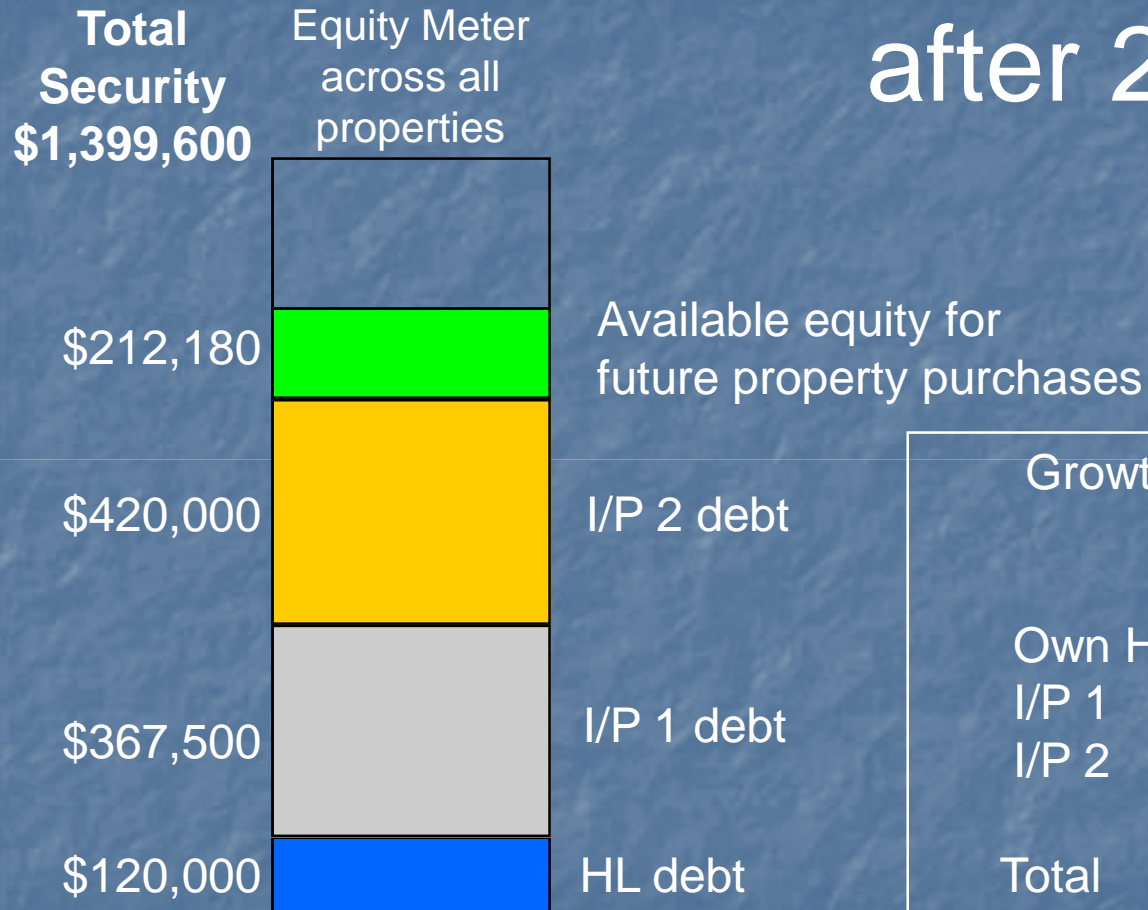
Determine available equity for further Investment Property purchases



Equity position
after 2 years

*Assumed 8% growth, which equates to properties doubling in value every 9 years

Equity position after 2 years



Growth in properties which can be mortgaged against:

Own Home	\$99,840
I/P 1	\$46,600
I/P 2	<u>\$53,200</u>
Total	<u>\$199,640</u>

Equity position after 9 years



Family Home

Value	\$900,000
Existing Home loan	\$120,000
Equity	\$780,000



Investment Property 1

Value	\$700,000
Existing Home loan	\$367,500
Equity	\$332,500



Investment Property 2

Value	\$800,000
Existing Home loan	\$420,000
Equity	\$380,000

TOTAL EQUITY = \$1,492,500

Total Equity from Investment Properties = \$712,500

*Assumed 8% growth, which equates to properties doubling in value every 9 years