

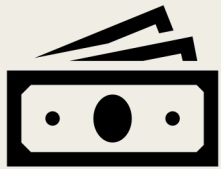
The cost of borrowings does not compound

Year	Loan	Interest @ 5%	Property value	Growth @ 5%
1	\$500,000	\$25,000	\$500,000	\$25,000
2	\$500,000	\$25,000	\$525,000	\$26,250
3	\$500,000	\$25,000	\$551,250	\$27,563
4	\$500,000	\$25,000	\$578,813	\$28,941
5	\$500,000	\$25,000	\$607,753	\$30,388
10	\$500,000	\$25,000	\$775,664	\$38,783
20	\$500,000	\$25,000	\$1,263,475	\$63,174
30	\$500,000	\$25,000	\$2,058,068	\$102,903

Inflation eats away at debt – assume inflation rate is 1.5% p.a.

Year	Column A Loan value in today's dollars	Column B Property @ 4.5% growth + inflation
1	\$500,000	\$500,000
2	\$492,500	\$522,500
3	\$485,113	\$546,013
4	\$477,836	\$570,583
5	\$470,668	\$596,259
10	\$436,411	\$743,048
20	\$375,196	\$1,153,930
30	\$322,568	\$1,792,018

Let the banking structure manage your cash flow



All income



Bank Offset # 1 (for savings)



All non-discretionary expenses to pay from
Bank/Offset # 1:

- (1) Financial commitments (rent, mortgage)
- (2) Utilities & bills (rates, power, internet)
- (3) Health and education (insurance, school fees)



Transfer a set amount pay
cycle e.g. \$2,000 p/fortnight



Bank Offset # 2 (for spending)



All discretionary expenses to pay from
Bank/Offset # 2:

- (4) Shopping and transport (food, clothing, car)
- (5) Entertainment (eating out, holidays)
- (6) Cash (ATM)
- (7) Other

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