

The Truth Behind The Hype

	One Property		Five Properties		Ten Properties	
	Deal 1	Deal 2	Deal 1	Deal 2	Deal 1	Deal 2
Salary	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Tax Payable (incl. Medicare)	\$16,480	\$16,480	\$16,480	\$16,480	\$16,480	\$16,480
Rent per week	\$665	\$245	\$665	\$245	\$665	\$245
11 Second Solution	\$332,500	\$122,500	\$332,500	\$122,500	\$332,500	\$122,500
Pass First Check?	Yes	Yes	Yes	Yes	Yes	Yes
Likely to be +ve geared?	Yes	Yes	Yes	Yes	Yes	Yes
Forecast Capital Gain	8% per annum	8% per annum	8% per annum	8% per annum	8% per annum	8% per annum
Sound Good?	Yes	Yes	Yes	Yes	Yes	Yes
Will You Proceed?	Yes	Yes	Yes	Yes	Yes	Yes
<u>No Property</u>						
Salary	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Less Tax	(\$16,480)	(\$16,480)	(\$16,480)	(\$16,480)	(\$16,480)	(\$16,480)
	\$43,520	\$43,520	\$43,520	\$43,520	\$43,520	\$43,520
<u>With One Property</u>						
Salary	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Rent	\$22,539	\$11,760	\$112,695	\$58,800	\$225,390	\$117,600
Less Interest (6.6% I/O)	(\$11,634)	(\$6,270)	(\$58,168)	(\$31,350)	(\$116,336)	(\$62,700)
Less Property Expenses	(\$13,972)	(\$2,500)	(\$69,860)	(\$12,500)	(\$139,720)	(\$25,000)
Subtotal	\$56,933	\$62,990	\$44,667	\$74,950	\$29,334	\$89,900
Less Tax	(\$12,029)	(\$17,688)	(\$408)	(\$23,731)	\$0	(\$30,982)
Total	\$44,904	\$45,302	\$44,259	\$51,219	\$29,334	\$58,919
<u>Comparsion</u>						
No Property	\$43,520	\$43,520	\$43,520	\$43,520	\$43,520	\$43,520
Property	\$44,904	\$45,302	\$44,259	\$51,219	\$29,334	\$58,919
Difference	(\$1,384)	(\$1,782)	(\$739)	(\$7,699)	\$14,186	(\$15,399)
<u>Tax Calculation</u>						
Income	\$56,933	\$62,990	\$44,667	\$74,950	\$29,334	\$89,900
Depreciation etc.	\$7,253	\$0	\$36,266	\$0	\$72,533	\$0
Taxable Income	\$49,680	\$62,990	\$8,401	\$74,950	(\$43,198)	\$89,900
Tax Payable	\$12,029	\$17,688	\$408	\$23,731	\$0	\$30,982