

Create a  
Wealthier *You*



**Raine&Horne<sup>®</sup>**  
Project Marketing

[yourpropertyyourfuture.com.au](http://yourpropertyyourfuture.com.au)

# Contents

	<b>Your Property Your Future – by Raine &amp; Horne Project Marketing.....</b>	<b>1</b>
<b>1</b>	<b>Do you feel Financially Insecure? .....</b>	<b>2</b>
<b>2</b>	<b>Why Invest in Property .....</b>	<b>3</b>
<b>3</b>	<b>Property Always Wins .....</b>	<b>4</b>
<b>4</b>	<b>Fundamentals of Property Investment.....</b>	<b>5</b>
<b>5</b>	<b>Sounds Great! But I do not have money to Invest.....</b>	<b>6</b>
<b>6</b>	<b>Take Control of your Future .....</b>	<b>7</b>
<b>7</b>	<b>Don't feel backward to move forward.....</b>	<b>8</b>
<b>8</b>	<b>Our proven 5 Step Process to securing your financial future.....</b>	<b>9</b>

# Welcome to Your Property Your Future

Creating Wealth and living the lifestyle of the rich and famous is generally what we all dream off but only few are able to achieve this goal. At the same time how much wealth you need to fund the lifestyle you are looking for varies but the most important thing is to set up your lifestyle goals and work systematically towards them.

When you are setting up these goals it is important to first understand what being 'wealthy' means to you. Does it just mean being financially secure? Or are you looking to achieve a particular life style and acquire assets to build a legacy for your family?

No matter what your goals are the sooner you start the better it is for you. So don't wait because the sooner you take control the better will be the outcome.

We at Raine & Horne Project Marketing have over 20 years of experience in Wealth Creation and our team of expert consultants would be happy to assist you.

I hope you will find the information in this e-book useful and we look forward to meeting you and assisting you on your '**Wealth Creation Journey**'

**James Pastras**  
**Director**



# 1

## Do you feel Financially Insecure?

Do you get the feeling that you are always chasing your tail and trying to make ends meet when it comes to your finances? Do your financial worries keep you awake at night? And most importantly do you see some living the kind of lifestyle you want and wonder how they do it?

The answer to your questions is right here ....

The vast majority of people who are 'wealthy' and financially secure did not start off rich. They were just like you but decided to take control of their financial destiny. They understood the power of investment and particularly the value of investing in property.

Residential property is one of the fastest and most secure form of investment in Australia.

The most important catch phrase, when it comes to property investment is **'You don't wait to buy Property but you buy Property and wait'**

Housing is Australia's single largest asset class and Australian households hold more than 50% of their wealth in residential land and dwellings. It is also estimated that Australian investors own 27% of Australian dwelling stock by number and about 25% in value.

Investors in Australia have a clear affinity to investing in property which is one of the safest and secure form of investment.

The good news is that you do not have to be an outrageous risk taker with a devil-may-care attitude when it comes to property investment.

# 2

## Why Invest in Property?

When you purchase a property you are acquiring an asset which grows in value over time. It is different from buying a car, boat or a pair of shoes as all of these depreciate in value.

An investment property besides being an asset also gives you other benefits and one of the major benefits is tax minimization through negative gearing.

In 2013/14 financial year Australian investors claimed \$3.719 billion in net rental losses offsetting their taxable income and reducing the amount of tax paid to the Federal Government. The ability to negatively gear using property investment is one of the fundamental principles of wealth creation.

The Australian housing market is a very secure form of investment as close to 70% of it comprises of home owners who underpin property values and close to 30% are rental properties with a good solid rental income.

Besides this the Australian Banking System is underpinned by the growth of the housing market as a large portfolio of their lending is for residential properties whose values have always risen over the long term.

Residential property has been a strong performer with property prices doubling every 8 -10 years. Statistics for the last 10 years show that the average returns on property investment has been 8% as compared to shares which have given an average return of 4% or Government bonds which are considered a safe investment but have only given an average return of 6.3%.



# 3

## Property Always Wins

Property besides being a safe investment always wins over other investments in the long run.

The other benefits that you accrue through property investment besides negative gearing are:

**a. Generate a significant and regular income stream**

The rental income from an investment property is virtually guaranteed and consistent. If you compare this to shares, companies are under no obligation to pay dividend and on an average only about 40% of companies do.

**b. Provide considerable tax reduction facilities**

With an investment property you can actually off-set your losses against your taxable income

and reduce the amount of tax you pay each year. With shares or any other form of investments you cannot claim your losses against your taxable income.

**c. Financial Lending Confidence**

Property being a more secure form of investment banks will happily use this as collateral and lend you 95% of LVR (loan-to-value-ratio). This is because in the long term property always increases in value. When it comes to shares you can only use a small number of blue chip shares as collateral and banks will only lend up to 70% of the value.

**d. Fundamentally Secure**

In the long term property is a more secure form of investment and you have full control in any market cycle.

# 4

## Fundamentals of Property Investment

One of the mantra when it comes to property investment is **'You don't buy with your heart, but with your mind'**

The reason being there is no place for emotions when buying an investment property. You might like to have an old country style house with a beautiful garden, swimming pool and a great alfresco area but this could well be a bottomless pit when it comes to repairs and maintenance cost.

There are only three factors that you need to consider when buying an investment property.

### a. Location, Location, Location

This is not a typo mistake but it is so important that it is worth saying it 3 times. Choosing the right location for your investment is the key to a successful investment. It is important when selecting the location of your investment property that you consider factors like population growth, Government plans for the region and future infrastructure developments like roads,

public transports, schools, shopping centre, employment opportunities and the economic factors for this region.

### b. Rental Yield

The other important factor to be considered is the rental yield which is dependent on the population growth, availability of rental properties and proximity to key infrastructure like transport, schools and shopping centres.

### c. Buy New Properties

A new property provides you with the maximum tax benefits when it comes to depreciation and tax minimisation. Also your overheads in terms of repair and maintenance costs are low and the chances of there being any nasty surprises in terms of major repair costs are minimal.

With a new property you will also be covered by a builder's warranty which gives you peace of mind, they are easier to rent and give you a higher rental yield.

# 5

## Sounds Great! But I don't have the money

The common myth is that you need a lot of money to invest.

However, we would like to bust that myth and show you how you can invest without even having your own capital and **for less than \$30 per week.**

If you have equity in your home, then you have sufficient capital to start your investment journey. It is possible that you are sitting on more capital than you actually require.

Equity is the difference between the current value of your home and the amount you owe the bank on your mortgage.

For example, if your home value is \$650,000 and you owe the bank \$450,000 then you have a total equity of \$200,000.

This is more than sufficient capital for you to start purchasing your investment property as banks will lend you 80% of your equity to cover the initial deposit and other purchase costs. To buy an investment property you need just 10% of the purchase cost plus other expenses like stamp duty and legal costs.

Leveraging the equity in your home to buy an investment property is a simple concept but a very powerful tool at your disposal when it comes to wealth creation.

Normally you would need to save and have a deposit which would take you time and by then the price of the property would have increased substantially.

However, by using your equity you can get into the property market immediately and enjoy the benefits of capital growth, tax minimisation and having a rental income.



# 6

## Take Control of Your Future

Whatever your wealth goal plans are the sooner you start the better will be the outcome for you.

We have included a Retirement Worksheet on the next page and we would urge you to use this worksheet to approximately calculate your financial position at retirement.

Assuming that you need an annual income of \$80,000 per annum to live a comfortable lifestyle and assume you can safely get a return of 5% per annum. Then you will need to have approximately a total of 1.6 million in assets.

If you need a higher annual income, then you will need to accordingly have a higher value of assets.

- **Based on the calculations on the retirement worksheet, where do you stand?**
- **Think what will happen if you continue and don't make any changes**
- **What is stopping you from moving forward?**
- **Get into the habit of investing and make your goals a reality.**



# Retirement Worksheet

Current age		
Estimated retirement age		
How long do you intend to be in the workforce?		(A)
Annual income desired in retirement?		(B)
Total amount required: (B) x 20 =		(C)
Current retirement provisions:		
Super +		+
Savings +		+
Shares +		+
Equity in investment properties +		+
Other		
	=	(D)
Retirement shortfall: (C) - (D) =		(E)
Amount per year: (E) / (A) =		(F)
Amount per week: (F) / 52 =		

Can you do anything about this after you retire? Yes/No  
 When do you have to do something? 1 month/6 months/NOW  
 How much per week can you afford to put aside for your retirement? \$50, \$100, \$150+

# Don't Feel Backward to Move Forward

Thank you for reading through this e-book and if you have got to this point then you must be already considering your wealth creation options. Chances are you're in a better position than when you started but of course this has raised more questions for which you do not have the answers.

This is where you need the experts in the industry who can guide you in understanding the property market, where to buy, what to buy and how to secure your finance and get the best return on your investment.

With the internet on your fingertips you could go and do your own research and possibly get all the information you require but this may take you days, weeks or months and chances are along the way you may lose track.

The other alternative is to talk to an expert property specialist and acquire all of this information in less than an hour consultation.

Our property experts will not only provide you with the information but will offer you a one-stop-shop experience from organising your finance, securing the right property and organising the rental.

We take the hassle out of investing so you can sit back, relax and enjoy the returns while we do the hard work!

The best part is that there is no cost to you as we do not charge any fees. Like mortgage brokers, property investment experts get commission from any eventual sale and therefore you receive our expert advice absolutely FREE!

# 8

## 5 Step Process

With over 20 years of experience in the field our property consultants have strong connections and partnerships with developers, financial institutions and property managers.

With nothing to lose you would be silly not to draw on this wealth of information to assist you with your investment strategy.

Our expert consultant will work alongside with you across all facets of the buying process and will also put you in touch with a qualified financial adviser who will be able to advise you on all aspects of your finances.

Below is our proven **5 step process to securing your financial future.**

<b>01</b>	<b>CONSULTATION</b>	A 45 minute in home consultation with one of our senior account managers who over views. From here a preliminary analysis is prepared for you to then take that next step on the way to securing your financial future.
<b>02</b>	<b>PRESENTATION</b>	Attend a 2 hour personalised presentation at our office, meet with the finance and property teams. Receive valuable advice from our fully qualified financial planner who identifies your capacity and explains the structures for establishing your financial roadmap.
<b>03</b>	<b>STRATEGY</b>	With over 30 years of experience we assist you in identifying the investment that will provide you the best available return and set you on the road to Financial Independence.
<b>04</b>	<b>ACTION</b>	With your financial capacity identified and the appropriate investment selected now is the time to act.
<b>05</b>	<b>PARTNERSHIP</b>	With our full service offering we maintain the relationship through ongoing communication and periodical reviews.

We hope this e-book would have triggered your interest in becoming a successful property investor.

If you would like to meet with our expert consultant give us a call on **03 9569 3900** and we will be happy to meet with you in the comfort of your home at no cost!

**Make a Plan and Make a Start.  
Just by Starting You are already halfway there!**

9

Never depend on a  
single income.

Invest to create a  
second source.



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