

# Budgeting and Debt Management

## BUDGETING

If you hit a mental roadblock when you hear the word 'budget' you are not alone. Many people associate a budget with a form of restriction or limitation but it is really a means of empowerment.

Importantly, it is not difficult to put into place.

Irrespective of the size of your income and expenses, budgeting makes it easier for you to make conscious decisions about how you would like to allocate your money. It's all about giving you the confidence to make those decisions.

Our discussions with you can help identify possible areas of savings and we will work with you to keep you on track.

To get you thinking, ASIC's MoneySmart website has a good Budget Planner, which will give you an idea of where your money is going and also provide valuable input into any future budgeting discussion you may wish to have.

## DEBT MANAGEMENT

In addition to budgeting, another key element of your advice is to help you appreciate the value of debt.

Using debt, you could buy a home you would not be able to afford outright. You could also use debt to buy an investment with the potential to grow in value, like an investment property or shares. In doing so, you are effectively leveraging debt to help you build an investment portfolio faster than you otherwise would have.

The above initiatives typically form the basis of the discussions we have and ultimate strategies we may

employ in relation to inefficient and efficient debt. There are a number of beneficial strategies for each, depending on individual circumstances.

Call us to get further details or fill in your details below for more information.

## DEBT CONSOLIDATION

Pay off your home loan or invest for the future?

Do both at the same time through a debt recycling strategy. Break free from your home loan with the right strategy.

- Pay off your home loan sooner
- Save home loan interest & tax each year
- Create wealth for your future

### Debt Recycling - The Strategy

Debt recycling is the strategic coordination of cash flow to achieve home loan reduction, tax minimisation and wealth creation all at the same time. This strategy is designed to maximise wealth creation opportunities and to pay off your home loan sooner allowing you to secure your financial future.

Debt recycling is a financial strategy that can help you create wealth for your future by replacing your home loan (non-deductible) debt with investment (tax deductible) debt over time. It enables you to:

- Repay your home loan quicker saving large amounts of interest
- Build wealth in an investment portfolio outside of superannuation
- Increase your tax deductions each year saving you tax

## IMPORTANT INFORMATION

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Debt recycling is a strategy helping ordinary Australians pay off their home loans far sooner than they ever thought was possible. Debt recycling is a strategy, not a financial product.

Debt recycling maximises wealth creation opportunities and establishes a tax minimisation strategy that forms the foundation for real wealth creation into the future.

Debt recycling is a long-term strategy that can help you achieve your retirement income goal. Debt recycling can provide an alternative to superannuation by allowing you to accumulate wealth in the non-superannuation environment which provides access to funds in the future if required. This may be appropriate if you are looking to retire prior to your preservation age (the age you can get access to your superannuation benefits).

Debt recycling simply uses your existing home loan repayments more efficiently to get a better result through interest savings, tax savings and long-term wealth creation.

## The Benefits of Debt Recycling

Anyone who has a home loan and would like to pay it off in the quickest possible time, reduce tax and create wealth all at the same time can benefit from a debt recycling strategy.

The strategy can be customised to your individual situation, and incorporated with other financial planning strategies as appropriate. After all, you have to pay your home loan repayments anyway, why not use that money more effectively to get a better result?

## Benefits to you

- Pay off your home loan sooner
- Save large amounts of interest on your home loan
- Minimise tax payable by increasing tax deductions each year
- Build wealth & income through investments
- Maintain access to your investment funds (if required)
- Potential for future growth in a down investment market
- Return available from strategy regardless of investment market movements
- Accumulate assets over the long term to meet any shortfall in retirement funds
- Retire sooner (if desired)

## Need Advice on a Debt Recycling Strategy?

As everyone's situation is different and people have different financial needs, it is important to seek professional financial advice before implementing a debt recycling strategy.

With all financial strategies, there are risks that need to be considered. A professional financial adviser can ensure that your strategy is tailored to your individual circumstances to make sure that a debt recycling strategy is appropriate for you.

**If you'd like to know more, or you'd like to discuss your own situation and find out what options are available to you, please get in touch.**



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