

Identity Property Buyers

NEWSLETTER #015

Do You Have Good Debt or Bad Debt?

Welcome back to the next instalment in the IDentity Property Buyers Newsletter series. Today's chat is about understanding the difference between Good, Bad and Tolerable Debt. With this information you will be able to unlock the code and classify your specific financial position.

So let's take a peak into the fundamentals behind classifying the debt you currently hold, so that you can use this knowledge to improve your financial position.



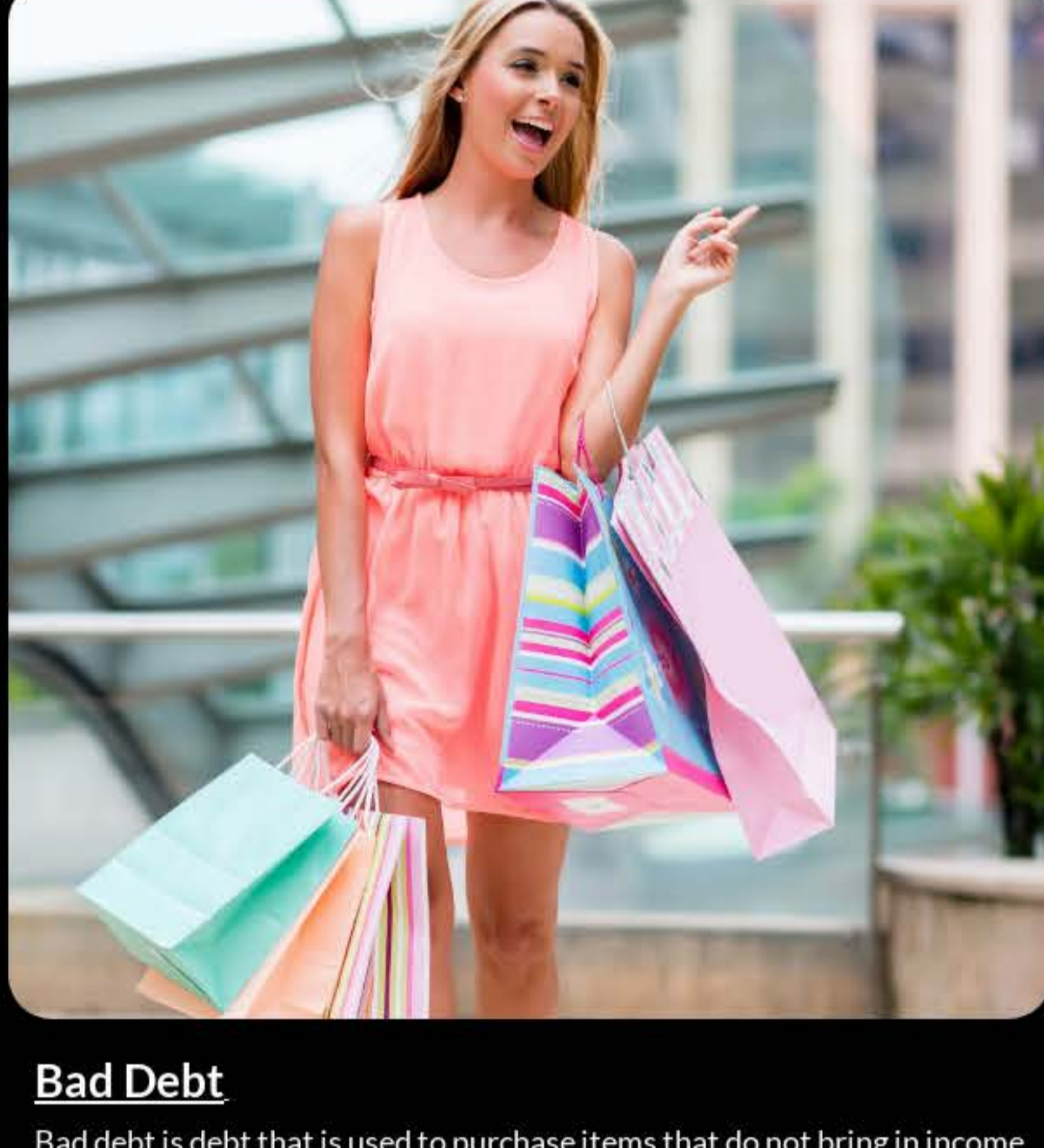
Good Debt

Good Debt is debt that you carry that allows you to hold assets that deliver you an income. For example an Investment Property that you control of which you have a mortgage against. This debt will require you to make at least interest repayments in order to continually hold the asset. These repayments may be less than or in excess of the rental income you receive.

Surely it isn't Good Debt when the asset costs you more to hold than the rental income?

Well it certainly can be, because an appreciating asset (making capital gains) should well and truly change your on paper profits. These negatively geared assets will most likely be tax deductible against your personal income if held in personal names.

Thanks Tax Man!



Bad Debt

Bad debt is debt that is used to purchase items that do not bring in income and do not appreciate in value. Credit Card debt, car loans or loans for holidays are all examples of debt that is not going to improve your financial position. This is the kind of stuff that prevents you from getting ahead or even worse puts your financial position in reverse.

Turn this habit upside down fast!



Tolerable Debt

Tolerable debt is debt that secures an appreciating asset that does not bring in an income or is not tax deductible.

Yes you've guessed it, it's the family home.

Now the important thing about this piece is that you need to secure a property that is appreciating in value. I would find it difficult to classify this as tolerable debt if your home is not increasing in value at least by the rate of inflation. Anything less and your going backwards!

So now take some time to have a look through your personal financial position keeping the above classifications in mind.

What did you find?

What type of debt do you have?

Remember the goal should be to have only Good Debt!



Let our professionals at IDentity Property Buyers help you avoid all those costly mistakes and provide you with a fantastic experience and an exceptional end result....

Don't get left behind when the market is moving, take control with your very next steps in a professional way today!

Make contact today and schedule in a **Free, No Obligation** chat with one of our Buyers Agents & Property Strategists.

MAKE CONTACT

At IDentity Property Buyers we build Investment Portfolio Plans for clients who want exceptional results.

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