

THE EQUITY UNLOCK PLAYBOOK

Make Your Home Work Harder Than You Do

How everyday Australian homeowners are turning idle equity into long-term wealth

You have spent years building equity in your home. Right now, for most homeowners, that equity just sits with the bank doing nothing. This playbook explains, in plain English, how it could be working for you instead.

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01 THE GAP

You're doing everything right. So why does it still feel hard?

You earn a solid income. You own your own home. You work hard every week. And yet it still feels like you are running to stand still. Rising costs, a large mortgage, and a big slice of your income disappearing in tax can leave you feeling stuck, even though you have done everything you were told to do.

Meanwhile the equity you have built, often hundreds of thousands of dollars, sits idle with the bank. The bank is very happy to lend against it and earn from it. Most homeowners never use it to build anything of their own.

The question this playbook answers: **what if your home could finally start working smarter for you, instead of just costing you?**

First, understand your usable equity

Equity is the part of your home you actually own: your home's value minus what you still owe. But not all of it is *usable*. As a general rule, lenders let you access up to around 80% of your home's value, less your current mortgage.

An illustrative example

- Home value: \$850,000
- 80% of value: \$680,000
- Less current mortgage: \$450,000
- Illustrative usable equity: about \$230,000

That \$230,000 is capital you have already built. The strategy in this playbook is about whether some of it could be put to work, rather than sitting idle.

Important: The information in this guide is general in nature only and does not take into account your personal objectives, financial situation or needs. It is not financial, credit, taxation or investment advice. All figures and examples are illustrative only and do not represent actual or guaranteed outcomes. Consider your circumstances and seek advice from a licensed professional before acting.

Turning 'bad' debt into debt that works for you

Financial professionals call the core idea here **debt recycling**. In plain terms, it is the process of gradually converting non-deductible 'bad' debt (your home loan, which gives you no tax benefit) into debt that is used to build income-producing assets, where the interest is generally tax-deductible.

1

Pay down and access

You access a portion of the usable equity you have already built.

2

Invest for income

That portion is used toward an income-producing investment, for example an investment property.

3

Claim what you're entitled to

Because the borrowing now has an investment purpose, the interest and other costs are generally deductible.

4

Redirect the benefit

The tax benefit and investment income can be channelled back to pay down your home loan faster.

The result over time: your non-deductible home loan shrinks, while you build an asset base, using money that was previously lost to tax and idle equity.

Redirecting tax you're already paying

This is the part most homeowners have never had explained to them. It is not about paying less tax in a dubious way. It is about **redirecting** tax you are already paying into an asset you own, rather than simply handing it to the ATO.

When you hold a geared investment property, legitimate costs such as loan interest and depreciation can reduce your taxable income. That reduction, at your marginal tax rate, can translate into a meaningful annual tax benefit. Redirected onto your home loan, that benefit can shorten your mortgage considerably over time.

Illustrative only

On a typical geared investment, deductions might reduce taxable income by an illustrative amount each year. At a 39% marginal rate (including Medicare levy), that could represent a four-figure or five-figure annual tax benefit. Redirected to the home loan, illustrations often show several years shaved off the mortgage. Your actual position depends entirely on your circumstances.

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What the bank is unlikely to volunteer

- Your equity is an asset you own, but left untouched it mainly benefits the lender, not you.
- Usable equity is not the same as your total home value. Most people overestimate it.
- Mixing investment and personal borrowing in one loan can permanently reduce deductibility. Structure matters.
- Doing nothing has a cost too: another year of tax handed over and equity sitting idle.
- This strategy is not for everyone. It suits the right homeowner, with the right structure and the right advice.

This is exactly why the first step is a conversation, not a product. The goal is clarity on whether this fits *your* numbers.

06 IS THIS YOU?

Who this strategy tends to suit

- You own your home and have built meaningful equity.
- You have a solid household income but feel too much disappears in tax.
- You want to pay your mortgage off sooner and build something for the future.
- You are open to property investment and a clear financial strategy.
- You are looking to make a change in the next few months, not 'one day'.

**Your next step: a free, no-obligation
Equity Wealth Review with Daniel.**

Clarity on your numbers. No jargon. No pressure.

Call Daniel on 0431 175 886 or email daniel.bowler@moneyquest.com.au

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