



## Good Debt

Did you know the right kind of debt can really speed up your journey to wealth? The wrong kind can get you into all sorts of trouble and sometimes, even send you broke.

So, how do you distinguish between good and bad debt? Ask yourself this question: If I purchase something now using borrowed money, will it be worth more or less in 10 years? There is always the exception to the rule, but generally, if your purchase is worth more, then the debt is good, if it's worth less, the debt is bad. Most people don't understand the relationship between wealth and good debt. An increase in one's wealth is usually linked to an increase in one's good debt. I heard a great story once where one boy said to the other: "We are so poor my dad owes the bank \$40,000". The other boy responds: "We are so rich my dad owes the bank \$4m.

I recently enjoyed reading through the Sunday Mail Queensland's Top 100 Rich List. How exciting would it be to have your name on the list? Just an example – Mr and Mrs Smith: net worth \$200m, total worth \$400m, debt \$200m. I can hear you now, "debt \$200m – imagine being in that much debt." It is probably more the case that you would like the \$200m without the debt. However, it doesn't work that way in most cases. Let us look at how this can work when it comes to building a property portfolio to help you become financially successful.

It's well documented that property roughly doubles every seven to 10 years long term. So if you go out and buy an investment property today for \$500,000, in 10 years it is worth \$1m. You borrow the money on interest

only so you still owe the \$500,000 after the 10 years but you are \$500,000 ahead (less holding costs). Do that 10 times and \$500,000 becomes \$5m.

I am certainly not telling you to go out and put deposits on 10 properties tomorrow as your assets, liabilities and cash flow position will determine how fast you can go, however this illustrates the power of using good debt to create wealth.

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# The White Solution

With a limited budget, and lets face it, these days that is an understatement, things can be frustrating when you are keen to change the whole look of your house. The solution is to refurbish what you already have. A coat of white paint can hold the key to change – flat white enamel to be exact. Strip floors back to basics with a clear coat of polyurethane and paint all your tables and chairs with your white flat enamel.

Our latest project – soon to be featured in *CityLife* – was created around such an understated scheme, totally clutter free, with accents used minimally to keep the concept crisp and fresh. White played a major part in our creation starting with a soft parchment white called origami for the walls and ceilings, while working with limed timber floors and matt rock faced white tiles.

A strident neutral feature colour was selected from the Resene book of whites and neutrals to re-emphasise the charcoal, frosted black, amethyst grey and silver used for furniture and accessories. The tuna feature wall works with a charcoal-ultramarine sheerweave blind to enhance the striking black and white artwork in this uber-serene living space.

We confidently work with colour to develop an impressive setting in any room, and those clients who have come to know and trust our judgement over the years are always thrilled with the results as this important client will attest.

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Keep an eye out for the December issue of *CityLife* which will feature this project in its entirety.

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