

## Leverage Projection, Interest-Only Loans 9.0% Interest, 9.0% Returns

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October 15, 2003

### Assumptions

- \$50,000 interest-only loan, interest rate of 9.0%
- \$2,700 after-tax annual investment, \$4,500 before-tax annual payments
- 40.0% average marginal tax rate, 100.0% of loan interest is tax deductible, 21.0% dividend tax rate
- Projected returns are 70.0% deferred capital gains, 25.0% realized taxable capital gains, 5.0% dividends, 0.0% interest; 100.0% of distributions reinvested
- 50.0% of capital gains are taxable, when realized
- Sufficient ongoing cashflow and discipline to complete this strategy

### Annual Projections for Returns of 9.0%

End of Year	No Leverage			Leverage				Comparison	
	Before-Tax Balance	After-Tax Distribution	Adjusted Cost Base	Balance Incl. Loan	After-Tax Distribution	Net Balance After Pay Loan	ACB After Pay Loan	Net Balance \$ Increase	% Increase
1	2,700	0	2,700	54,228	1,078	3,640	3,429	940	35%
2	5,628	58	5,458	58,813	1,169	7,671	6,815	2,043	36%
3	8,804	121	8,280	63,786	1,268	12,122	10,170	3,318	38%
4	12,249	190	11,169	69,179	1,375	17,025	13,508	4,776	39%
5	15,984	264	14,133	75,029	1,491	22,413	16,842	6,429	40%
6	20,036	345	17,178	81,373	1,617	28,325	20,188	8,289	41%
7	24,430	432	20,310	88,253	1,754	34,801	23,562	10,371	42%
8	29,196	527	23,536	95,716	1,902	41,884	26,979	12,689	43%
9	34,364	629	26,866	103,809	2,063	49,623	30,459	15,259	44%
10	39,970	741	30,306	112,586	2,238	58,070	34,018	18,100	45%

### Notes

- 'Net Balance After Pay Loan' shows net amount after paying off loan and taxes on triggered capital gains
- All returns and interest expenses are effective compounded annual before-tax rates
- Projections are NOT GUARANTEED. Actual results will vary, perhaps significantly.