360 Financial Strategists Highlights Debt Recycling as an Alternative to a Second Property

November 20, 2026

CAMBERWELL, VIC - November 20, 2026 -
For a generation of Australian families, investment property has been a familiar path to wealth. For many today, buying a second property is out of reach. Melbourne firm 360 Financial Strategists (360FS) says homeowners shouldn't give up on building wealth. Instead, it wants them to look at debt recycling, a strategy that works through the home loan they already have.

According to Australian Bureau of Statistics data, the average new owner-occupier loan in Victoria was $664,000 in the June 2026 quarter. "Debt recycling is the new negative gearing," said Billy Amiridis, Managing Director of 360FS. "That's a bold claim, and they're not the same thing. But for a lot of families, a second property just isn't realistic anymore. That doesn't mean their debt can't work harder for them. Debt recycling gives them another way to think about it."

A homeowner uses surplus income or savings to pay down part of their home loan. Where the lender allows it, they then borrow the same amount back through a separate loan split and use it to buy income-producing investments such as shares or managed funds. Over time, part of the household's debt can shift from private home loan debt to investment debt, without buying another property.

For example, a couple might use $20,000 from savings and a work bonus to reduce their mortgage, then borrow $20,000 through a separate investment loan split for a diversified share portfolio. Their total debt would be broadly unchanged, but $20,000 would now be used for investment. This example is illustrative only, not a projection of any outcome.

The Australian Taxation Office assesses interest deductibility according to how borrowed funds are used. Interest on borrowing for income-producing investments may be deductible, while interest on private borrowing generally is not. Where a loan is used for both purposes, interest must generally be apportioned. Separate loan splits and clear records help demonstrate the distinction. Holding money in an offset account is

not the same as repaying principal and borrowing again.

"This is where most people get it wrong," Mr Amiridis said. "They treat it as an investment decision and ignore the loan, or treat it as a loan decision and ignore the investment. The two have to be designed together. That's why we run broking and advice under one roof."

Debt recycling is not right for everyone. Share markets can fall, investment income can disappoint and interest rates can rise. Borrowers must meet repayments whatever their investments do. Where the home secures the loan, ongoing repayment difficulty could put the property at risk. A possible tax deduction does not remove any of these risks.

"The question isn't whether you can borrow more," Mr Amiridis said. "It's whether your cash flow, your loan structure and your time frame can genuinely support the risk. For some families the answer is yes. For others, paying down the mortgage or investing without borrowing is the better move."

Homeowners considering debt recycling should seek personal financial and tax advice before acting. 360 Financial Strategists is a Camberwell-based financial planning and mortgage broking firm helping Australian families build wealth.

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360 Financial Strategists

360 Financial Strategists is a Camberwell, Melbourne firm offering financial planning, mortgage broking and business financial services, helping Australians build wealth, plan retirement and make confident financial decisions through personalised advice.

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