

FinancialMappers[®]Pro

Masterclass

Plan Construction using Statistics, Financial Targets & Asset Allocation

Please Note: Information in all Masterclass Documents is intended to assist the Financial Adviser and Paraplanners to get the maximum benefit from Financial Mappers and its many features. This information should not be considered as giving Financial Advice or advice you should pass on to your clients.

Glenis Phillips B Ed., SF Fin

Designer of Financial Mappers

Director Plencore Wealth Ltd

glenis.phillips@financialmappers.com.au

(07) 3216 4132 (Direct Line)

0411 086 532

Version: 21.10.2021

1300 162 945

Plencore Online Pty Ltd is a wholly owned subsidiary of Plencore Wealth Ltd and is the online retail section of the company. For additional information about the software, contact Glenis Phillips, the concept designer. (glenis.phillips@financialmappers.com.au or phone Direct Line)

Table of Contents

INTRODUCTION.....	2
OBJECTIVES	3
FINANCIAL TARGETS.....	5
THE PLAN CREATION	9
Salary	9
Emergency Cash	11
Investment Property	12
Managed Funds.....	15
Superannuation Fund.....	18
INVESTMENT PLAN.....	19
STATISTICS	20
Debt Serving Ratio.....	20
Income as a % of Target Income	21
Return on Investments - Nominal and Real Returns.....	22
INVESTMENT & RISK PROFILE.....	23
ASSET ALLOCATION.....	25
REPORT – PLAN STATISTICS AND INDICATORS	27
REVIEW	31
CONVERSATIONAL SMARTPANELS	32
Salary.....	32
Home	32
Interest Earning Accounts	33
Managed Funds.....	34
Investment Property	36
Superannuation.....	37
CONTACT	38

Introduction

Financial Mappers Pro makes it easy for you to create a plan, where you have pre-determined goals to match certain **Statistics**, **Financial Targets** or **Asset Allocation**.

Statistics and **Asset Allocation** are found on the chevron, **Reports, Plan Outcomes**. **Financial Targets** have a chevron of their own, **Targets**.

There are three Reports which will give you a quick review of the results. You can also create your own Report, selecting the information you require while making a plan. This can be your personal report, which you use privately, to check if the plan is “on track” while under construction. It may just be a list of **SmartPanels** displayed in the order you want to review the plan details.

These are the three reports pre-programmed in the software. If you are using Pro^{CONNECT} your clients will also have access to these reports.

- Financial Objectives & Lifestyle Goals
- Plan Statistics and Indicators
- Check your Plan Outcomes

Notes on Plan

For demonstration purposes, screenshots will be from a 20-year Saving Plan for a single person.

John, Citizen has is aged 40 and has a Salary of \$150,000 of which he is saving 15% for the next 20-years. He owns his own home, debt free and wants an Investment Plan for the next 20-years. He currently has \$200,000 in the Transaction Account and has indicated he wants to purchase an Investment Property in Year 1.

Objectives

You may like to start the plan construction by writing the **Plan Objectives** and the **Main Strategy**. If there is any additional information you want to refer to, this can be entered on this panel in **General Comments**. At the bottom of the page is a list of the client's **Milestones**. These Milestones may guide you when constructing the plan.

When this information is completed, each panel of information can be included in any Reports you create. Note that if the panel is blank, then the Report will skip the heading.

The **SmartPanels** are called (in order):

- General: Main Strategy
- General: Milestones
- General: Plan Comments
- General: Plan Objectives

This information can be found in the **Report, Financial Objectives and Lifestyle Goals**.

For this plan, the following information has been entered on the chevron, **Objectives**.

Plan Objectives

Plan Objectives and Strategy

Plan Objectives ?

The Objective is to save 15% of Gross Salary (\$150,000) to provide an adequate Investments for John to retire at age 60.

John current owns his home and is debt free.

John has saved \$200,000 which is in the Transaction Account.

John has indicated he wants to purchase an Investment Property in Year 1.

John plans to take a Gap Year in Year 15, when his income will be reduced to \$70,000.

Main Strategy

Main Strategy ?

Transfer \$50,000 to a high interest earning account to be kept for emergencies.

Purchase an Investment Property with a Value of \$500,000, using a deposit of \$100,000 (20%) This will avoid Mortgage Insurance.

The Investment Property Loan should be a 5-year Interest Only Loans, followed by a 15-year Principal & Interest Loan.

John should purchase a High Growth Managed Funds and deposit 80% of available funds in the Investment Plan for 10-years.

In Year 11, a Balanced Managed Fund, will be opened and for the next 4-years deposit 70% of available funds in the Investment Plan

General Comments

General Comments ?

John has recently divorced and has two teenage children. John should have both will Will and Enduring Power of Attorney rewritten.

As John, now has a loan to service, John should consider some Income Protection Insurance.

No recommendation has been made, but this should be discussed at our review of the plan.

A Car Replacement program has been recommended with the car being replaced every 7-years in the Lifestyle Goals

Milestones

Milestones ?

Description	Year of Event	
<input type="text" value="Buying an investment property"/>	<input type="text" value="2019"/>	<input type="button" value="Delete"/>
<input type="text" value="Taking a gap year"/>	<input type="text" value="2033"/>	<input type="button" value="Delete"/>
<input type="text" value="Be debt free"/>	<input type="text" value="2038"/>	<input type="button" value="Delete"/>
		<input type="button" value="Add"/>

Financial Targets

Financial Targets are set on the chevron **Targets**. You can have up to three sets of targets. The program automatically selects the years, based on the length of the plan. Targets will not extend beyond 30-years.

There are three types of targets you can set, however, any of these can be unchecked.

Investment Targets

ENTER TARGET VALUES ?

Remove Target

Target Year of Plan	Year 10	Year 20
<input checked="" type="checkbox"/> Assets (Present Value)		
Investments (Net of Loans)	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
Home (Net of Loans)	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
Retirement Accounts	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
<input checked="" type="checkbox"/> Asset Allocation		
Cash, Term Deposits, Bonds	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Shares and Managed Funds	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Investment Property	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Retirement Accounts	100.00%	100.00%
<input checked="" type="checkbox"/> Statistics		
Real Return on Investments	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Maximum Debt Servicing Ratio	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>

Save Cancel

Here is a tip, if you want to do a bit of 'cheating' when you are still in plan creation mode and your client has not given you any specific financial targets. Add the number of time frames you want to use. To keep things simple for your client, you may just focus on the first target.

If you save the panel before entering any information and then click on the button, **Compare Results**, you will see the actual results for the plan. From there you can then go back and enter some targets, approximate to your results.

Note that the **Dollar Values** are **Present Value** at the end of the Year and the **Investment Return** is the **Real Return**. (Inflation 2.5%)

Investment Targets

ENTER TARGET VALUES ?

Remove Target

Target Year of Plan

☒ Assets (Present Value)

	Year 10	Year 20
Investments (Net of Loans)	\$0	\$0
Home (Net of Loans)	\$0	\$0
Retirement Accounts	\$0	\$0

☒ Asset Allocation

Cash, Term Deposits, Bonds	0.00%	0.00%
Shares and Managed Funds	0.00%	0.00%
Investment Property	0.00%	0.00%
Retirement Accounts	100.00%	100.00%

☒ Statistics

Real Return on Investments	0.00%	0.00%
Maximum Debt Servicing Ratio	0.00%	0.00%

Save

Cancel

YOUR RESULTS

Target Year of Plan

Assets (Present Value)

	Year 10	Year 20
Investments (Net of Loans)	\$767,660	\$1,604,280
Home (Net of Loans)	\$733,208	\$1,075,189
Retirement Accounts	\$570,717	\$903,783

Asset Allocation

Cash, Term Deposits, Bonds	10.72%	10.60%
Shares and Managed Funds	6.23%	9.71%
Investment Property	46.91%	43.65%
Retirement Accounts	36.14%	36.04%

Statistics

Real Return on Investments	5.18%	4.94%
Maximum Debt Servicing Ratio	24.26%	19.06%

Your Score **-114 Points** **-108 Points**

Oops! What are the targets?

-111 Points

Financial Mappers Pro Masterclass

Armed with this information, I have now added the targets and compared the results.

Investment Targets

ENTER TARGET VALUES ?

Remove Target

Target Year of Plan	Year 10	Year 20
<input checked="" type="checkbox"/> Assets (Present Value)		
Investments (Net of Loans)	\$870,000	\$1,600,000
Home (Net of Loans)	\$720,000	\$1,000,000
Retirement Accounts	\$570,000	\$900,000
<input checked="" type="checkbox"/> Asset Allocation		
Cash, Term Deposits, Bonds	10.00%	10.00%
Shares and Managed Funds	6.00%	10.00%
Investment Property	47.00%	43.00%
Retirement Accounts	37.00%	37.00%
<input checked="" type="checkbox"/> Statistics		
Real Return on Investments	5.00%	5.00%
Maximum Debt Servicing Ratio	25.00%	25.00%

Save

Cancel

YOUR RESULTS

Target Year of Plan	Year 10	Year 20
Assets (Present Value)		
Investments (Net of Loans)	\$767,163	\$1,598,364 ✓
Home (Net of Loans)	\$733,208 ✓	\$1,075,189
Retirement Accounts	\$570,717 ✓	\$903,783 ✓
Asset Allocation		
Cash, Term Deposits, Bonds	10.57% ✓	10.86% ✓
Shares and Managed Funds	6.02% ✓	9.30% ✓
Investment Property	47.10% ✓	43.72% ✓
Retirement Accounts	36.30% ✓	36.12% ✓
Statistics		
Real Return on Investments	5.17% ✓	4.92% ✓
Maximum Debt Servicing Ratio	25.18%	2.18% ✓
Your Score	98 Points	77 Points



87 Points

You may like to adjust your plan and come back to see if you can get closer to your target.

Your Opinion is Valued

This chevron has evolved over time. Originally it was called **The Challenge**. It was set up like a game where points were scored depending on how close you were to the **Financial Targets**. You started with a score of 100, and points were deducted depending on how close you were to the target. An algorithm was developed, measuring the value both above and below the target.

Ticks are given when the achieved results are within a range of the target, and the total score out of 100 is also given, with a badge.

I would value your opinion for the following for the calculations:

- Should we remove the calculation of points?
- For the Assets, should a tick be given when a score is within a range below the value, say 5%, with no penalty if the score exceeds the target by a considerable margin?
- For the Assets, should a tick only be given when the target is reached?

If you have any other suggestions, they would be most welcome.

The Plan Creation

This section is a brief description of the plan.

Please note that this plan is not a recommended plan, but a demonstration of the software, in a time-efficient means.

Salary

John has indicated he is taking a **Gap Year** in **Year 15**. Part of this time will be long-service so he expects to have a salary of \$70,000. Thus the salary has been changed for this year.

No adjustment has been made to the Salary Allocation to Investment Plan as John will still have to service the Investment Property loan.

Objectives Targets **Planner** Review Reports SOA Client Review

Back SALARY : SALARY

Salary Details

SALARY DETAILS ?

Description: Salary
 Salary Increase Method: Inflation
 Activate Salary: ☒
 Calculate and Include in Employer Superannuation Contributions: ☒

Present Value Salary

	Present Value Salary	Start	No. of Years
Current Salary	\$150,000	Year 1	14 Years
Salary at 1st Promotion	\$70,000	Year 15	1 Years
Salary at 2nd Promotion	\$150,000	Year 16	5 Years
Total			20 years

SALARY ALLOCATION TO INVESTING ?

Activate Salary Investment: ☒

% of Salary

	% of Salary	Start	No. of Years
1st Time Period	15.00%	Year 1	20 Years
Total			20 years

Save Cancel

Salary and Investment Allocation

In the Gap Year, \$40,000 (\$56,519 FV) will be transferred from **Transaction Account** to the **Budget** to supplement the Income for that year.

Financial Mappers Pro Masterclass

Transaction Account Years 11 - 15

Back TRANSACTION (BANK) ACCOUNT ?

Transaction Account One Off Receipts ? One Off Withdrawals ? One Off Expenses ?

Name Present Value Amount Year No. of Years

Gap Year Supplement \$40,000 Year 15 1 Years

Delete Add

Transaction Account

Save Cancel

TRANSACTION (BANK) ACCOUNT TRANSACTIONS View Data View Graph

Savings Phase

Years 1 - 5 Years 6 - 10 Years 11 - 15 Years 16 - 20

Savings Phase	Year 11 2029 Age 50	Year 12 2030 Age 51	Year 13 2031 Age 52	Year 14 2032 Age 53	Year 15 2033 Age 54
Start of Year Balance	\$72,385	\$74,806	\$76,523	\$77,415	\$77,345
Deposits - Start of Year	\$0	\$0	\$0	\$0	\$0
Withdrawals - Start of Year	\$0	\$0	\$0	\$0	\$56,519
Balance after Transactions at Start of Year	\$72,385	\$74,806	\$76,523	\$77,415	\$20,826
Deposits - Paid Monthly	\$51,575	\$52,162	\$52,724	\$53,253	\$46,000
Withdrawals - Paid Monthly	\$43,985	\$44,024	\$44,063	\$44,103	\$44,145
Deposits - End of Year	\$0	\$0	\$0	\$0	\$0
Withdrawals - End of Year	\$5,169	\$6,422	\$7,770	\$9,219	\$7,699
Balance at End of Year	\$74,806	\$76,523	\$77,415	\$77,345	\$14,983
Net Monthly Cash Flow	\$7,589	\$8,139	\$8,661	\$9,150	\$1,855

Budget Data View Years 11 - 15

Commitments Home Utilities Education Health Shopping Transport Entertainment Other Miscellaneous

Savings Phase

Years 1 - 5 Years 6 - 10 Years 11 - 15 Years 16 - 20

Savings Phase	Year 11 2029 Age 50	Year 12 2030 Age 51	Year 13 2031 Age 52	Year 14 2032 Age 53	Year 15 2033 Age 54
Income	\$150,000	\$150,000	\$150,000	\$150,000	\$110,000
Salaries & Wages	\$150,000	\$150,000	\$150,000	\$150,000	\$70,000
Drawdown - Retirement Accounts	\$0	\$0	\$0	\$0	\$0
Drawdown - Investment (Income)	\$0	\$0	\$0	\$0	\$0
Drawdown - Investment (Capital)	\$0	\$0	\$0	\$0	\$0
Pensions (External Sources)	\$0	\$0	\$0	\$0	\$0
One Off Withdrawals from Transaction Account	\$0	\$0	\$0	\$0	\$40,000

Emergency Cash

An **Emergency Cash Account** is created. In Year 1, \$50,000 is withdrawn from the **Transaction Account**. Interest is re-invested.

[Back](#)
CASH ACCOUNT : EMERGENCY CASH

Cash Account
Account Costs
Investment Return (Income)
Retirement Drawdown

CASH ACCOUNT

Description
Emergency Cash

Balance if Existing Account
\$0

Method of Taxation
Taxed as Income

Save
Cancel

CASH ACCOUNT TRANSACTIONS : EMERGENCY CASH

SAVINGS PHASE

Years 1 - 5
Years 6 - 10
Years 11 - 15
Years 16 - 20

Savings Phase	Year 1 2019 Age 40	Year 2 2020 Age 41	Year 3 2021 Age 42	Year 4 2022 Age 43	Year 5 2023 Age 44
Deposits from Bank Account					
Present Value	\$50,000	\$0	\$0	\$0	\$0
Future Value	\$50,000	\$0	\$0	\$0	\$0
Withdrawals (% of Cash Account)	0%	0%	0%	0%	0%
Withdrawal to Bank Account	\$0	\$0	\$0	\$0	\$0

Save
Cancel

View Data
View Graph

Cash Account Balance at Start of Year

Cash Account Transactions

Investment Property

It was recommended that John, purchase an **Investment Property** to the value of **\$500,000**, using **\$100,000** of the funds in the **Transaction Account** for the **Deposit**. This will mean that no Mortgage Insurance will be required and John's Home, is not required for additional security.

Back **INVESTMENT PROPERTY : PROPERTY 1** ?

Property Fees Investment Return Building Improvements ? Depreciation

Description

☐ Is this a property you currently own? ?

Purchasing Property in Year of Plan

Purchase Price of Property

Deposit

Year Property Sold

Profit ?

The **Non-Cash Tax Deductions** are entered

Property Fees Investment Return **Building Improvements** ?

Building Write-Off Settings

Include Non-Cash Tax Deductions? ☒ ?

Base Costs ?

Number of years for Write-off allowance ?

% of Base Costs to be written off annually ?

Annual Write-off Amount ?

Property Fees Investment Return Building Improvements ? **Depreciation**

Include Non-Cash Tax Deductions? ☒ ?

Written Down Value of Previous Purchases ?

Number of years to write-off previous purchases ?

Write-off Rate for previous purchases ?

Annual Depreciation Amount ?

Financial Mappers Pro Masterclass

The recommended Loan is a 5-year **Interest Only** followed by a 15-year **Principal and Interest Loan**. This loan was selected because it had not been in other Masterclass documents.

[Back](#) **LOAN : PROPERTY 1 [LOAN]** [?](#)

Loan Details

Interest Rates

Loan Costs

Description

Property 1 [Loan]

Linked Asset

[Property 1](#)

☐ Does this loan already exist?

Loan Type [?](#)

Interest Only followed by Principal & Interest ▼

Loan Amount

\$400,000

Loan Start Year

Year 1

Loan Term

20 Years

Length of Interest Only period

5 Years

Loan Group

Investment Property ▼

☒ Make additional payments? [?](#)

Additional Payments:

Total Interest Saved \$0

Total Time Saved 0 years

ADDITIONAL PAYMENTS

Add

[Save](#) [Cancel](#)

LOAN TRANSACTIONS : PROPERTY 1 [LOAN]

[View Data](#) [View Graph](#)

— Balance at Start of Year

— Balance at Start of Year (No Additional Payments)

● Total Interest & Loan Costs (No Additional Payments)

■ Additional Interest and Loan Costs (No Additional Payments)

■ Total Interest and Loan Costs (With Additional Payments)

Interest & Loan Costs

Regular Payments

Balance at Start of Year (After Setup)

Year of Plan	Balance
Year 2	\$400,000
Year 4	\$395,000
Year 6	\$385,000
Year 8	\$370,000
Year 10	\$350,000
Year 12	\$325,000
Year 14	\$295,000
Year 16	\$260,000
Year 18	\$215,000
Year 20	\$15,000

Loan Payments

Year of Plan	Interest & Loan Costs	Regular Payments	Total
Year 2	\$25,000	\$0	\$25,000
Year 4	\$25,000	\$0	\$25,000
Year 6	\$25,000	\$0	\$25,000
Year 8	\$20,000	\$15,000	\$35,000
Year 10	\$15,000	\$20,000	\$35,000
Year 12	\$10,000	\$25,000	\$35,000
Year 14	\$5,000	\$30,000	\$35,000
Year 16	\$0	\$35,000	\$35,000
Year 18	\$0	\$35,000	\$35,000
Year 20	\$0	\$35,000	\$35,000

It was also selected so the loan payment cash flows could be examined. In this example, the plan wanted to start building up funds in a **High Growth Managed Fund**.

© Plencore Wealth Ltd 2015-2021

Page 13

Financial Mappers Pro Masterclass

One feature of **Financial Mappers** you may like to use is one of our **Hand Quick Cals**, **Loan Comparison Loan**. This allows you to compare 4-loans which may be of different times, interest rates, loan costs, deposits and length of the loan. This allows you to show your client a number of loans and explain why this loan was selected.

[Back](#)
LOAN COMPARISON

Loan Type	IO	P&I	IO + P&I	IO
Loan Details				
Loan Amount	\$0	\$0	\$0	\$0
Deposit	\$0	\$0	\$0	\$0
Length	0 Years	0 Years	0 Years	0 Years
Interest Rate	0.00%	0.00%	0.00%	0.00%
Payments per Year		12		
Loan Costs				
Application Fee	\$0	\$0	\$0	\$0
Mortgage Insurance	\$0	\$0	\$0	\$0
Monthly Fees	\$0	\$0	\$0	\$0
Annual Fees	\$0	\$0	\$0	\$0
Loan Details				
Loan Amount			\$0	
Length			0 Years	
Interest Rate			0.00%	
Payments per Year			12	
Loan Costs				
Application Fee			\$0	
Mortgage Insurance			\$0	
Monthly Fees			\$0	
Annual Fees			\$0	
Results				
Interest Costs	\$0	\$0	\$0	\$0
Loan Costs	\$0	\$0	\$0	\$0
Capital Costs	\$0	\$0	\$0	\$0
Total Outlay	\$0	\$0	\$0	\$0
Total Interest and Loan Costs	\$0	\$0	\$0	\$0
	Remove	Remove	Remove	Remove

Managed Funds

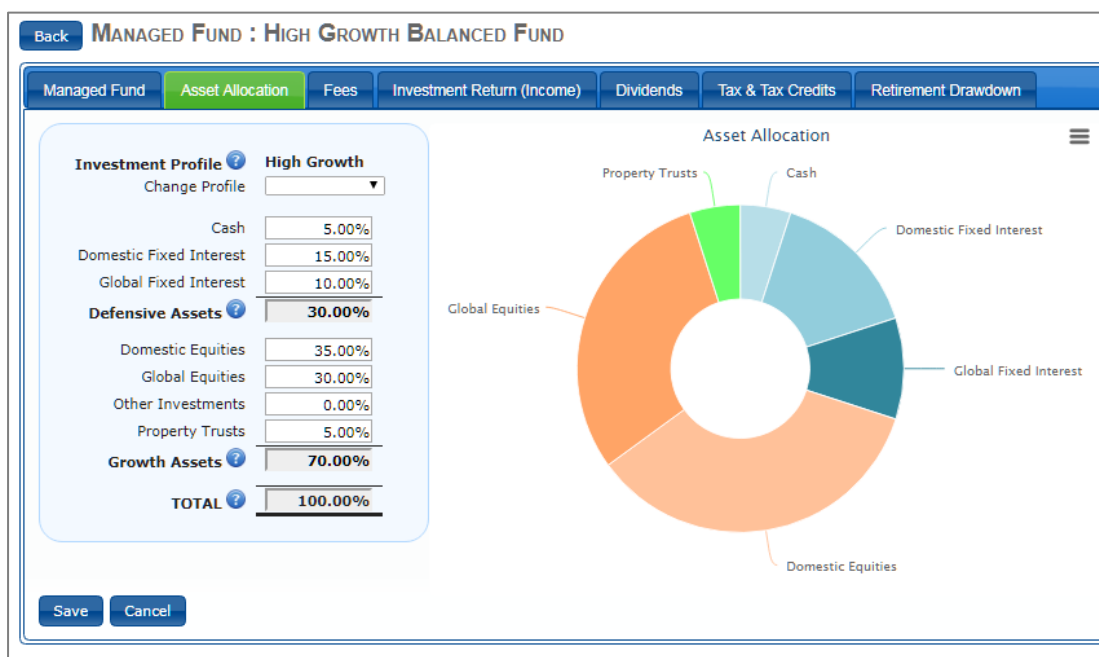
It was recommended that two **Managed Funds** be created – **High Growth Fund** and **Balanced Fund**. A percentage of the Salary Allocation after loan costs is to be allocated to the funds:

- High Growth Fund: 80% (Years 1 – 10)
- Balanced Fund: 70% (11 – 14)

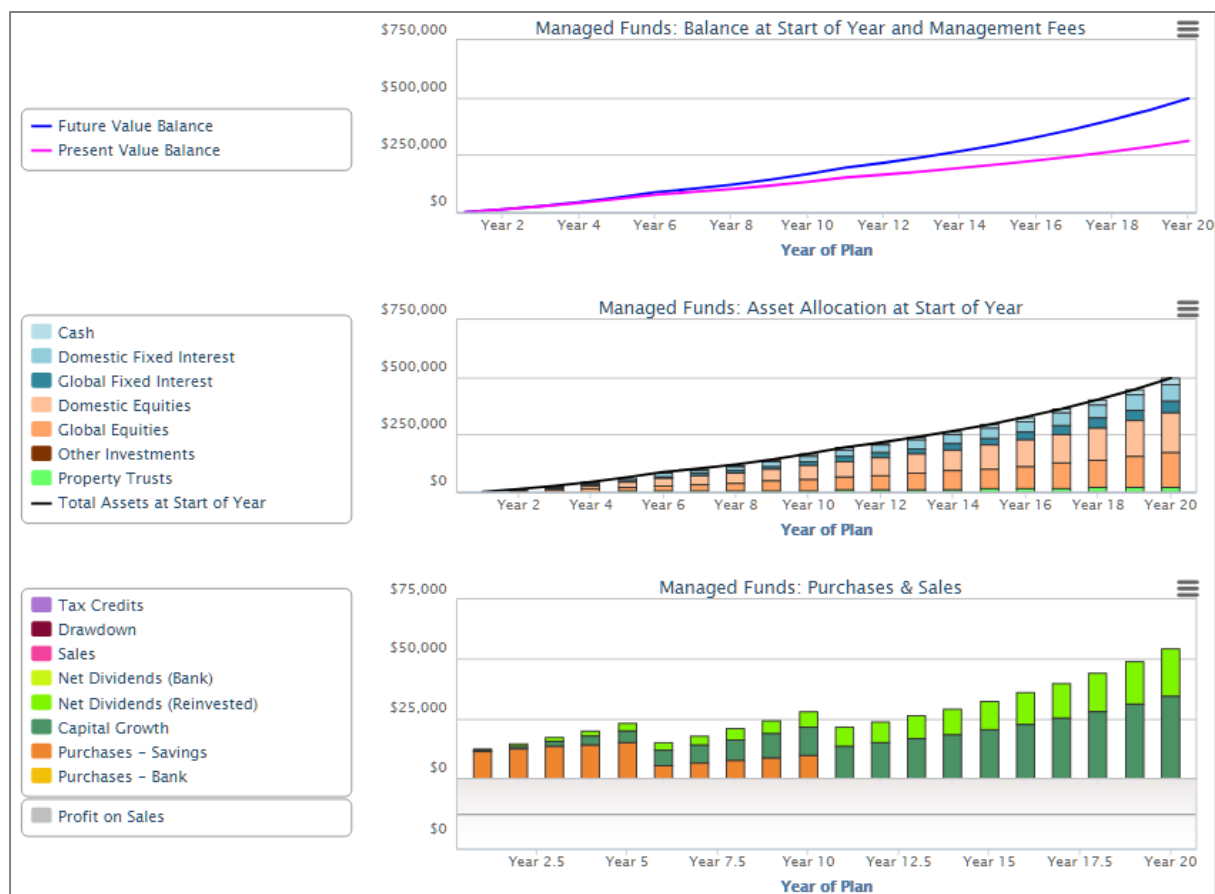
The reason for switching to a **Balanced Fund** in the last half of the Savings Plan was to increase the percentage of **Defensive Assets**. No allocation was made in Year 15 because the client is taking a **Gap Year**. No allocation was made in the last 5-years, as it was felt that the Balance of the Transaction Account needed to be increased.

High Growth Fund

The Investment Returns were listed as 5% Income, 7% Capital Growth, with dividends reinvested.

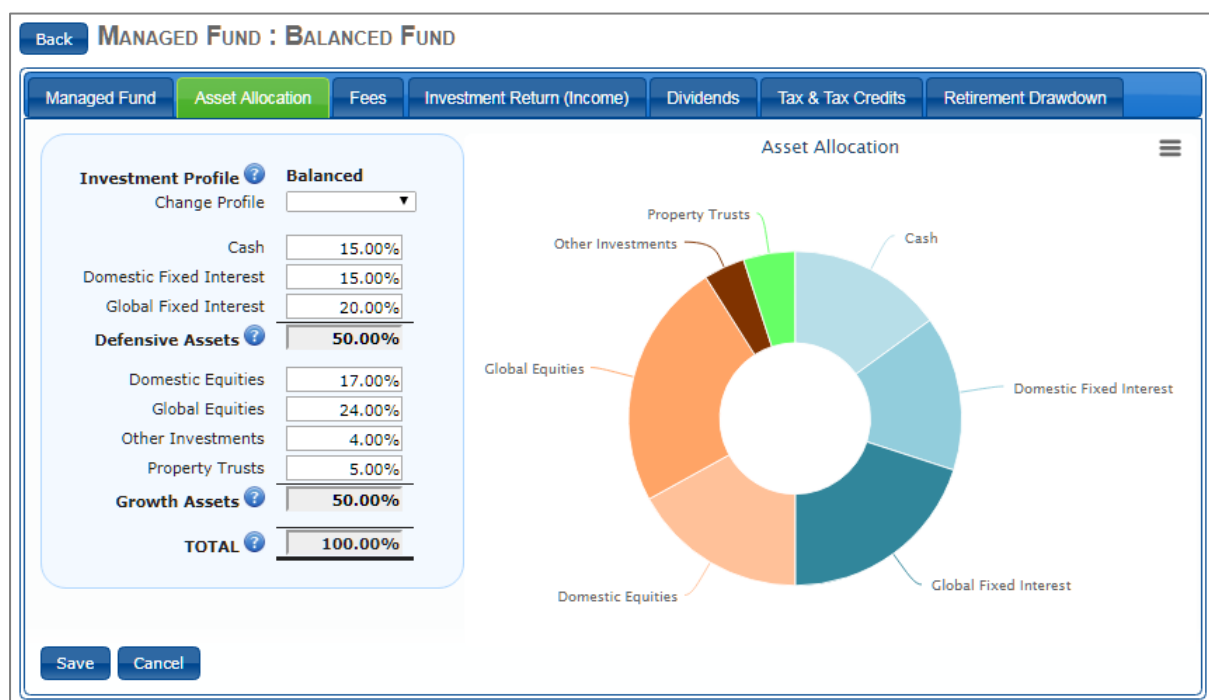


Financial Mappers Pro Masterclass

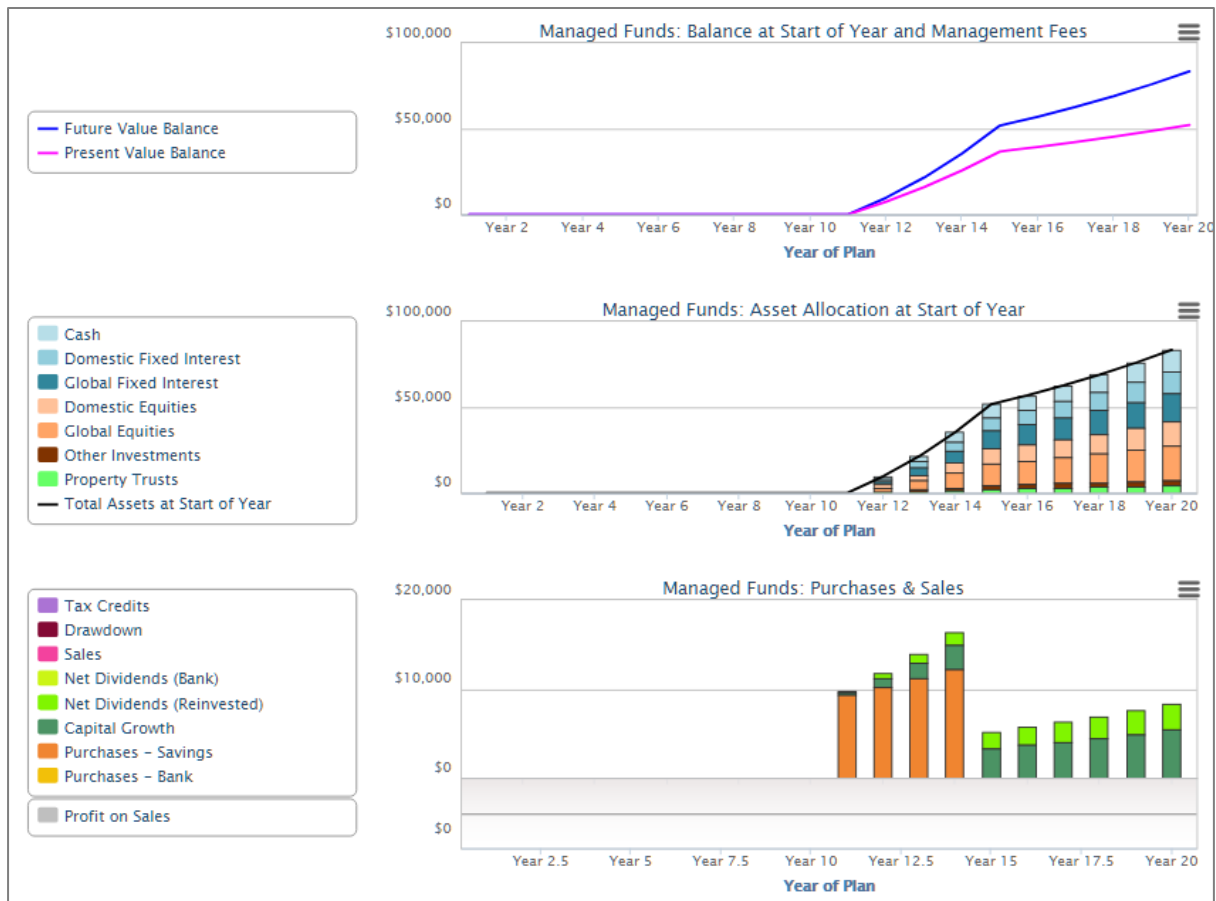


Balanced Fund

The Investment Return is listed as 4.5% Income and 6.5% Capital Growth.



Financial Mappers Pro Masterclass



Superannuation Fund

This has been left as a simple Employer type fund. At the end of the plan, the value of the fund will be \$904,00 (PV)

[Back](#)
SUPERANNUATION/PENSION FUND : SUPER

[Start Balance & Options](#)
[Contributions](#)
[Returns, Fees, Insurance, Change of Funds & Roll into Annuity](#)
[Drawdown](#)

Description:

Activate Fund? ☒

Calculate Employer Contributions? ☒

SUPERANNUATION/PENSION FUND TYPE

Gender:

Format:
☐ Universal
☒ By Country

START BALANCE

Employer Contributions

Current Value of Employer Fund:

Personal Contributions

Current Value of After-Tax Contributions:

Current Value of Pre-Tax Contributions:

[Save](#)
[Cancel](#)

SUPERANNUATION/PENSION FUND TRANSACTIONS
[View Data](#)
[View Graph](#)

Rollover to Annuity (Book Value)
Employer Fund
Personal Pre-Tax Fund
Personal After-Tax Fund
Future Value Balance
Present Value Balance

Drawdown
Costs
Tax
Capital Losses
Income
Contributions

Investment Plan

In the **Investment Plan**, the program deducts the **Loan Expenses**, net of rent. These are displayed in Red on the graph. Note the smaller deductions for the first 5-years where the loan is **Interest Only**. For the first 10-years of the plan, 80% of the balance of funds are transferred to the High

Back

INVESTMENT PLAN (HOME & INVESTMENTS)

☒ Activate accounts to which you wish to distribute cash

☐ Emergency Cash
☒ High Growth Fund
☒ Balanced Fund
☐ Super

SAVINGS PHASE

Years 1 - 5

Years 6 - 10

Years 11 - 15

Years 16 - 20

DISTRIBUTION OF SAVINGS FROM SALARIES

Savings Phase	Year 1 2019 Age 40	Year 2 2020 Age 41	Year 3 2021 Age 42	Year 4 2022 Age 43	Year 5 2023 Age 44
Salary Allocation for Investment	\$22,500	\$23,063	\$23,639	\$24,230	\$24,836
Less Home & Net Asset Loan Costs	\$7,710	\$7,179	\$6,634	\$6,076	\$5,504
Usage of Remaining Funds					
Remaining Investable Funds	\$14,790	\$15,884	\$17,005	\$18,154	\$19,332
Moved to Transaction Account	\$2,958	\$3,177	\$3,401	\$3,631	\$3,866
Percentage Invested in Other Assets	80.00%	80.00%	80.00%	80.00%	80.00%
Enter Allocation to Accounts					
High Growth Fund	80.00%	80.00%	80.00%	80.00%	80.00%
	\$11,832	\$12,707	\$13,604	\$14,523	\$15,465
Balanced Fund	0.00%	0.00%	0.00%	0.00%	0.00%

Save

Cancel

In Years 11 - 14, 70% of the available Funds are allocated to the **Balanced Fund**. For the last 6-years, any unallocated funds are deposited into the **Transaction Account**.

Back

INVESTMENT PLAN (HOME & INVESTMENTS)

☒ Activate accounts to which you wish to distribute cash

☐ Emergency Cash
☒ High Growth Fund
☒ Balanced Fund
☐ Super

SAVINGS PHASE

Years 1 - 5

Years 6 - 10

Years 11 - 15

Years 16 - 20

DISTRIBUTION OF SAVINGS FROM SALARIES

Savings Phase	Year 11 2029 Age 50	Year 12 2030 Age 51	Year 13 2031 Age 52	Year 14 2032 Age 53	Year 15 2033 Age 54
Salary Allocation for Investment	\$28,802	\$29,522	\$30,260	\$31,016	\$14,836
Less Home & Net Asset Loan Costs	\$15,247	\$14,567	\$13,870	\$13,156	\$12,423
Usage of Remaining Funds					
Remaining Investable Funds	\$13,555	\$14,955	\$16,390	\$17,861	\$2,413
Moved to Transaction Account	\$4,066	\$4,486	\$4,917	\$5,358	\$2,413
Percentage Invested in Other Assets	70.00%	70.00%	70.00%	70.00%	0.00%
Enter Allocation to Accounts					
High Growth Fund	0.00%	0.00%	0.00%	0.00%	0.00%
Balanced Fund	70.00%	70.00%	70.00%	70.00%	0.00%
	\$9,488	\$10,468	\$11,473	\$12,503	

Save

Cancel

Statistics

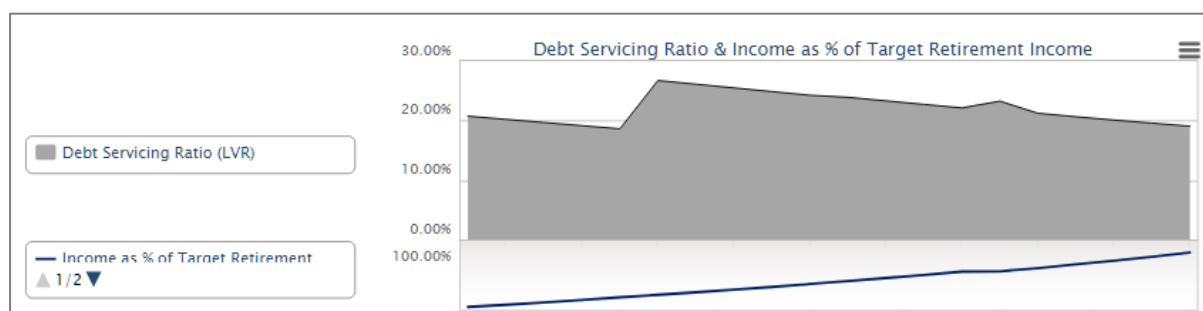
Statistics are found on the chevron [Reports, Plan Outcomes](#).

Debt Serving Ratio

In the [5-Year Loan Report & Debt Management Report](#), two ratios are described – with and without Additional Loan Payments. *(There is a sample of the report in Advisers QuickStart Resource Page, Reports).*

	Year 1	Year 2	Year 3	Year 4	Year 5
Age John, Mary	Age 45, 45	Age 46, 46	Age 47, 47	Age 48, 48	Age 49, 49
DSR (Including Planned Additional Payments)					
Debt Serving Ratio (Incl. Credit Cards)	27.67%	26.44%	25.74%	22.96%	19.85%
Debt Levels	High	High	High	Moderate	Moderate
	25% - 29.9%	25% - 29.9%	25% - 29.9%	15% -24.9%	15% -24.9%
DSR (Excluding Planned Additional Payments)					
Debt Serving Ratio (Incl. Credit Cards)	25.90%	24.68%	23.98%	21.21%	18.09%
Debt Levels	High	Moderate	Moderate	Moderate	Moderate
	25% - 29.9%	15% -24.9%	15% -24.9%	15% -24.9%	15% -24.9%

The ratio on the [Plan Outcomes](#) page includes additional payments. It may help to ensure your client is not over-committed to loan payments, even if these additional payments are optional.



Income as a % of Target Income

If you look at the Plan Details page, at the bottom of the entries, you can enter the Target Retirement Income, which defaults to \$100,000.

The screenshot shows the 'PLAN DETAILS' form. At the top, there is a 'Back' button and the title 'PLAN DETAILS' with a help icon. The form contains several input fields and a slider:

- Plan Name: Stats, Targets & Asset Alloc (with a help icon)
- Plan Type: Savings (Investment) only (dropdown menu with a help icon)
- Calendar Year (At start of plan): 2019
- Length of Plan (years): 20 Years (with a help icon and a slider below it)
- Joint Plan: ☐ (with a help icon)
- A blue button labeled 'Use Partner's Details' is positioned above the personal details fields.
- Given Name: John
- Family Name: Citizen
- Initials (Identifier): John (with a help icon)
- Age (At start of plan): Age 40
- Target Retirement Income (at today's value): \$100,000 (highlighted in yellow, with a help icon)
- Currency: Dollar (dropdown menu)

If you look at the bottom section of the [Debt Servicing Ratio Graph](#) you will see a line, indicating the percentage of that [Target Retirement Income](#). This can be quite handy to show your clients where they are at in terms of meeting their Retirement Income, based on the current returns on Investments.

This calculation divides the net investment income (excluding loan payments, but not loan fees) plus income from retirement accounts by the nominated target income to give a percentage.

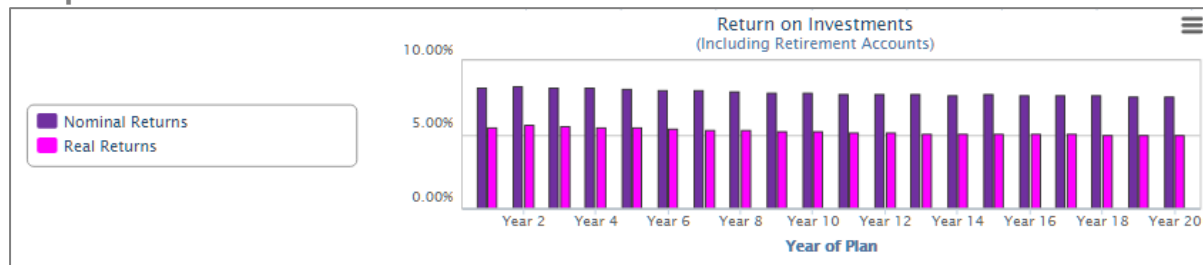
Data View Years 1 – 5 (Income as % of Retirement Income)

Statistics ?					
Debt Servicing Ratio (DSR)	20.75%	20.21%	19.68%	19.15%	18.63%
Income as % of Target Retirement Income	42.89%	44.78%	46.78%	48.92%	51.21%

Return on Investments - Nominal and Real Returns

The program calculates the Nominal and Real Returns of all investments and retirement accounts.

Graph View – Return on Investments



Data View Years 1 – 5 Investment Returns

Statistics ?					
Debt Servicing Ratio (DSR)	20.75%	20.21%	19.68%	19.15%	18.63%
Income as % of Target Retirement Income	42.89%	44.78%	46.78%	48.92%	51.21%
Nominal Investment Returns (Annual Rate)	8.15%	8.29%	8.21%	8.15%	8.09%
Real Investment Returns (Annual Rate)	5.51%	5.65%	5.57%	5.51%	5.45%

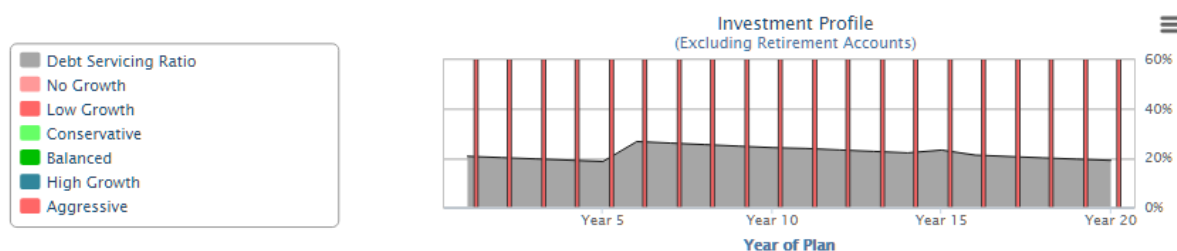
Investment & Risk Profile

These terms are describing the allocation of **Defensive and Growth Assets**.

The **Investment Profile** calculates the percentage of **Interest Earning Assets** (Cash and Fixed Interest Securities) and allocates according to 5-bands with an additional band for 100% Cash or No Growth. The Allocations are:

- No Growth
- Low Growth
- Conservative
- Balanced
- High Growth
- Aggressive

In this example, the whole plan has an **Aggressive Profile**. This may be something you would like to adjust in the plan.



On the **Plan Outcomes**, only the graph is the **Investment Profile for Investments, excluding Retirement Accounts**. However, the Data View displays both Investments and Retirement Accounts together with the combined Total.

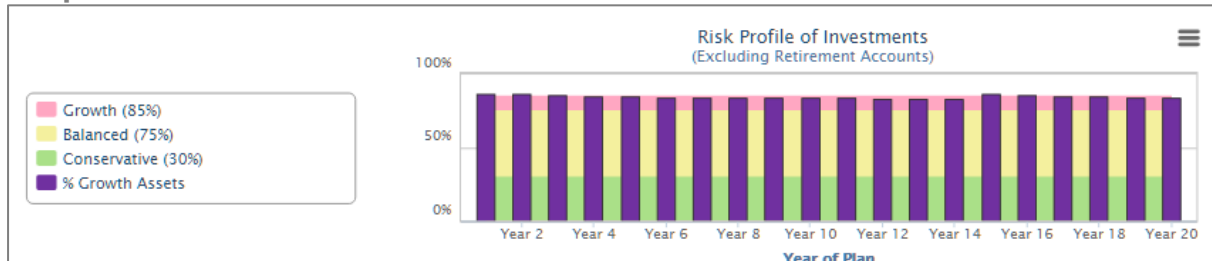
In the Data View Years 1-5 Investment Profile

Investment Profile ?					
Investments	Aggressive	Aggressive	Aggressive	Aggressive	Aggressive
Retirement Accounts	Balanced	Balanced	Balanced	Balanced	Balanced
Total	High Growth	High Growth	High Growth	High Growth	High Growth

Financial Mappers Pro Masterclass

The **Risk Profile** displays the **Percentage of Growth Assets** for each year. This graph is modeled on the **ASIC MoneyStart** graph.

Graph View – Risk Profile



A similar graph is available in the **SmartPanels** for the **Retirement Accounts** and the **Combined Total** of the two. The Data View displays all three sets of percentages.

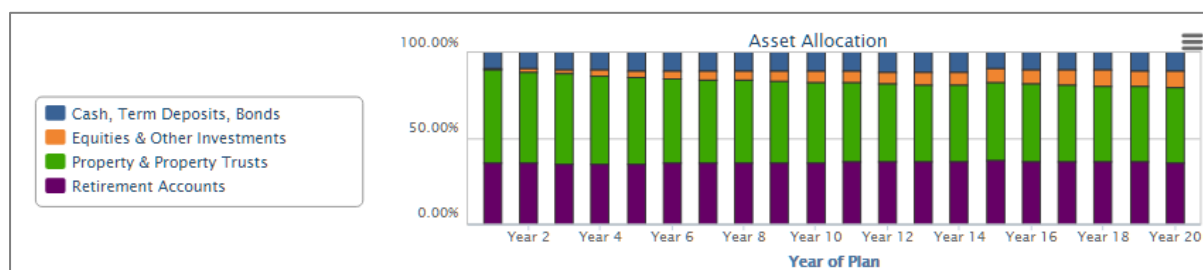
Data View Years 1 – 5 Risk Profile

Risk Profile % Growth Assets ?					
Investments	86.32%	85.70%	85.09%	84.50%	83.93%
Retirement Accounts	50.00%	50.00%	50.00%	50.00%	50.00%
Total	73.44%	73.04%	72.66%	72.30%	71.96%

Asset Allocation

The first **Asset Allocation** graph displays the allocation of assets into **Retirement Accounts** and splits the **Investments** into three broad categories:

- Cash, Term Deposits and Bonds (includes those assets held in Managed Funds)
- Equities & Other Investments (Precious Metals, Artwork, etc.)
- Property and Property Trusts

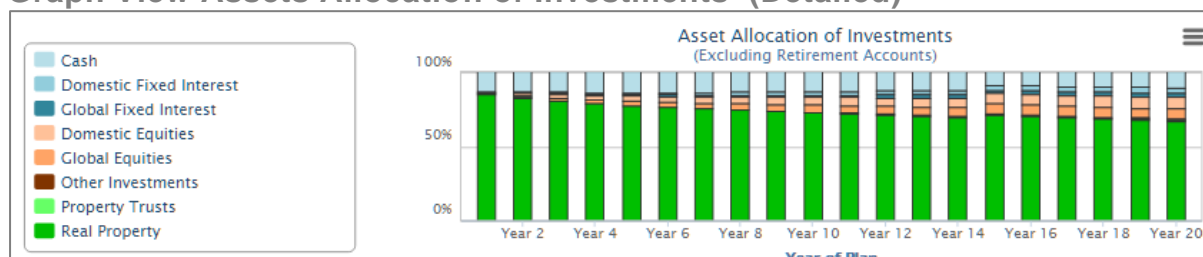


Data View Years 1 – 5 Asset Allocation

Cash, Term Deposits, Bonds	8.83%	9.23%	9.63%	10.02%	10.40%
Equities & Other Investments	0.82%	1.64%	2.46%	3.28%	4.10%
Property & Property Trusts	54.89%	53.66%	52.49%	51.34%	50.22%
Retirement Accounts	35.46%	35.47%	35.42%	35.36%	35.28%

In addition, the assets are divided into eight categories which are also available in the Retirement accounts. The **SmartPanels** also provide this information for Retirement Accounts and combined Investments and Retirement Accounts.

Graph View Assets Allocation of Investments (Detailed)



Financial Mappers Pro Masterclass

Data View Years 1 – 5 Asset Allocation Investments (PV)

Asset Allocation - Investments					
Cash	\$80,660 13.19%	\$86,681 13.32%	\$93,074 13.44%	\$99,850 13.54%	\$107,019 13.63%
Domestic Fixed Interest	\$1,790 0.29%	\$3,814 0.59%	\$6,090 0.88%	\$8,635 1.17%	\$11,471 1.46%
Global Fixed Interest	\$1,193 0.20%	\$2,543 0.39%	\$4,060 0.59%	\$5,757 0.78%	\$7,648 0.97%
Domestic Equities	\$4,177 0.68%	\$8,900 1.37%	\$14,210 2.05%	\$20,149 2.73%	\$26,766 3.41%
Global Equities	\$3,580 0.59%	\$7,629 1.17%	\$12,180 1.76%	\$17,271 2.34%	\$22,943 2.92%
Other Investments	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%
Property Trusts	\$597 0.10%	\$1,271 0.20%	\$2,030 0.29%	\$2,878 0.39%	\$3,824 0.49%
Real Property	\$519,512 84.96%	\$539,786 82.96%	\$560,851 80.99%	\$582,738 79.04%	\$605,478 77.12%

Data View Years 1 – 5 Asset Allocation Retirement Accounts (PV)

Asset Allocation - Retirement Accounts					
Cash	\$50,402 15.00%	\$53,641 15.00%	\$56,972 15.00%	\$60,492 15.00%	\$64,207 15.00%
Domestic Fixed Interest	\$50,402 15.00%	\$53,641 15.00%	\$56,972 15.00%	\$60,492 15.00%	\$64,207 15.00%
Global Fixed Interest	\$67,202 20.00%	\$71,522 20.00%	\$75,962 20.00%	\$80,656 20.00%	\$85,609 20.00%
Domestic Equities	\$57,122 17.00%	\$60,794 17.00%	\$64,568 17.00%	\$68,557 17.00%	\$72,768 17.00%
Global Equities	\$80,642 24.00%	\$85,826 24.00%	\$91,155 24.00%	\$96,787 24.00%	\$102,731 24.00%
Other Investments	\$13,440 4.00%	\$14,304 4.00%	\$15,192 4.00%	\$16,131 4.00%	\$17,122 4.00%
Property Trusts	\$16,801 5.00%	\$17,880 5.00%	\$18,991 5.00%	\$20,164 5.00%	\$21,402 5.00%
Real Property	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%

Data View Years 1 – 5 Asset Allocation (Combined)

Cash	\$131,062 13.83%	\$140,323 13.92%	\$150,046 13.99%	\$160,342 14.06%	\$171,226 14.11%
Domestic Fixed Interest	\$52,192 5.51%	\$57,456 5.70%	\$63,062 5.88%	\$69,127 6.06%	\$75,678 6.24%
Global Fixed Interest	\$68,396 7.22%	\$74,065 7.35%	\$80,022 7.46%	\$86,413 7.58%	\$93,256 7.69%
Domestic Equities	\$61,299 6.47%	\$69,694 6.91%	\$78,778 7.35%	\$88,707 7.78%	\$99,534 8.20%
Global Equities	\$84,223 8.89%	\$93,455 9.27%	\$103,335 9.64%	\$114,058 10.00%	\$125,673 10.36%
Other Investments	\$13,440 1.42%	\$14,304 1.42%	\$15,192 1.42%	\$16,131 1.41%	\$17,122 1.41%
Property Trusts	\$17,397 1.84%	\$19,152 1.90%	\$21,021 1.96%	\$23,042 2.02%	\$25,226 2.08%
Real Property	\$519,512 54.83%	\$539,786 53.54%	\$560,851 52.30%	\$582,738 51.09%	\$605,478 49.91%

Report – Plan Statistics and Indicators

This Report explains some of the terms so that clients can have a better understanding. However, this is not likely to be a document you would give your clients. You are more likely to create your own reports, selecting the information you want to display and explain the meaning in the words your clients are most likely to understand.

The following are screenshots of the report, excluding the Disclosure Statement.

Plan Statistics and Indicators

Plan based on "Stats, Targets & Asset Allocation"
John Citizen

Plan Statistics and Indicators

John Citizen

Age 40 through 60

Stats, Targets & Asset Allocation

Created by Ben Cantrell from Good Advice

Introduction

Many people love making their own spreadsheets and over the years develop very personalized ones. It is difficult to create statistics amalgamating information from a number of investments.

This report is designed to give that information in a simple to read graph format.

Financial Mappers does the 'heavy lifting' for both the novice and experienced investor.

Understanding your statistics will help you map your finances. The following statistics are considered:

1. Return on Investments
2. Asset Allocation
3. Investment Profile
4. Debt Servicing Ratio

Recommended Reading

For the novice, the first port of call should be **Money Smart**, an excellent educational service provided by the Australian government. (www.moneysmart.gov.au (<http://www.moneysmart.gov.au>))

For general reading material on investments **Noel Whittaker** never fails to deliver excellent content. Currently he has nine books for sale, from which you are sure to find one which suits your interests. *Making Money Made Simple* was named in *The 100 Most Influential Books of the Twentieth Century*. (www.noelwhittaker.com.au (<http://www.noelwhittaker.com.au>))

For professional standard books on financial planning or superannuation, **CCH** is the publisher to the financial services industry. The *Australian Master Financial Planning Guide* is a complete reference. (www.cchbooks.com.au (<http://www.cchbooks.com.au>))

Return on Investments

The **Nominal Investment Return** is the income (including retirement account income) after expenses, but not tax, as a percentage of net investment assets.

The return on any investment is determined by its relative risk to a risk-free investment and the loss of value due to inflation. Comparing your investments returns to a risk-free rate such as the 90 Day Bank Bill rate is a good guide.

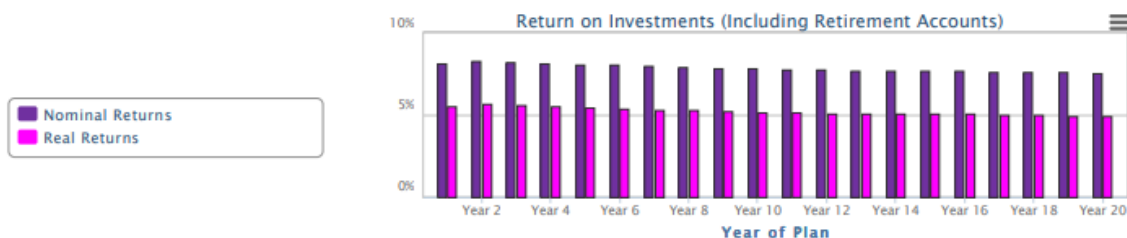
The formula used in Financial Mappers to calculate the **Nominal Return** is:

$$[(\text{Income} - \text{Expenses}) / \text{Net Investment Value}] \times 100$$

Real Investment Returns are discounted for inflation. The formula used to calculate the **Real Return** is:

$$(1 + \text{Nominal Return}) / (1 + \text{Inflation}) - 1$$

The Real Return is the figure you should focus on. Edna Carew in her book *Guide to Financial Survival* (1999), suggests that real returns of 0% - 3% for Fixed Interest Securities, 3% - 5% for Property and 5% - 8% for Equities are a good guideline as to what may be achievable over the long term.



Asset Allocation -

Overview

Diversification of an investment portfolio is a sound financial practice according to many experts.

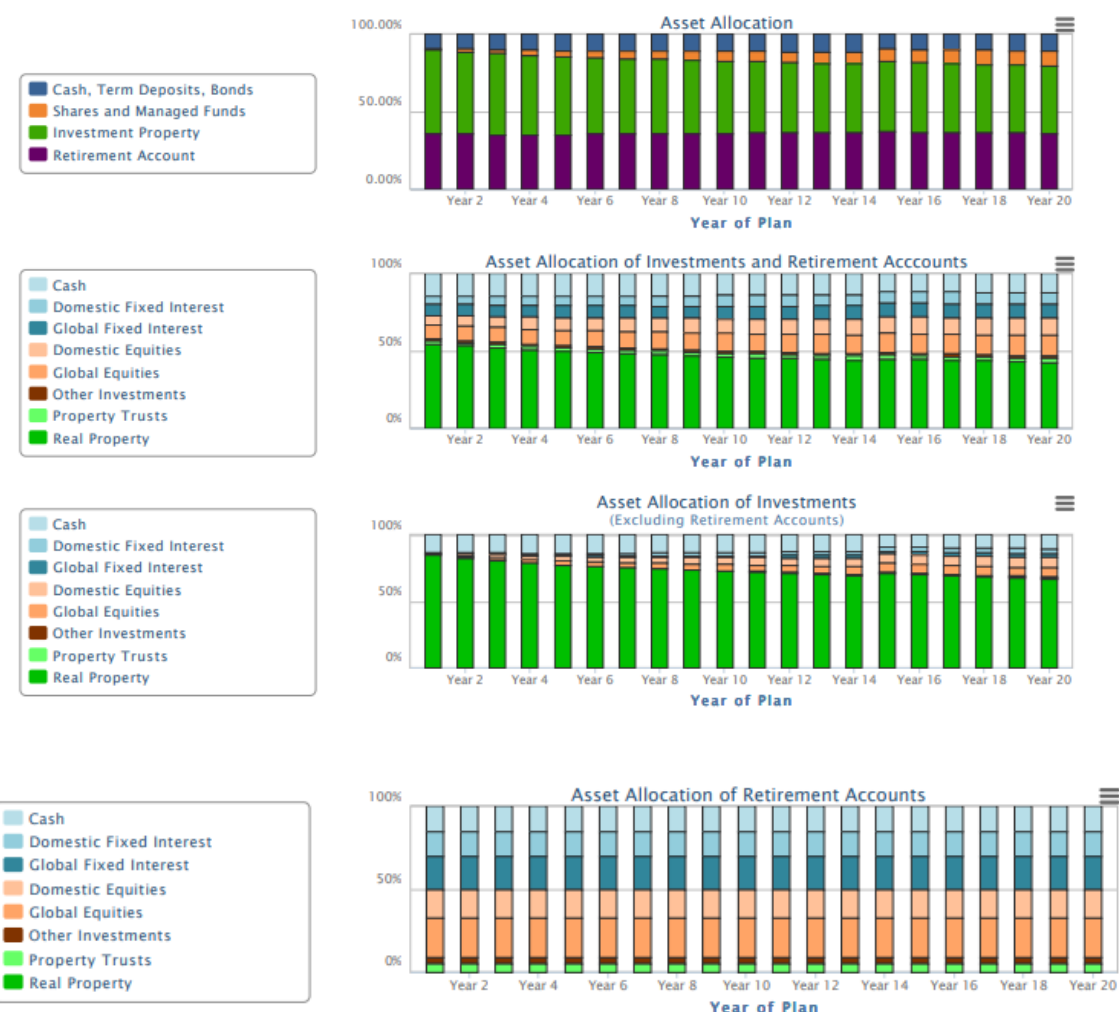
In **Financial Mappers** asset allocation is divided into four categories:

1. Interest Earning Assets - Cash (including Transaction Account, Term Deposits and Bonds)
2. Equities & Other Investments (e.g. Precious Metals or Investment Artwork)
3. Investment Property & Property Trusts
4. Retirement Funds, (Superannuation and Annuities)

Asset Allocation - Detailed

Assets are allocated to 8-categories. The graphs show the allocation for:

- Investments & Retirement Accounts
- Investments only
- Retirement Accounts only



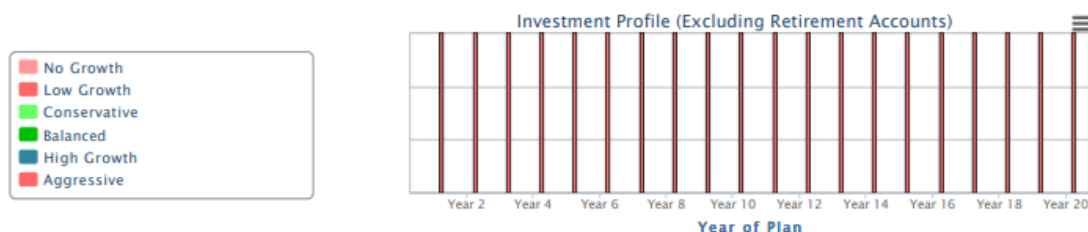
Investment Profile (Excluding Retirement Accounts)

The **Investment Profile** for assets held outside Retirement Accounts is calculated on the basis of the allocation of Cash (including Bank Account, Term Deposits and Bonds) and the allocation of Growth Assets (Investment Property, Shares & Managed Funds).

The Investment Profile has been divided into five categories, each of which will have a tolerance of 20%. A sixth allocation, *No Growth* is applied when 100% of the investments are in cash type assets.

When graphs are selected, this data is transformed into columns of varying height and colour depending on the profile. The shorter the column, the more cash held.

Note: The names chosen for use in this program may be similar to terms used to describe some multi-sector Managed Funds. However, their asset allocation may be quite different.



Risk Profile (% Growth Assets)

The Risk Profile displays the % of Growth Assets. This assets are:

- Domestic & Global Equities
- Other Investments (e.g. Precious Metals or Investment Artwork)
- Property Trusts
- Investment Property

Defensive Assets are Cash, Domestic Fixed Interest Securities and Global Fixed Interest Securities)

The graphs are displayed for:

- Investment & Retirement Accounts
- Investments Only
- Retirement Accounts Only



Debt Servicing Ratio (DSR)

A Debt Servicing Ratio is the percentage of your after-tax income spent on all loan payments.

Lending institutions will usually evaluate your DSR before approving a loan. While each institution will have their own method of calculating a DSR, each person should make a personal evaluation of how much debt they can afford in relation to their total budget of income and expenses.

One needs to keep in mind what will happen to this ratio if interest rates rise. The program allows you to assess this scenario by using the Loan Modulator. It may also be helpful to review the results if Historical Interest Rates are applied to the plan.

To correctly evaluate the DSR, it is important to include your personal loans and credit card debt. While the costs of these loans are only

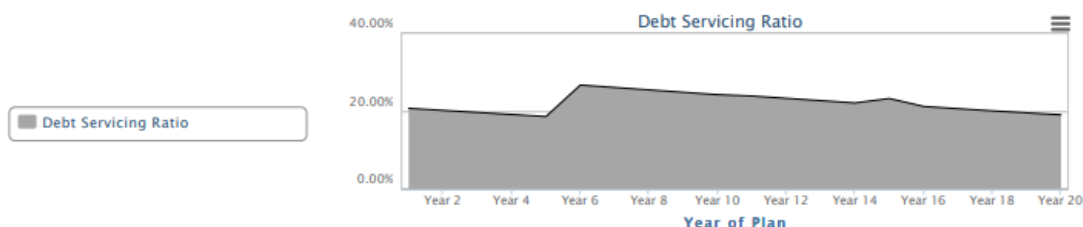
This software should not be relied on for the purposes of making a decision in relation to any financial product and you should consider obtaining advice from a financial services licensee before making any financial decisions. Default rates used by the software are explained in the Disclosure Statement. If you change the default rates, or specify your own rates, you are responsible for the calculation outcomes, and the

included in the Personal Budget, the loan payments will be included in the assessment of the DSR.

The formula used in this program to assess the Debt Servicing Ratio (found in the Summary) is:

(Loan Payments for Investment, Home, Personal and Credit Card Loans) / (Gross Income - Tax on Income)

This formula includes any planned additional loan payments.



Debt Servicing Ratio for Years 1 to 5

This table shows the Debt Serving Ratio with and without additional payments for the first five years of the plan.

Debt Servicing Ratio	2019	2020	2021	2022	2023
	Age 40	Age 41	Age 42	Age 43	Age 44
DSR (Including Additional Payments)	20.75%	20.21%	19.68%	19.15%	18.63%
DSR (Excluding Additional Payments)	20.75%	20.21%	19.68%	19.15%	18.63%

Modelling Tools

Check the status of your Modelling Tools to ensure they have been set to your requirements.

Area	Status	
Income	✗	Income Modulators are off
Capital Growth	✗	Capital Growth Modulators are off
Loans	✗	Loan Modulators are off
Historical Data	✗	Historical Data is not used

Review

On the Review Page, you can quickly see the results for any year.



Conversational SmartPanels

Using the report, *Plan Map*, the following information was created using the **Conversational SmartPanels**.

Salary

Salaries

Note all values are listed in "Today's Dollar Value" (PV).

Salary: *Salary*

This salary is increased at the inflation rate.

The salary has been listed as:

- Years 1 to 14: \$150,000
- Year 15: \$70,000
- Years 16 to 20: \$150,000

Following is the percentage of the gross salary that is allocated to savings from salary. This money is used to pay for home loans and home improvements, investment loans net of rent, investments, and personal contributions to retirement accounts.

- Years 1 to 20: 15.00%

Home

Homes

This plan has 1 home. Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value.

Home: *Home 1*

Home 1 is an existing home with a value of \$500,000 at the start of the plan. The purchase price including costs was \$450,000.

It is estimated that the value of the home will rise at 6.50% p.a.

There are no building improvements planned for this home.

At the end of the plan, this home is worth \$1,075,189 (which is \$1,761,823 in FV).

Loans

You have no home loans.

Notes

When using cash flow modelling software to estimate future changes in real estate prices, an average Capital Growth is selected. The value of each property will change year by year and no one can predict what these changes will be for a specific property or property in general.

The Bureau of Statistics keeps an historical record of changes in property prices. They have estimated that the price rise of Established Houses for the 20-year period from 2001 was 6.46% with an average Inflation Rate of 2.39%. In the 5-year period from 2016, the estimated the price rise was 3.13% with an Inflation Rate of 1.57%. The Real (after-inflation) Capital Growth Rates were 3.99% for the 20-year period and 1.53% for the 5-year period.

Where loans have been included, the interest rates are assumed to remain the same. Where the interest rate is not a fixed rate, then the interest charges may change. According to the Reserve Bank of Australia, the average Standard Variable Home Loan rate for the 20-year period from 2001 was 6.52% with an average Inflation Rate of 2.39%. In the 5-year period from 2016, the estimated rate was 5.16% with an average Inflation Rate of 1.53%. These are Real (after-inflation) rates of 4.33% and 3.57%.

Interest Earning Accounts

Interest Earning Accounts

In the cash flow modelling software, money invested in interest earning accounts are of four types.

- Transaction (Bank) Account
- Cash Accounts such as savings or cash management accounts
- Term Deposits
- Bonds

The Transaction Account acts as a checking account and may have a different purpose than your checking account. It is the account through which all home, investment and retirement transactions occur.

Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value.

Transaction Account

The balance of the Transaction Account at the start of the plan is \$200,000. The investment return is 5.37%. During the plan, the account is not overdrawn at the end of any years.

This software should not be relied on for the purposes of making a decision in relation to any financial product and you should consider obtaining advice from a financial services licensee before making any financial decisions. Default rates used by the software are explained in the Disclosure Statement. If you change the default rates or specify your own rates, you are responsible for the calculation outcomes, and the Disclosure Statement does not apply. © FinancialMappers® 2015 - 2021

Report generated by FinancialMappers® version 3.105.0.0 on 21/10/2021.

Page 7 of 18

Plan Map

Assets: Home, Investments & Retirement Accounts

Based on plan "Stats, Targets & Asset Allocation"

John Citizen

At the end of the plan, the balance is \$52,712 (which is \$86,375 in FV).

The following funds are withdrawn from the Transaction Account and transferred to the Budget for personal expenses:

- Year 15: \$40,000

Cash Account: *Emergency Cash*

Emergency Cash is an existing cash account with a value of \$0 at the start of the plan.

The investment return is 5.37% and interest is reinvested. The interest is taxed as income.

This plan does not use the automated Investment Plan which allocates salary savings by a percentage.

The following deposits are made from the Transaction Account:

- Year 1: \$50,000

At the end of the plan, this cash account is worth \$86,862 (which is \$142,334 in FV).

Managed Funds

Managed Funds

This plan has 2 managed funds. Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value.

Managed Fund: *Balanced Fund*

Balanced Fund is an existing managed fund with a value of \$0 at the start of the plan.

The managed fund's asset allocation is described as **Balanced**. Following is the breakdown.

Cash	15.00%
Domestic Fixed Interest	15.00%
Global Fixed Interest	20.00%
Defensive Assets	50.00%
Domestic Equities	17.00%
Global Equities	24.00%
Other Investments	4.00%
Property Trusts	5.00%
Growth Assets	50.00%

The estimated income from dividends is 4.50% and the estimated capital growth rate is 6.50%, a total return of 11.00%.

Dividends from this portfolio are:

- Reinvested during the Savings Phase.

The dividends are taxed as income.

Imputation credits for Australia have been activated and it is estimated that 10.00% of the fund will be eligible for these tax credits.

This plan uses the automated Investment Plan which allocates salary savings by a percentage. This percentage is calculated from the total savings allocation less any loan expenses. The allocation in the Investment Plan is:

- Years 11 to 14: 70.00%

At the end of the plan, this managed fund is worth \$56,090 (which is \$91,909 in FV).

Managed Fund: High Growth Fund

High Growth Fund is an existing managed fund with a value of \$0 at the start of the plan.

The managed fund's asset allocation is described as **High Growth**. Following is the breakdown.

Cash	5.00%
Domestic Fixed Interest	15.00%
Global Fixed Interest	10.00%
Defensive Assets	30.00%
Domestic Equities	35.00%
Global Equities	30.00%
Other Investments	0.00%
Property Trusts	5.00%
Growth Assets	70.00%

The estimated income from dividends is 5.00% and the estimated capital growth rate is 7.00%, a total return of 12.00%.

Dividends from this portfolio are:

- Reinvested during the Savings Phase.

The dividends are taxed as income.

Imputation credits for Australia have been activated and it is estimated that 15.00% of the fund will be eligible for these tax credits.

This plan uses the automated Investment Plan which allocates salary savings by a percentage. This percentage is calculated from the total savings allocation less any loan expenses. The allocation in the Investment Plan is:

- Years 1 to 10: 80.00%

At the end of the plan, this managed fund is worth \$335,843 (which is \$550,318 in FV).

Notes

In this plan, it is assumed that dividends and capital growth remain the same. However, there may be considerable rise and falls of share prices for any specific share portfolio or the ASX200. It is estimated that the total return for the ASX200 for the 20-year period from the year 2001 was 9.38% with an average Inflation Rate of 2.39%. In the 5-year period from 2016, the estimated total return was 9.29% with an average Inflation Rate of 1.53%. These are Real (after-inflation) rates of 6.82% and 7.60%.

Where loans have been included, the interest rates are assumed to remain the same. Where the interest rate is not a fixed rate, then the interest charges may change. According to the Reserve Bank of Australia, the average Standard Variable Home Loan rate for the 20-year period from 2001 was 6.52% with an average Inflation Rate of 2.39%. In the 5-year period from 2016, the estimated rate was 5.16% with an average Inflation Rate of 1.53%. These are Real (after-inflation) rates of 4.33% and 3.57%.

Margin loans, where the shares are the only security, are likely to attract a higher interest rate than the standard home loan.

Investment Property

Investment Properties

This plan has 1 investment property. Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value.

Investment Property: *Property 1*

Property 1 is an investment property purchased in Year 1 with a value of \$500,000 and a deposit of \$100,000.

The estimated gross income is 5.00% p.a. with recurrent costs of 15.00% p.a. of the gross income. It is estimated that the value of the investment property will rise at 6.50% p.a.

There are no building improvements planned for this investment property.

You have not included any capital purchases such as replacement of furnishings or carpets.

At the end of the plan, this investment property is worth \$1,075,189 (which is \$1,761,823 in FV).

Loans

The following loans are assigned to your investment properties. If the investment property is sold, the loan is paid out at the same time.

Investment Property Loan: *Property 1 [Loan]*

This loan commences in Year 1 with a balance of \$400,000.

Property 1 [Loan] is an Interest Only followed by Principal & Interest loan with a term of 20 Years. The Interest Only loan has an interest rate of 7.24% which is not fixed. The Principal and Interest loan that follows has an interest rate of 6.74% which is not fixed.

You have not planned to make any additional payments.

Notes

When using cash flow modelling software to estimate future changes in real estate prices, an average Capital Growth is selected. The value of each property will change year by year and no one can predict what these changes will be for a specific property or property in general.

The Bureau of Statistics keeps an historical record of changes in property prices. They have estimated that the price rise of Established Houses for the 20-year period from 2001 was 6.46% with an average Inflation Rate of 2.39%. In the 5-year period from 2016, the estimated the price rise was 3.13% with an Inflation Rate of 1.57%. The Real (after-inflation) Capital Growth Rates were 3.99% for the 20-year period and 1.53% for the 5-year period.

Where loans have been included, the interest rates are assumed to remain the same. Where the interest rate is not a fixed rate, then the interest charges may change. According to the Reserve Bank of Australia, the average Standard Variable Home Loan rate for the 20-year period from 2001 was 6.52% with an average Inflation Rate of 2.39%. In the 5-year period from 2016, the estimated rate was 5.16% with an average Inflation Rate of 1.53%. These are Real (after-inflation) rates of 4.33% and 3.57%.

Superannuation

Superannuation/Pension Funds

This plan has 1 superannuation/pension fund that is employer sponsored and is a defined contribution fund. Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value.

Super/Pension/KiwiSaver Fund: *Super*

Super is a fund for John. Employer contributions are paid to this superannuation account.

At the start of the plan, the total value of the fund is \$315,000. The account balances are:

- Employer funded contributions: \$315,000
- Personal pre-tax contributions: \$0
- Personal after-tax contributions: \$0

The following investment profiles are selected:

This software should not be relied on for the purposes of making a decision in relation to any financial product and you should consider obtaining advice from a financial services licensee before making any financial decisions. Default rates used by the software are explained in the Disclosure Statement. If you change the default rates or specify your own rates, you are responsible for the calculation outcomes, and the Disclosure Statement does not apply. © FinancialMappers® 2015 - 2021

Report generated by FinancialMappers® version 3.105.0.0 on 21/10/2021.

Page 10 of 18

Plan Map

Assets: Home, Investments & Retirement Accounts

Based on plan "Stats, Targets & Asset Allocation"

John Citizen

Start Year	Investment Profile	% pa Return
Year 1	Balanced	7.00%

At the end of the plan, this super/pension/KiwiSaver fund is worth \$883,774 (which is \$1,448,167 in FV).

Contact

Glenis Phillips B Ed, SF FIN
Designer of Financial Mappers
Author of Map Your Finances
Founding Director of Plencore Wealth Ltd

glenis.phillips@financialmappers.com.au

Direct Line: 07 3216 4132

Mobile: 0411 086 532

As the designer of Financial Mappers, Glenis is the most suitable person to answer all your questions about Financial Mappers.

PLENCORE WEALTH LTD
ABN: 49 601 251 192

Plencore Online Pty Ltd
(wholly owned subsidiary of Plencore Wealth Ltd)
ABN: 79 601 265 598

PO Box 133, Hamilton, Brisbane, QLD, Australia, 4007.
Unit 135/37 Harbour Road, Hamilton, Brisbane, Qld., Australia 4007
P: 1300 162 945

E: admin@financialmappers.com.au

F: FinancialMappers

T: @FinMappers

Y: Financial Mappers

W: www.financialmappers.com.au