FinancialMappers® Pro

Masterclass

Budget, Transaction Account & Investment Plan Cash Flows

Please Note: Information in all Masterclass Documents is intended to assist the Financial Adviser and Paraplanners to get 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.

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Version: 21.10.2021

1300 162 945

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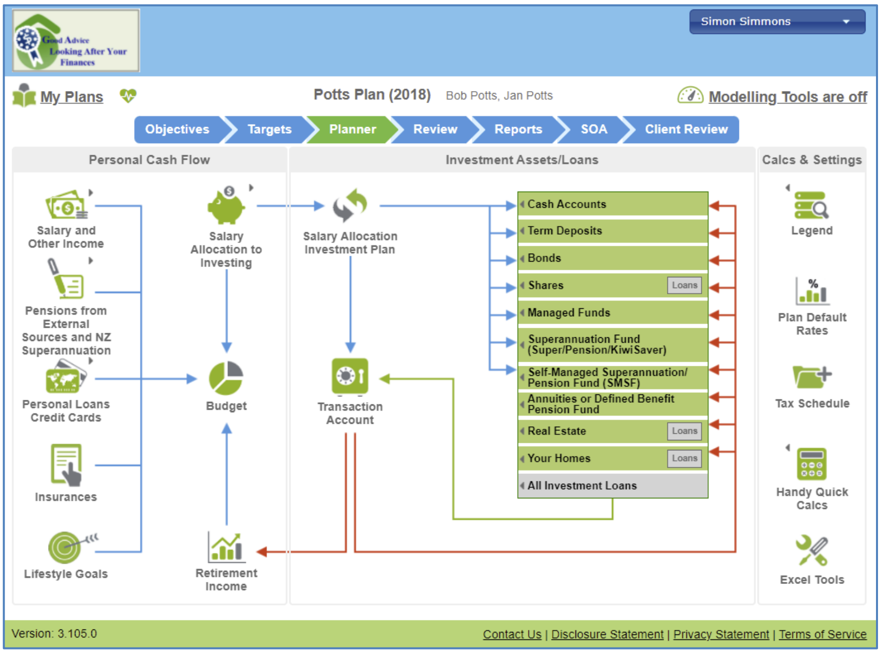
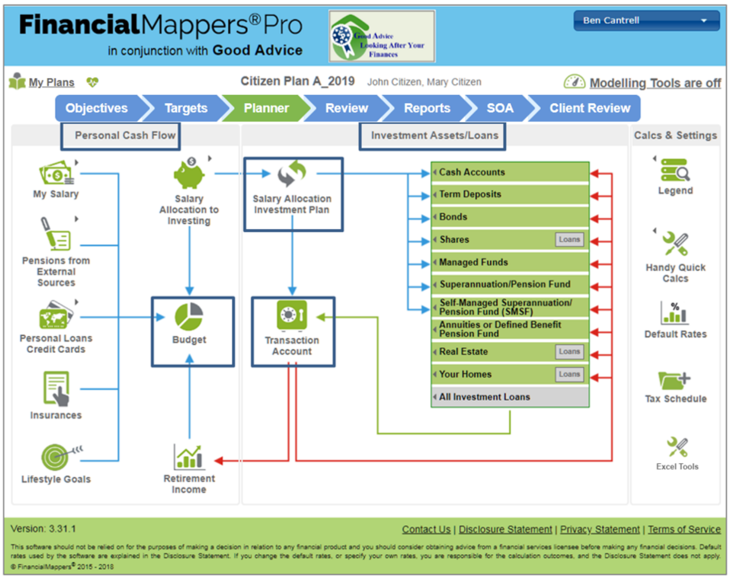
Introduction

Please note the interface underwent some changes in October 2021. The screenshots have not been updated to reflect these changes. The relate to the inclusion of *New Zealand Superannuation* and *KiwiSaver*.



To demonstrate the features, I shall use a number of different plans to explore the relationships between the **Budget**, **Transaction Account**, and **Investment Plan**.

Under chevrons, you will see that the ***Planner Page*** is divided into **Personal Cash Flow** and **Investment Assets/Loans**. Note that the **Home** and **Superannuation** are treated as ***Investments***. The **Home** is a store of wealth, which can be used to fund the retirement by downsizing. It can also be used as security for investments.


FinancialMappers®Pro
in conjunction with Good Advice
Ben Cantrell
My Plans
Citizen Plan A_2019
John Citizen, Mary Citizen
Modelling Tools are off
Objectives
Targets
Planner
Review
Reports
SOA
Client Review
Personal Cash Flow
Investment Assets/Loans
Calcs & Settings
My Salary
Pensions from External Sources
Personal Loans Credit Cards
Insurances
Lifestyle Goals
Salary Allocation to Investing
Budget
Retirement Income
Salary Allocation Investment Plan
Transaction Account
Cash Accounts
Term Deposits
Bonds
Shares
Managed Funds
Superannuation/Pension Fund
Self-Managed Superannuation/ Pension Fund (SMSF)
Annuities or Defined Benefit Pension Fund
Real Estate
Your Homes
All Investment Loans
Loans
Legend
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Plan Health

The **Plan Health** is a very important feature of the software.

By clicking on the ***Heartbeat*** icon, a floating window can be displayed on any page of the software which shows the chevrons. This window will display 4-graphs showing critical information from other pages. The four graphs are:

- Transaction Account – Balance at End of Year
- Budget - Unallocated Funds
- Salary Allocation to Investment Plan & Percentage of Salary Saved
- Investment Plan – Loan and Investment Allocation of Salary Savings

Please read in detail the **Help Manual** section called **Plan Health**.

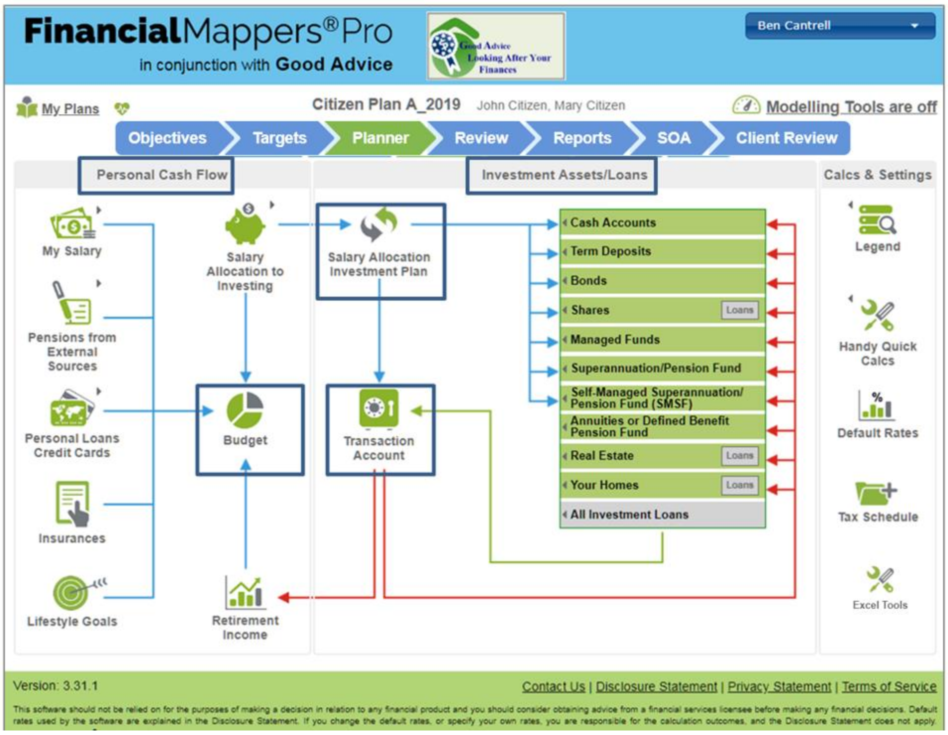
After changing and SAVING any part of the Plan, you should ***RELOAD***, the graphs to visualize how the values of these graphs have changed.

For example, you may plan to be purchasing an Investment Property, in Year 3, and are not sure how much you can afford for the Deposit. The Transaction Account graph will give you the balance at the end of each year. After you have SAVED the details of your property purchase you can RELOAD the graphs and check:

- Does your **Transaction Account** still have sufficient funds to pay the ***Deposit*** and ***Buying Costs***, together with ongoing ***Loan Payments?***
- Does your **Investment Plan**, have sufficient allocation of Salary Savings to fund the new loan payments?
- Will you need to increase the **Salary Allocation** and if so, will your **Budget** have sufficient ***Unallocated Funds*** to meet this new allocation to your Salary Savings.

This is an example where the Transaction Account is overdrawn, the loan expenses exceed the salary allocation in Years 3 – 5, and there are Insufficient Funds, in the Budget for some years.

Budget



Special Note

All calculations in the ***Budget*** are in **Present Value**. This includes the values of **Loans**, which can be quite confusing for some people, when they see the loan balance discounted for inflation.

In the ***Report***, **Cash Flow Summary**, the results can also be viewed in Future Value (FV). In this report both the personal and investment cash flows are combined.

Budget Income

Salary

In the ***Savings Phase***, income is from **Salary**.

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Income	$300,000	$300,000	$300,000	$300,000	$300,000
Salaries & Wages	$300,000	$300,000	$300,000	$300,000	$300,000
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	$0

Retirement Income

In the ***Retirement Phase***, the user nominates the required **Retirement Income**. This income is derived from their Retirement Accounts and Investments. The user is able to nominate for each account when and for how long they want to drawdown from each account. This money is deposited into the ***Transaction Account*** at the Start of the Year. Also at the Start of the Year, the nominated **Retirement Income**, is withdrawn from the ***Transaction Account*** and deposited into the Budget.

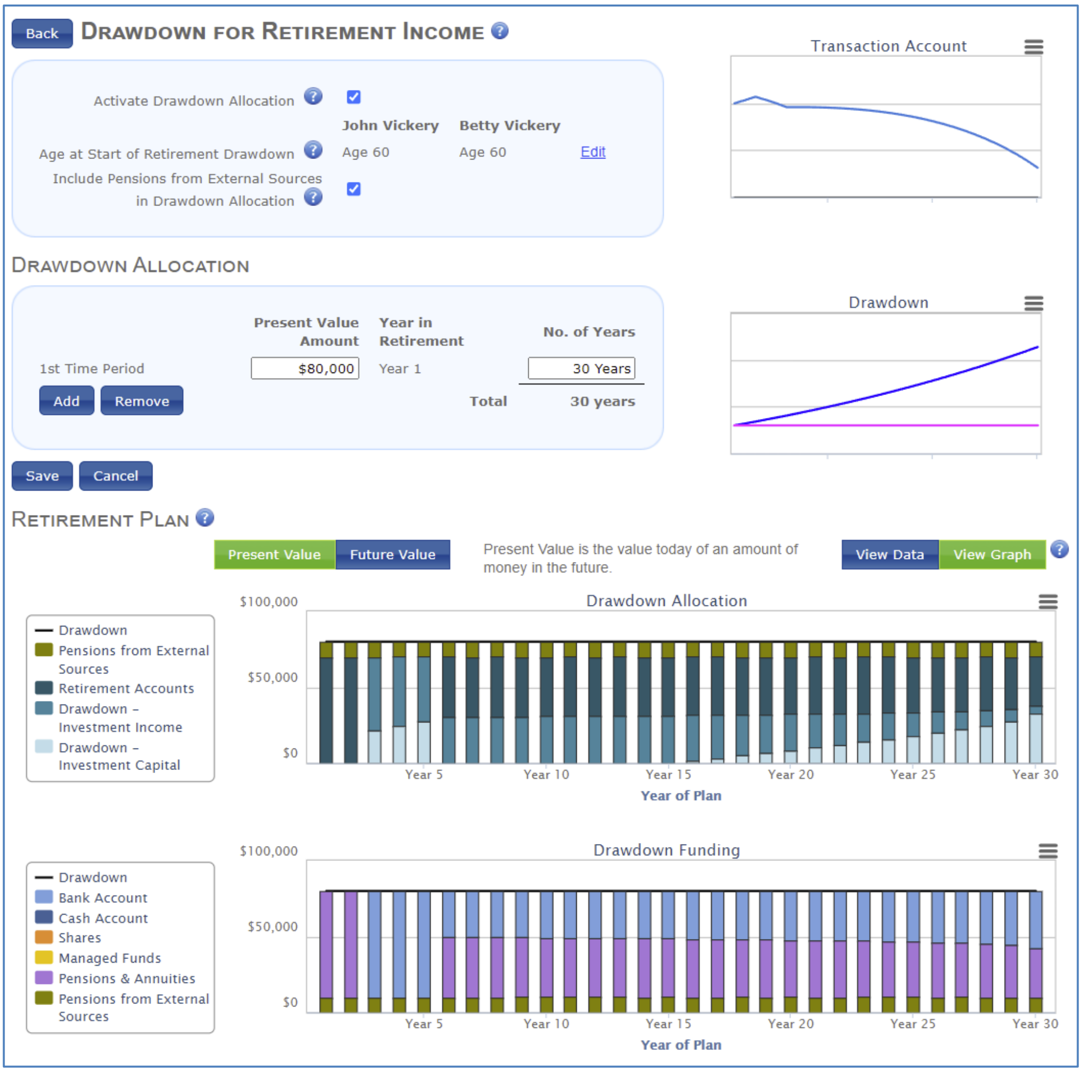
The Retirement income is allocated as:

- Drawdown – Retirement Accounts
- Drawdown – Investment Income
- Drawdown – Investment Capital

Having this division of the **Retirement Income**, allows the adviser to explain where the money is coming from. Particular attention should be paid to the amount of **Investment Capital** spent in the initial stages of retirement.

Retirement Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2034	2035	2036	2037	2038
Age John, Mary	Age 65, 65	Age 66, 66	Age 67, 67	Age 68, 68	Age 69, 69
Income	$180,000	$180,000	$180,000	$180,000	$180,000
Salaries & Wages	$0	$0	$0	$0	$0
Drawdown - Retirement Accounts	$97,361	$97,049	$96,765	$96,441	$96,138
Drawdown - Investment (Income)	$12,194	$11,110	$10,089	$9,134	$8,251
Drawdown - Investment (Capital)	$70,446	$71,841	$73,146	$74,426	$75,611
Pensions (External Sources)	$0	$0	$0	$0	$0
One Off Withdrawals from Transaction Account	$0	$0	$0	$0	$0

A recent change has been the inclusion of the **option** to include ***Pensions from External Sources***, in the value of the ***Retirement Income***. Where this occurs, the funds from the External Pensions are deposited directly into the *Budget*, but the amount transferred from the *Transaction Account* to the *Budget* is reduced by the value of the External Pensions.



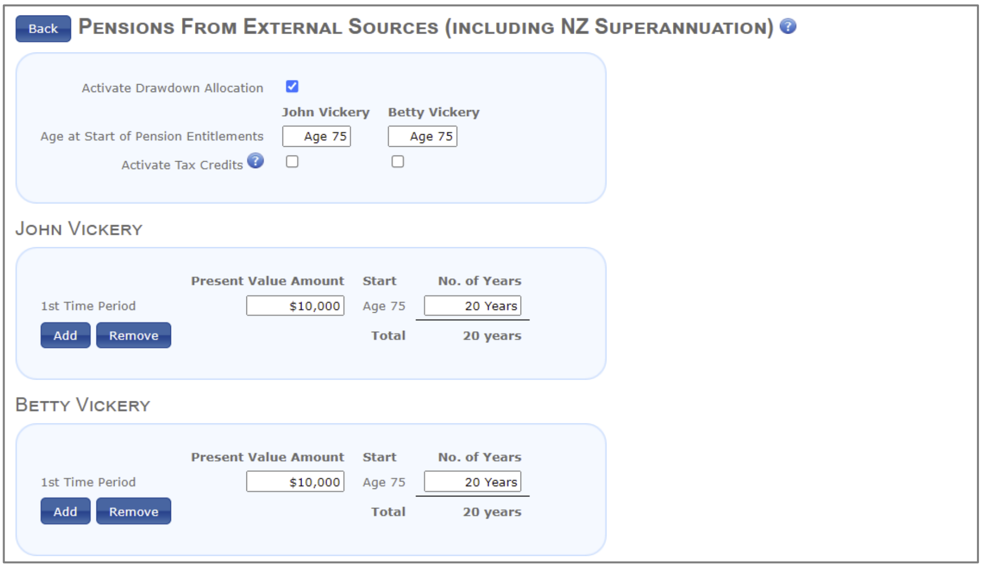
Pensions from External Sources

There are two pension types for this external source of income. Note this is different income from Retirement Accounts which are Superannuation, SMSF and Annuities. This income is NOT included in the Retirement Income Plan. The money is directly transferred to the **Budget** however, the graph of any payments are displayed in the section Retirement Income.

The program does not restrict the payments to the Retirement Phase of the software. It is important the correct age for the commencement of any pension is entered correctly.

Non-Means Tested Pension

In this example, both partners have nominated that they will receive a pension of $10,000 each from Age 75.



Note: *New Zealand Superannuation* is *Non-means Tested* provided the person qualifies and the amount will depend on their marital status.

This value is displayed from Year 11 of Retirement Phase, which is at Age 75.

Retirement Phase	Year 11 2044	Year 12 2045	Year 13 2046	Year 14 2047	Year 15 2048
Age John, Mary	Age 75, 75	Age 76, 76	Age 77, 77	Age 78, 78	Age 79, 79
Income	$180,000	$180,000	$180,000	$180,000	$180,000
Salaries & Wages	$0	$0	$0	$0	$0
Drawdown - Retirement Accounts	$94,096	$93,745	$93,369	$92,959	$92,501
Drawdown - Investment (Income)	$29,125	$29,792	$30,405	$30,958	$31,447
Drawdown - Investment (Capital)	$36,779	$36,463	$36,226	$36,083	$36,052
Pensions (External Sources)	$20,000	$20,000	$20,000	$20,000	$20,000
One Off Withdrawals from Transaction Account	$0	$0	$0	$0	$0

Means-Tested Pensions

The ***Means-Tested Pension*** defaults to the values for the **Australian Aged Pension**. However, these values can be edited, so that you may use the pension for someone on say, a Disability Pension. (The values are updated quarterly)

Back **MEANS TESTED PENSION**

Activate Means Tested Pension	☑
Base Fortnightly Pension (including supplement)	$1,360.20
Work Bonus (fortnightly)	$250.00
Start Year	2019
Principal Start Age	65
Partner Start Age	65

ASSETS TEST

	Homeowner	Non-Homeowner
Full Pension Limit	$387,500.00	$594,500.00
Part Pension Limit	$848,000.00	$1,055,000.00
Fortnightly reduction per $1,000 over limit	$3.00	

INCOME TEST

	Homeowner	Non-Homeowner
Full Pension Limit	$304.00	$304.00
Part Pension Limit	$3,066.80	$3,066.80
Fortnightly reduction per $1 over limit	$0.50	

In this example, the user is eligible for a **Part-Pension** under the assessment of both the Asset and Income Test. The program selects the correct value.

Retirement Phase	Year 21	Year 22	Year 23	Year 24	Year 25
	2039	2040	2041	2042	2043
Age John, Mary	Age 85, 85	Age 86, 86	Age 87, 87	Age 88, 88	Age 89, 89
Total Assessable Assets (Start of Year)	$721,768	$654,902	$584,838	$511,257	$433,890
Eligibility for Pension (Assets Test)	Part	Part	Part	Part	Part
Reduction in Fortnightly Payment	$1,003	$802	$592	$371	$139
Total Assessable Income (Fortnightly)	$2,607	$2,561	$2,511	$2,451	$2,380
Eligibility for Pension (Income Test)	Part	Part	Part	Part	Part
Reduction in Fortnightly Payment	$1,151	$1,129	$1,104	$1,074	$1,038
Eligibility for Pension (Overall)	Part	Part	Part	Part	Part
Total Reduction in Fortnightly Payment	$1,151	$1,129	$1,104	$1,074	$1,038
Value of Pension (Fortnightly)	$209	$232	$257	$287	$322
Value of Pension (Annually) (PV)	**$5,429**	**$6,021**	**$6,674**	**$7,449**	**$8,376**
Indexed Value of Pension	**$8,896**	**$10,113**	**$11,490**	**$13,145**	**$15,151**

One-Off Withdrawals from the Transaction Account

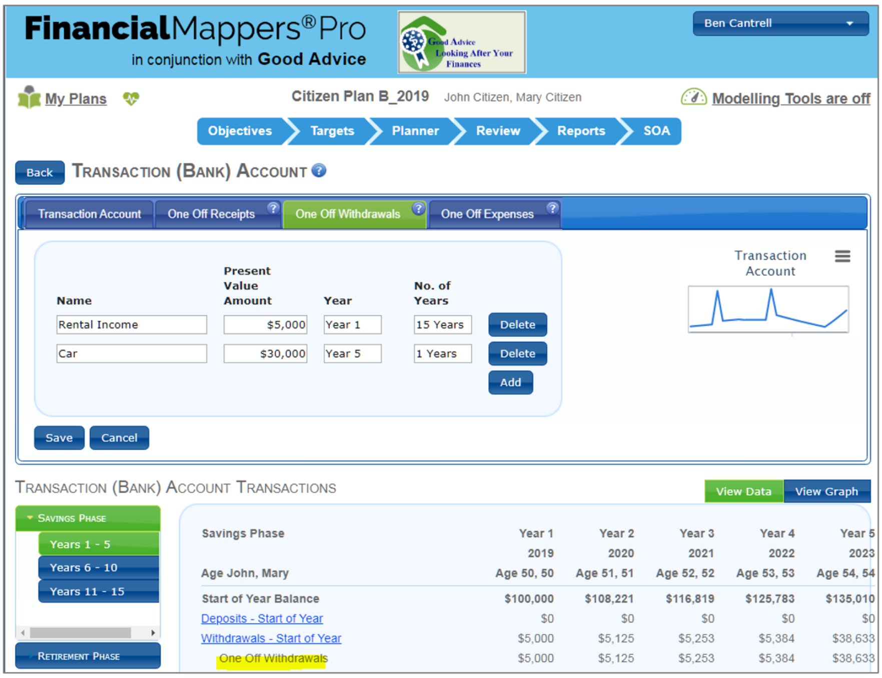
There may be times, when money needs to be transferred from the **Investment** part of the plan to the **Personal** part of the plan. This can be done through the ***Transaction Account***.

These are some examples as to why, you may want to do this transfer of funds.

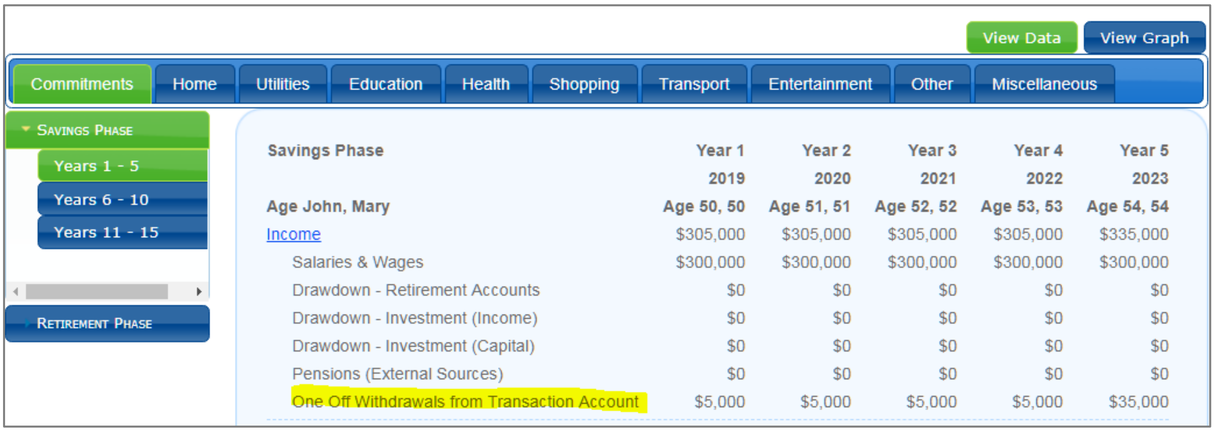
- Rather than saving for **Lifestyle Goals**, such a car, boat or caravan, the client, may choose to include the saving for these items on the Investment side, where the income from the savings is calculated and taxed. The **Lifestyle Goals** do not earn income or pay tax while the funds are held in the account. (*The minimal amount of interest earned, deemed the calculation an unnecessary intrusion into the simplicity of the software)*

- There may be times when the client requires a **supplement of their personal income** prior to retirement age. For example, they may a rental property and they wish to use part of that income for living expenses.

In the ***Transaction Account***, the TAB, **One-off Withdrawals** allows entry of these calculations. The money is withdrawn at the Start of the Year, and deposited into the Income section of the Budget



Budget:



Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Income	$305,000	$305,000	$305,000	$305,000	$335,000
Salaries & Wages	$300,000	$300,000	$300,000	$300,000	$300,000
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	$5,000	$5,000	$5,000	$5,000	$35,000

Note that in the Budget all inputs are in **Present Value** (PV) and are indexed at the Inflation Rate of 2.5% (*Default Rate*). In the ***Transaction Account*** all entries are in **Future Value** (FV) and in the ***Budget*** they are in **Present Values** (PV).

Budget Expenses

Total Tax and Investment Expenses

Tax on Personal Income

In the ***Tax Estimator***, the tax due is calculated and proportionally allocated to the **Transaction Account** for **Investment Income** and to the **Budget** for **Personal Income**. In the Savings Phase, the income is the Salary, and in the Retirement Phase, it is calculated on the nominated Retirement Income.

The ***Tax Estimator*** is located on the chevron, ***Reports***.

Back TAX ESTIMATOR (JOHN CITIZEN)

The calculations are of a general nature using a simplified format and as such are NOT suitable for use regarding matters of Taxation. No financial decisions should be based on this information without obtaining advice from a person licensed to give Tax Advice. Tax Rates may change in the future.

View Data View Graph

SAVINGS PHASE
- Years 1 - 5
- Years 6 - 10
- Years 11 - 15

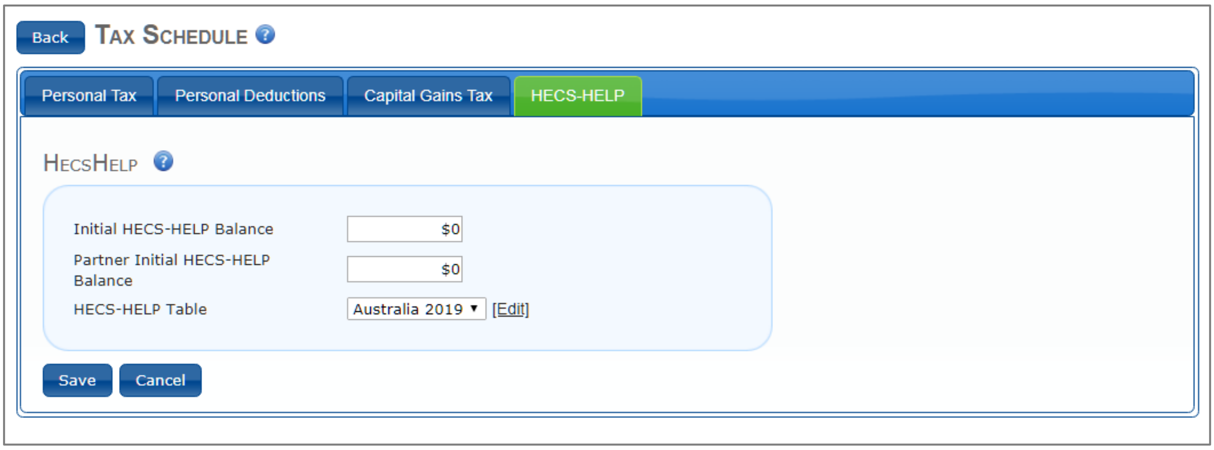
RETIREMENT PHASE

Savings Phase	Year 11 2029	Year 12 2030	Year 13 2031	Year 14 2032	Year 15 2033
Age John, Mary	Age 60, 60	Age 61, 61	Age 62, 62	Age 63, 63	Age 64, 64
Total Income and Capital Gains	**$219,490**	**$228,094**	**$236,503**	**$245,236**	**$1,149,002**
Taxable Income Taxed at Income Tax Rate	$219,490	$228,094	$236,503	$245,236	$254,307
Income Taxed at Specified Rate	$0	$0	$0	$0	$0
Tax Free Income	$0	$0	$0	$0	$0
Capital Gains	$0	$0	$0	$0	$894,695
Total Tax Credits	**$0**	**$0**	**$0**	**$0**	**$0**
Non-Refundable Tax Credits	$0	$0	$0	$0	$0
Refundable Tax Credits	$0	$0	$0	$0	$0
Total Tax Due (After Tax Credits)	**$69,596**	**$72,551**	**$75,421**	**$78,406**	**$291,764**
Tax Due - Investments	$4,654	$5,776	$6,799	$7,889	$11,739
Tax Due - Personal Income	$64,942	$66,775	$68,621	$70,517	$94,007
Tax Due - Capital Gains	$0	$0	$0	$0	$186,017
Tax Due - HECS-HELP	$0	$0	$0	$0	$0
Average Tax Rate					
Income and Investment Net Income	31.71%	31.81%	31.89%	31.97%	41.58%
Capital Gains	0.00%	0.00%	0.00%	0.00%	20.79%

HECS-HELP

Where a client has a ***HECS*** debt, the current loan details can be entered in the section Tax Schedule. The repayment amount is calculated according to the current **HECS-HELP Table**.

Where applicable, this value is automatically added to the ***Tax Estimator***, as a separate line item and to the ***Budget*** as part of the **Tax Due**.



The ***Tax Schedule*** is accessed on the **Planner Page**, at the bottom of the column for ***Cals & Settings***.

Savings Allocation to Investments

This item will be discussed in detail in the section, ***Investment Plan***. In each Salary Account, the client nominates what **Percentage of their Gross Salary**, they wish to allocate to the following:

- Loan Expenses
    - Home Loan
    - Investment Property Loans, net of Rents
    - Share Portfolio Loans
- Investments
    - Interest Earning Accounts
    - Shares and Managed Funds
- Home Purchase and Building Improvements
- Superannuation – Personal Contributions (Pre and After Tax)

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Income	$305,000	$305,000	$305,000	$305,000	$335,000
Total Tax & Investment Expenses	$132,901	$133,430	$133,968	$134,432	$134,450
Tax & HECS Due on Budget Income	$90,901	$91,430	$91,968	$92,432	$92,450
Savings Allocation to Investments	$42,000	$42,000	$42,000	$42,000	$42,000

Personal Loan Expenses

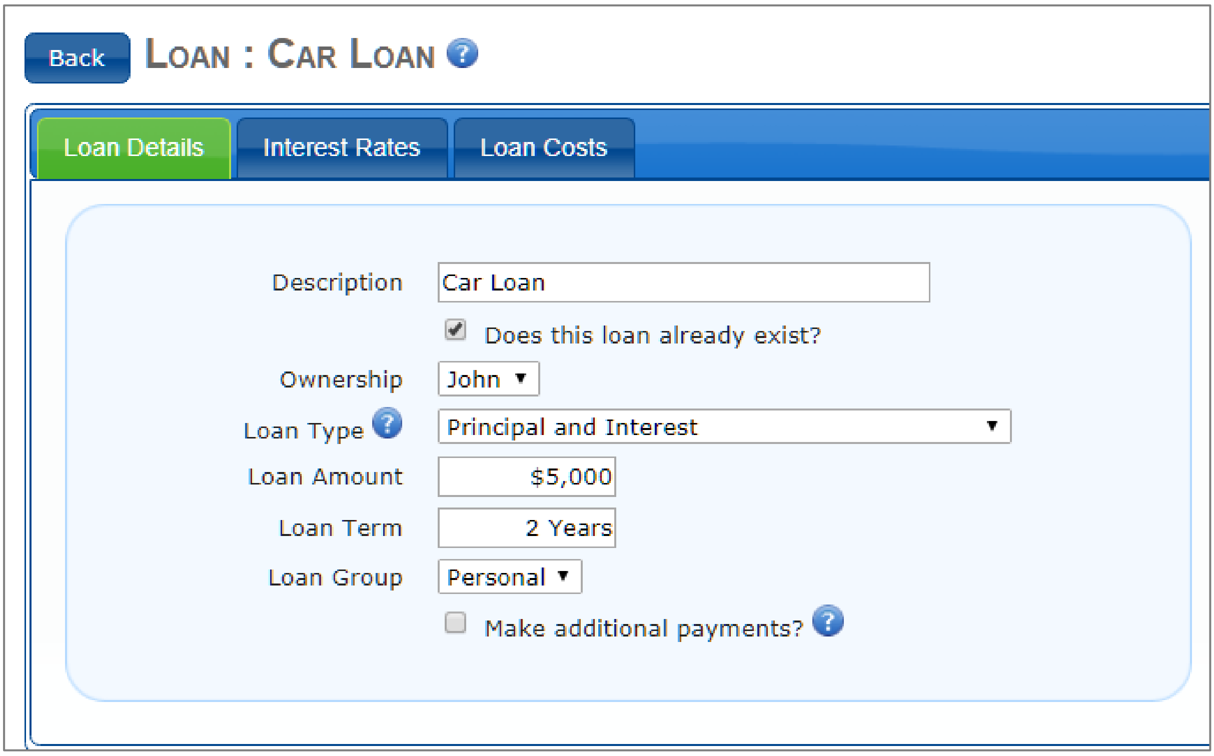
Personal Loan Expenses are divided into **Personal loans** and **Credit Card Debt.**

Personal Loans

Personal Loans may be any of the following types:

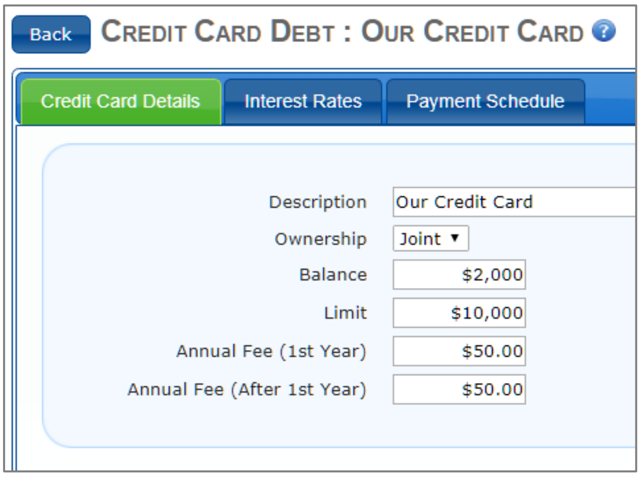
- Interest Only
- Principal & Interest
- Interest Only followed by Principal & Interest

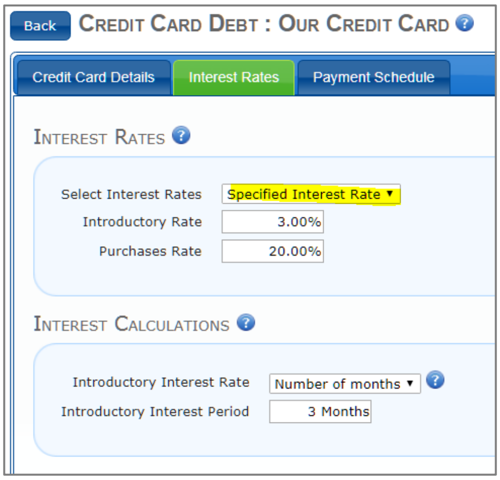
The ***Interest Rate*** may be **Fixed** or **Variable**, and ***Loans Costs*** may also be included.



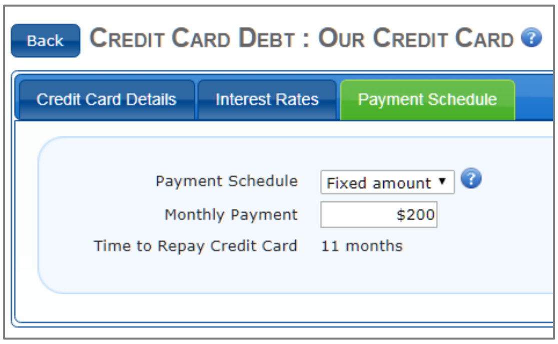
Credit Card Debt

The **Credit Card** account is intended for the purpose of repaying the current balance, not paid at the end of the month. It is intended to set up a schedule of payments to repay the debt.





There are a number of options to design a suitable <u>debt management plan for your client</u>. In the first example a **Monthly Amount** of $200 a month is allocated. In the second, the payment is **2.5% of the debt**, and **additional $100 a month**, starting in Month 6. Note there is a **Minimum Payment of $200**, so that if the combination of the percentage and dollar value does not meet the Minimum Monthly Payment, the Minimum Monthly Payment is selected.

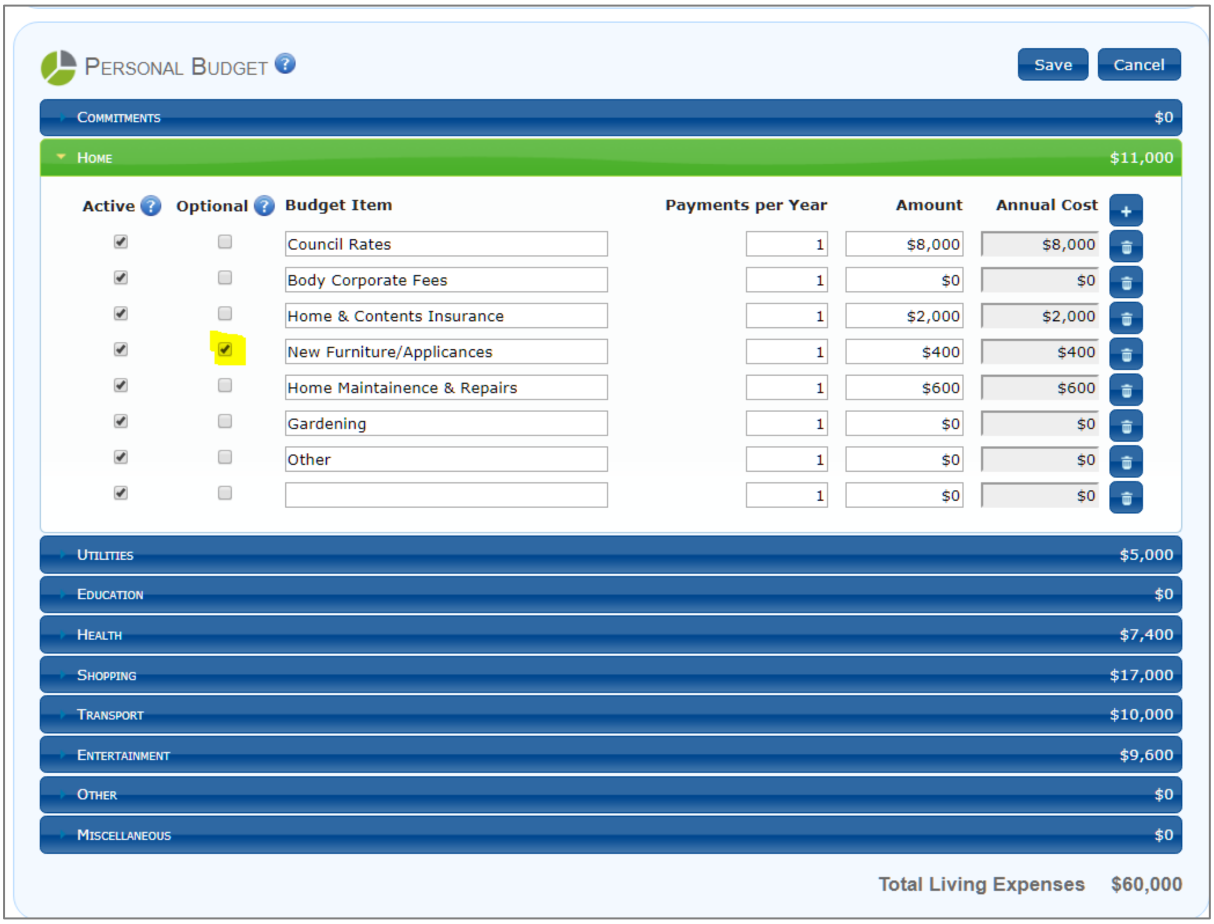


Note that the loan debt is discounted at the Inflation Rate of 2.5% in the Budget.

Savings Phase	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Income	$305,000	$305,000	$305,000	$305,000	$335,000
Total Tax & Investment Expenses	$132,901	$133,430	$133,968	$134,432	$134,450
Personal Loan Expenses	$4,943	$2,701	$0	$0	$0
Car Loan (John)	$2,769	$2,701	$0	$0	$0
Our Credit Card (Joint)	$2,174	$0	$0	$0	$0

Living Expenses

By far the quickest data entry for the ***Living Expenses*** is in the ***Starting Position***. While entries can be entered directly into the account, the saving process is a little more time consuming.



Financial Mappers is designed to be quick and efficient. Note that you can remove and retrieve items by unchecking the ***Active Box***.

By ticking the ***Optional*** box, the program identifies and calculates the value of items which are optional. The reason is that you may need to demonstrate to your client cash flows, should they be unable to work. **Optional Living Expenses** are excluded from the cash flows in the ***Insurance Needs Evaluation***.

If client has excessive debt which requires you to create a ***Debt Management Plan***, the program will demonstrate, how debt can be reduced by applying a nominated percentage of **Optional Living Expenses** to the **Loan Payments**.

When the entry is entered in Year 1, the values will autofill to the end of the plan, but can be changed in any year, in which case, the new value is autofilled from that year to the end of the plan. <u>A review of the Budget at the start of the Retirement Plan is wise.</u>

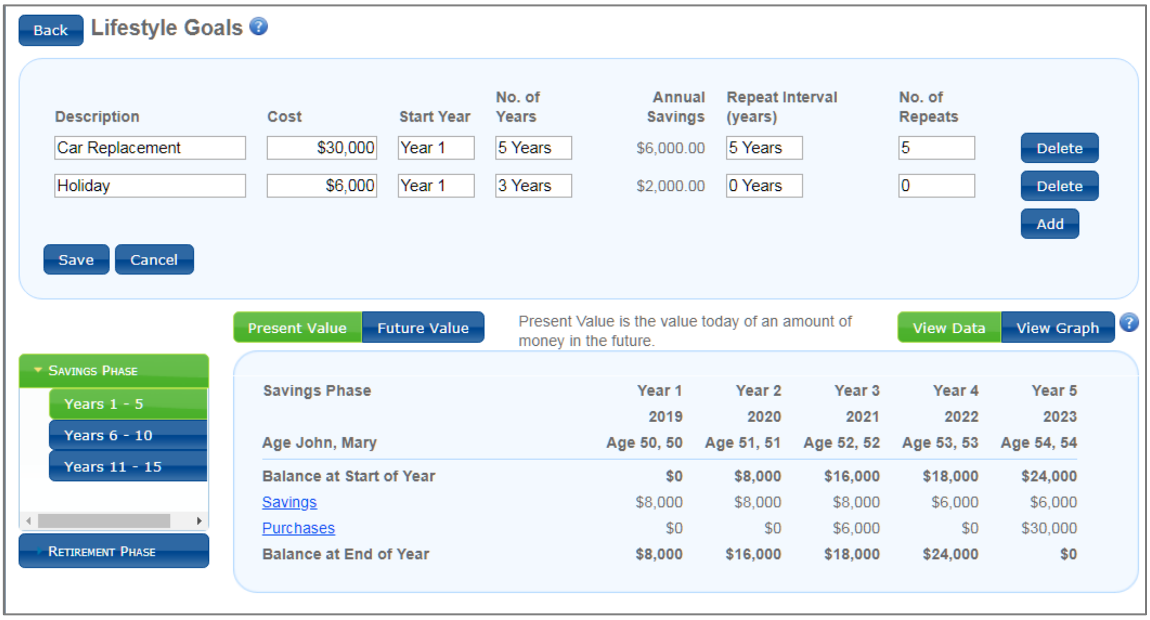
While you can view the detailed entries under each of the 10-TABS, the total of each category is included in the top section of the Budget.

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Income	$305,000	$305,000	$305,000	$305,000	$335,000
Total Tax & Investment Expenses	$132,901	$133,430	$133,968	$134,432	$134,450
Personal Loan Expenses	$4,943	$2,701	$0	$0	$0
Living Expenses	$60,000	$60,000	$60,000	$60,000	$60,000
Commitments	$0	$0	$0	$0	$0
Home	$11,000	$11,000	$11,000	$11,000	$11,000
Utilities	$5,000	$5,000	$5,000	$5,000	$5,000
Education	$0	$0	$0	$0	$0
Health	$7,400	$7,400	$7,400	$7,400	$7,400
Shopping	$17,000	$17,000	$17,000	$17,000	$17,000
Transport	$10,000	$10,000	$10,000	$10,000	$10,000
Entertainment	$9,600	$9,600	$9,600	$9,600	$9,600
Other	$0	$0	$0	$0	$0
Miscellaneous	$0	$0	$0	$0	$0

Lifestyle Goals

Lifestyle Goals are a savings plan for purchase of major personal expenses such as saving for a car or holiday.

Using this account, the adviser can demonstrate the value of saving for personal items rather than having debt for items which have no intrinsic value such as a holiday or is a depreciating item such as a car.



Description	Cost	Start Year	No. of Years	Annual Savings	Repeat Interval (years)	No. of Repeats
Car Replacement	$30,000	Year 1	5 Years	$6,000.00	5 Years	5
Holiday	$6,000	Year 1	3 Years	$2,000.00	0 Years	0

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Balance at Start of Year	$0	$8,000	$16,000	$18,000	$24,000
Savings	$8,000	$8,000	$8,000	$6,000	$6,000
Purchases	$0	$0	$6,000	$0	$30,000
Balance at End of Year	$8,000	$16,000	$18,000	$24,000	$0

The items are displayed in the Budget.

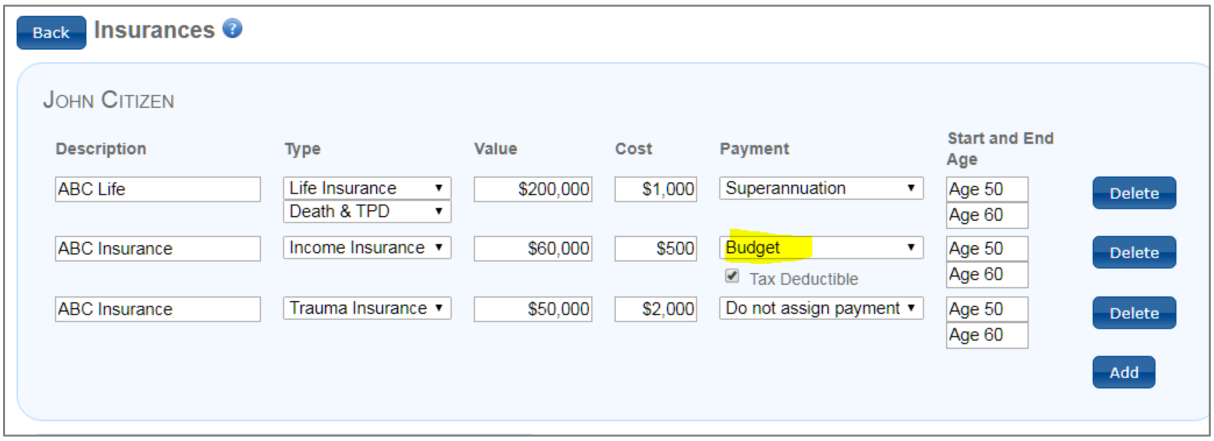
Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Income	$305,000	$305,000	$305,000	$305,000	$335,000
Total Tax & Investment Expenses	$132,901	$133,430	$133,968	$134,432	$134,450
Personal Loan Expenses	$4,943	$2,701	$0	$0	$0
Living Expenses	$60,000	$60,000	$60,000	$60,000	$60,000
Lifestyle Goals	$8,000	$8,000	$8,000	$6,000	$6,000
Car Replacement	$6,000	$6,000	$6,000	$6,000	$6,000
Holiday	$2,000	$2,000	$2,000	$0	$0
Insurance Premiums	$500	$500	$500	$500	$500
Unallocated Funds	$98,656	$100,369	$102,532	$104,068	$134,050

Insurance Premiums

When allocating the cost of ***Insurance Premiums***, they may be allocated to **Superannuation** or **Budget**. Sometimes you may not want to assign to either category. Note that while you can enter the cost of Superannuation, the values are not transferred to the Superannuation Account. <u>All Superannuation Insurances costs must be allocated within the nominated account</u>. If the cost is allocated to the ***Budget***, you can nominate if the expense is **Tax Deductible**.

Note that you are required to enter the **Age Range** for each policy. This will allow the adviser to demonstrate that the cost of insurance will increase as the client ages, and therefore you can do one of the following:

- Keep the Value of the policy the same and increase the cost
- Keep the Cost the same and reduce the Value of the policy.



Note that only the **Income Insurance**, in this example, is added to the ***Budget Expenses***.

Unallocated Funds (Budget)

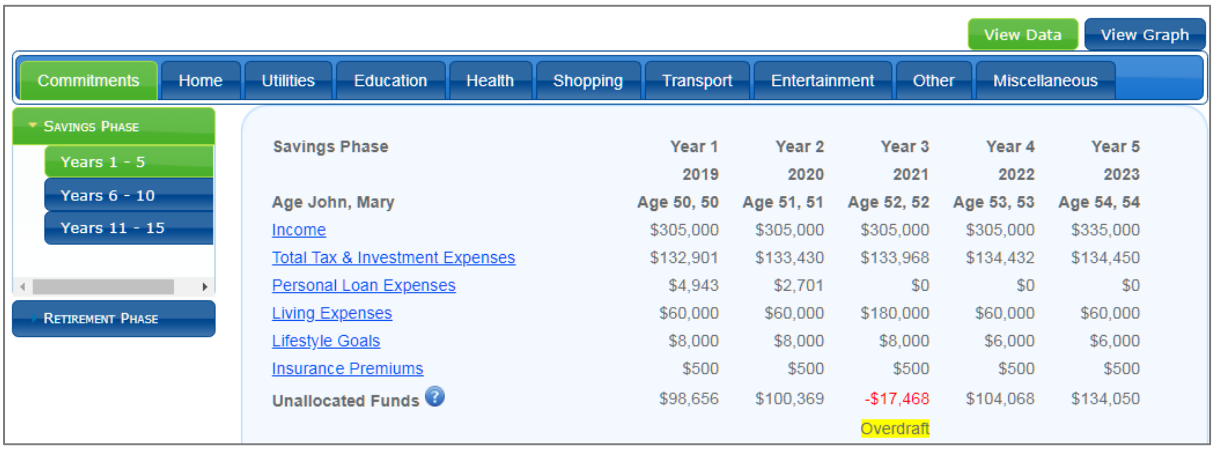
It is important to understand that ***Unallocated Funds*** are not transferred to the next year's calculations. It is assumed that this income will be spent at some time during the year.

Having very tight Budgets may set your client up for failure, so leaving some money on the table for unexpected expenses may make the client feel more comfortable.

While there may be great value in having your client create a Budget, there may be times, when you just want to allocate one value, which could be entered in say, Commitments. The other option is to not allocate any living expenses and tell your client that the amount listed as ***Unallocated Funds*** is how much they will have to spend.

In this example I have allocated a big expense of $120,000, in Year 3, to demonstrate the view when the client does not have sufficient funds. In this case the item is listed as a negative (red) value, and the word Overdraft (highlighted) is listed under.

Here you can explain to your client that they do not have sufficient funds for that expense. Say something like a big holiday. You can then design a method of saving for the expense prior to the date. Alternatively you may point out that if they want to make that purchase, they may have to fund it with a loan.



Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Income	$305,000	$305,000	$305,000	$305,000	$335,000
Total Tax & Investment Expenses	$132,901	$133,430	$133,968	$134,432	$134,450
Personal Loan Expenses	$4,943	$2,701	$0	$0	$0
Living Expenses	$60,000	$60,000	$180,000	$60,000	$60,000
Lifestyle Goals	$8,000	$8,000	$8,000	$6,000	$6,000
Insurance Premiums	$500	$500	$500	$500	$500
Unallocated Funds	$98,656	$100,369	-$17,468 Overdraft	$104,068	$134,050

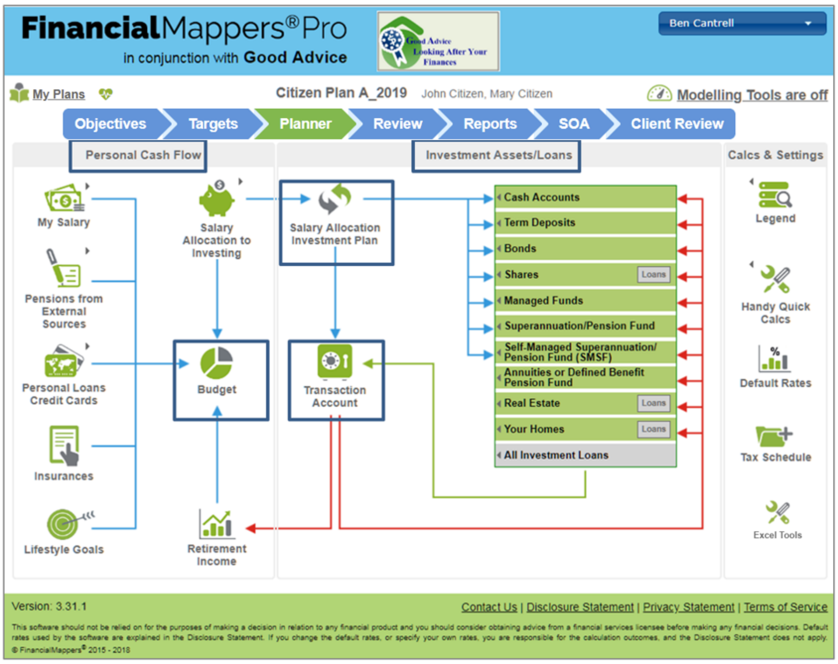
Investment Plan

The ***Investment Plan*** is where the savings allocated from the ***Salary*** is allocated directly to the specific account.

The allocations will be to

1. **Loan Expenses**
   a. Home Loan
   b. Investment Property loans net of rent.
   c. Share Portfolio Loans
2. **Investment Assets**
   a. Cash, TDs and Bonds
   b. Shares and Managed Funds
3. **Personal Contributions to Superannuation**
   a. Pre-Tax Contributions
   b. After-Tax Contributions

The **Loan Expenses** are automatically calculated and transferred to the ***Transaction Account*** for payment of loans. Any Funds not allocated are also transferred to the ***Transaction Account.***



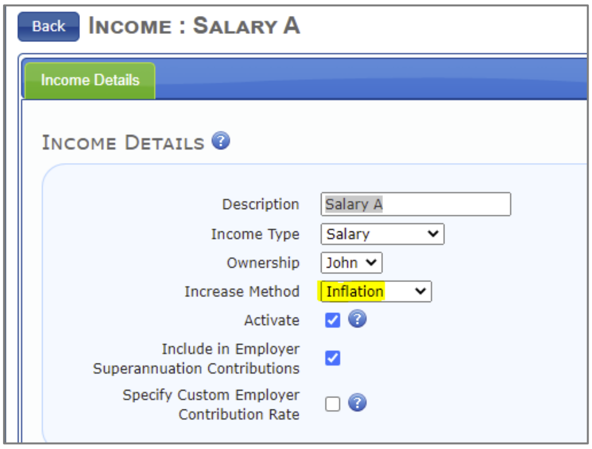
Note: A recent change has allocated the *Home Loan Expenses* in a separate line to the *Investment Loan Expenses (Net of Rent)* which is referred at ***Net Asset Loan Costs***.

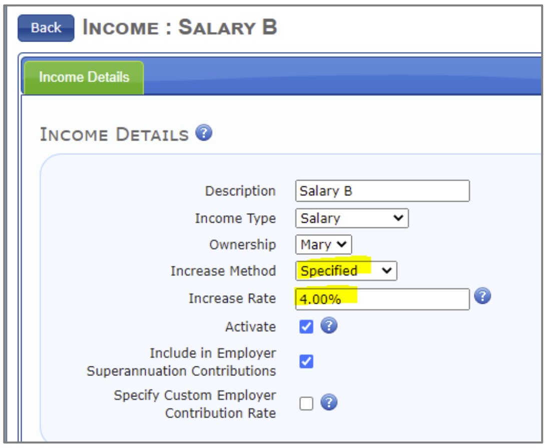
Savings Phase	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023
Age (John, Betty)	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53
Salary Allocation for Investment	$42,000	$43,050	$44,126	$45,229
Less Home Loan Costs	$2,113	$2,113	$2,113	$2,113
Less Net Asset Loan Costs	$7,785	$7,526	$7,261	$6,989
Usage of Remaining Funds				
Remaining Investable Funds	$32,102	$33,411	$34,752	$36,127
Moved to Transaction Account	$16,051	$16,705	$17,376	$18,064
Percentage Invested in Other Assets	50.00%	50.00%	50.00%	50.00%

Salary

Before we look at the allocation of **Salary to Savings**, let's look at some of the options which are available in the Salary account.

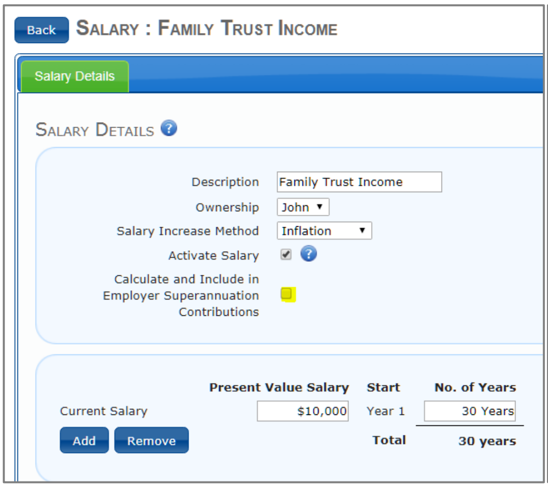
Firstly, the method of **Salary Increase** defaults to **Inflation**, but you can also nominate a **Specified** increase or **No Increase**.

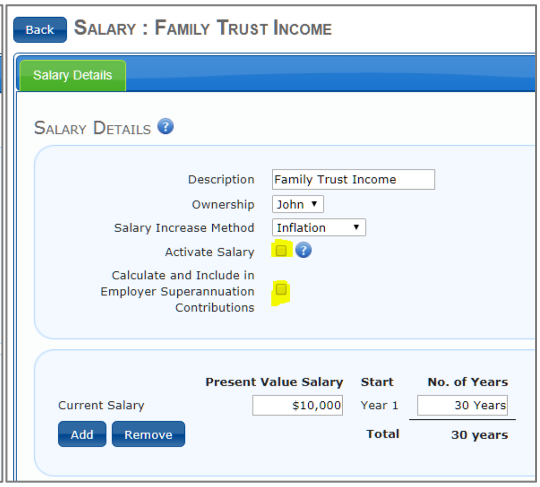




Take note of the ***Activation*** boxes. You will find these throughout the software. By unchecking the box, the calculation is removed, but reappears as soon as the entry is re-ticked. This saves double entry of information. In this example, John wants to include income from a ***Family Trust***. Which does not require the automatic allocation of Employer Superannuation Contributions *(To the limit of the SGL)*.

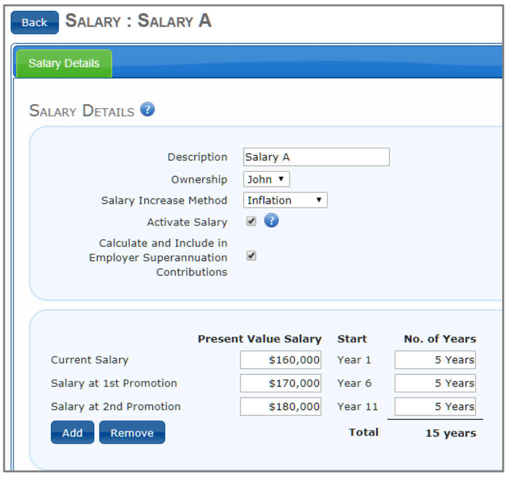
In the second screenshot, the ***Trust Income*** has been deactivated, but can be reintroduced into the plan at any time.





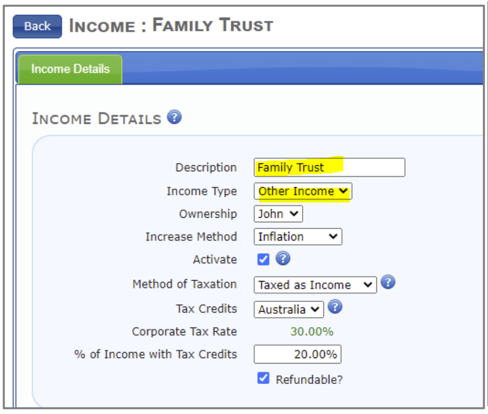
Salary Income Adjusted for Promotion or Part-time Work

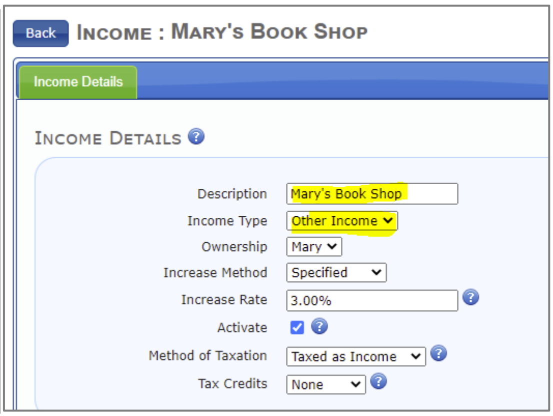
If you are using the importation of data from the ***Starting Position***, you will have just one value for the nominated number of years, in this case 15-years. However, if your client is likely to have salary increases due to rise in work responsibility, these can be entered. For example, your client may expect to rise from Regional Manager to State Manager in 5-years' time. Note that all values are entered in PV, and the increased according to the method of increase selected. It may be that your client plans to take a Gap Year or work part time.



Income from Other Sources

In addition to Salary, a different format is offered by selecting Other Income. In this case, money from a Family Trust has been allocated together with income from a business.

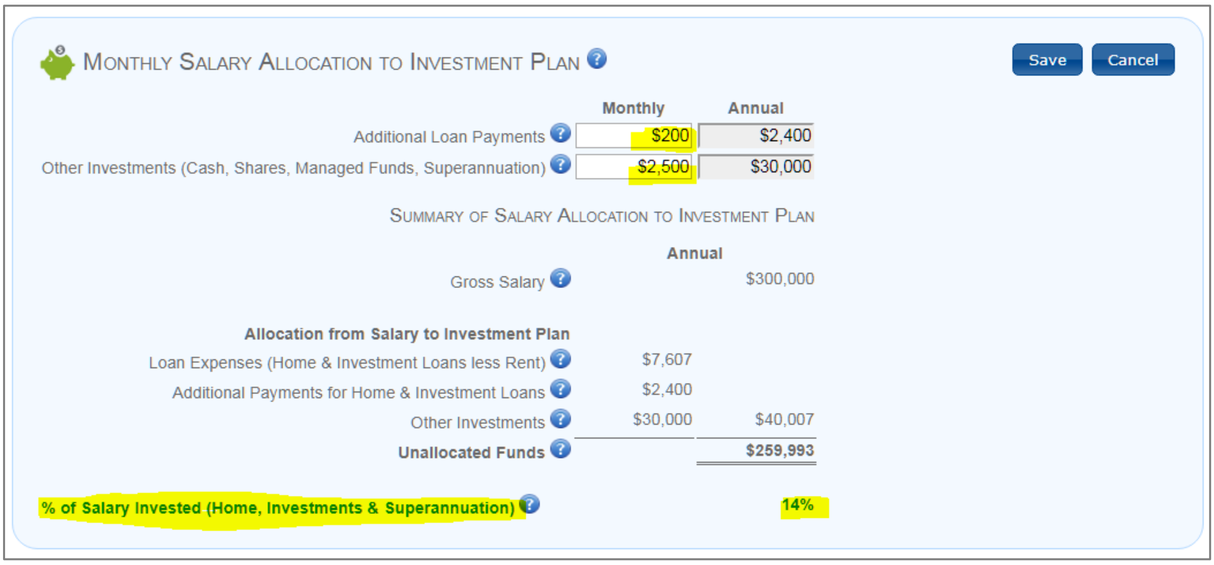




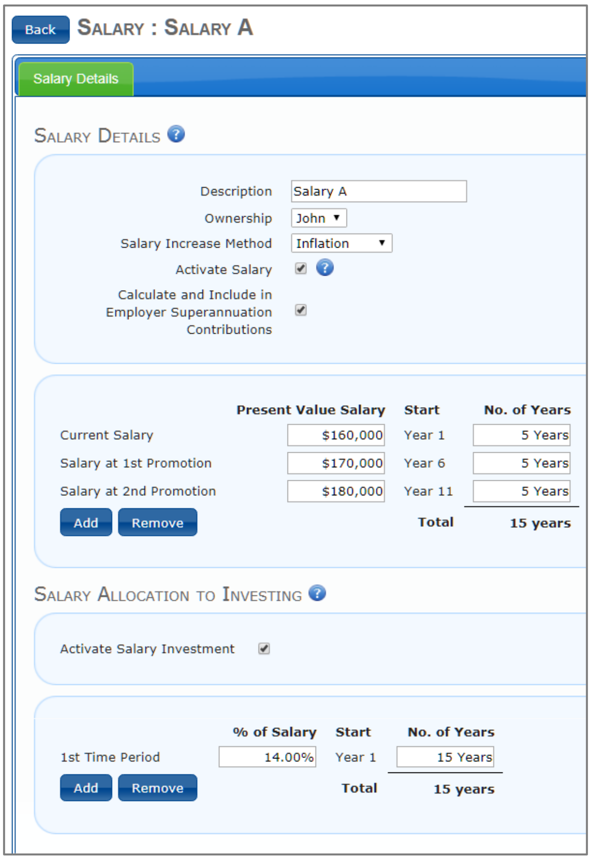
Activate Salary Investment

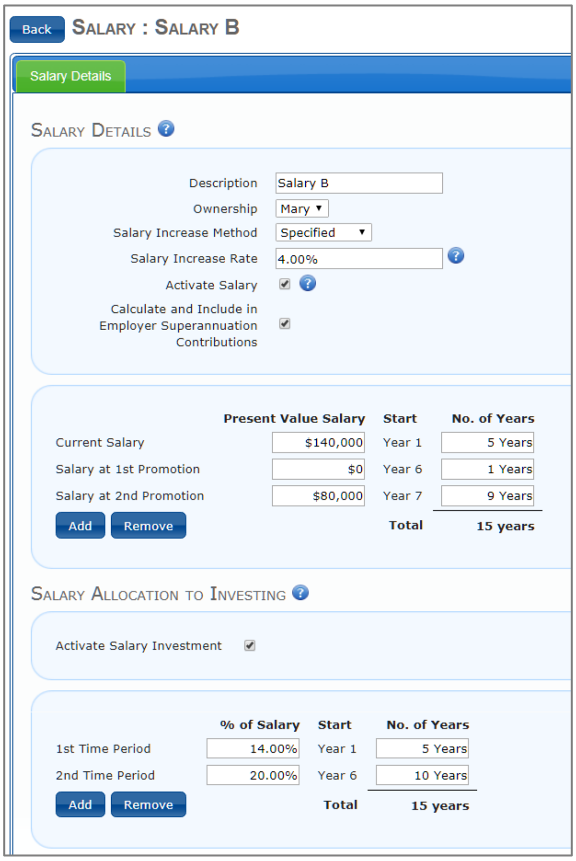
Note that you can use the Tick box to deactivate the percentage of Salary to be allocated to Investments.

In the ***Starting Position***, after all the entries have been made, you can allocate the **Monthly** value of funds to be allocated to **Additional Loan Payments** and **Other Investments**. The program calculates the amount allocated to Loans Expenses (Less Rent) and the additional loan expenses and allocation to investments to calculate a **Percentage of Salary**. This percentage is transferred to each of the ***Salary Accounts*** listed in the **Starting Positon**.



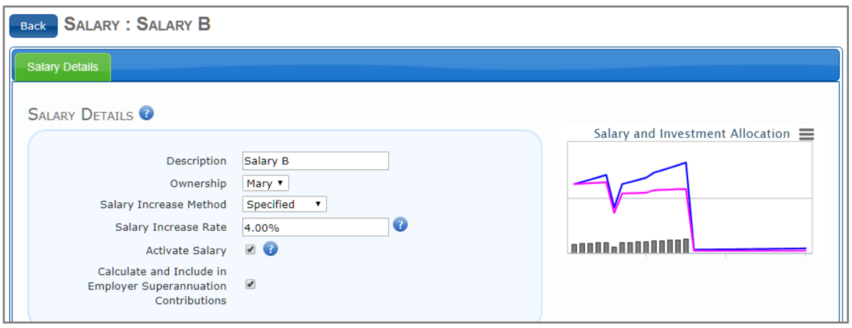
In this example the percentage is 14%. Once you commence the plan, you can now change the allocations for future years. In Salary B, the percentage, has been increased to 20% for the last 10-years. However, in Year 6, there is no Salary, so the allocation will be $0 for that year



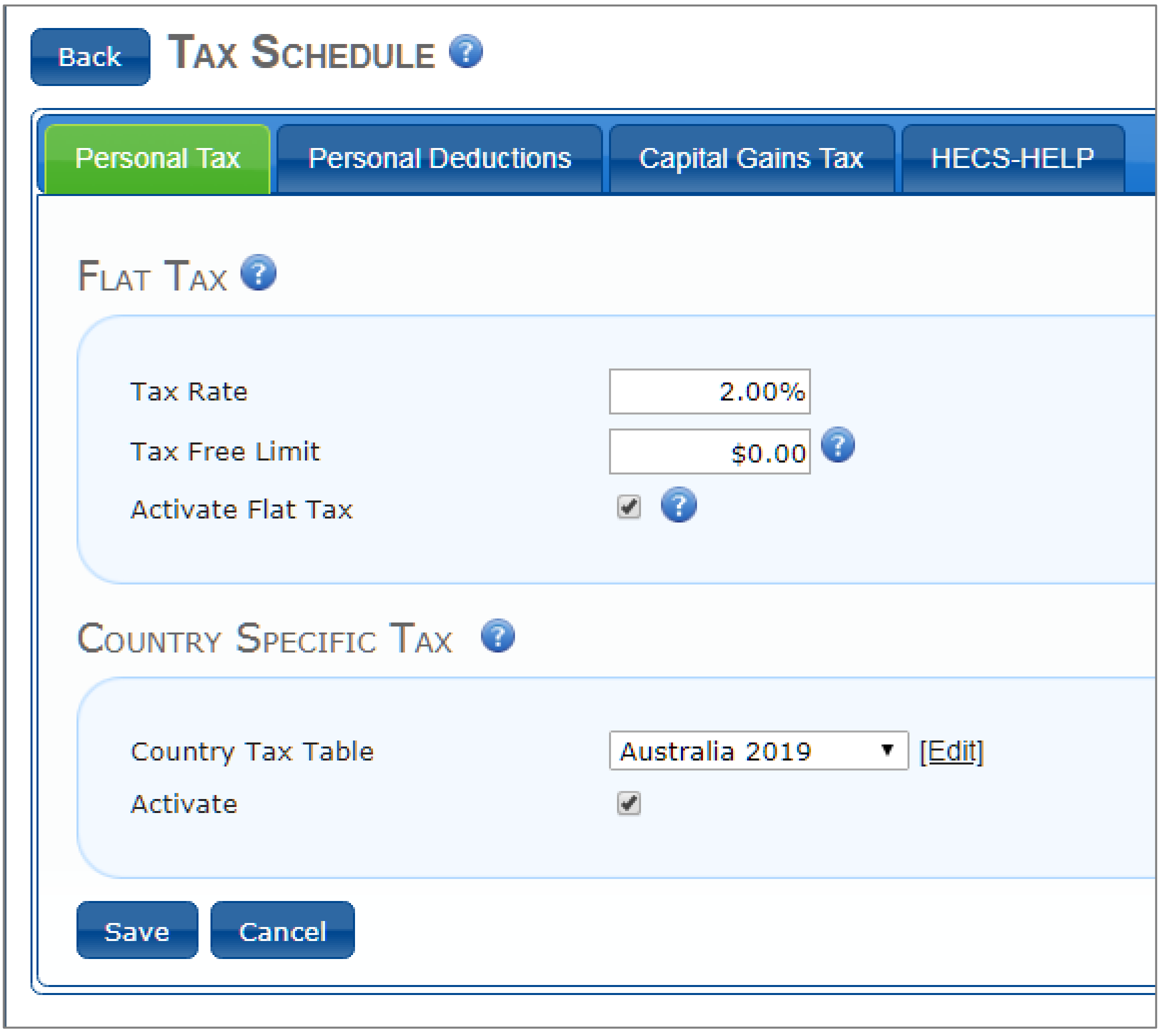


Salary and Investment Graph

To the right of each Salary is a graph which combines, all Salaries from both partners. This is presented in both **Future Value** (Blue) and **Present Value** (Pink). Note that this color scheme is maintained in all graphs showing FV and PV. The grey columns are the value of Savings allocated from the Salary (FV).



In this example, the plan is a 30-year plan with 15-years in the Savings Phase and 15-years in the Retirement Phase. One can continue to have Salary Income in the Retirement Phase. All income listed in the Salary, is taxed according to the ***Income Tax Schedule***. The program defaults to the current Progressive Tax Rate for Australia, plus an additional 2% for Medicare. (*This is not pro-rated for low income earners*).

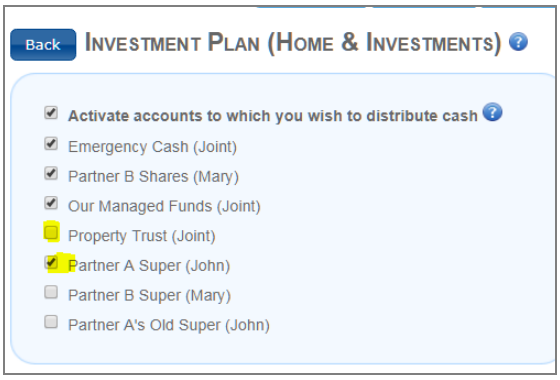


When the Tax Schedule changes, check that you have updated your schedule is the latest version for the plans you are working on. It should default to the last version listed in the Admin for new plans. Old tax schedules are maintained, and you can elect to use these, by clicking the Drop-down list. You can also EDIT the schedule.

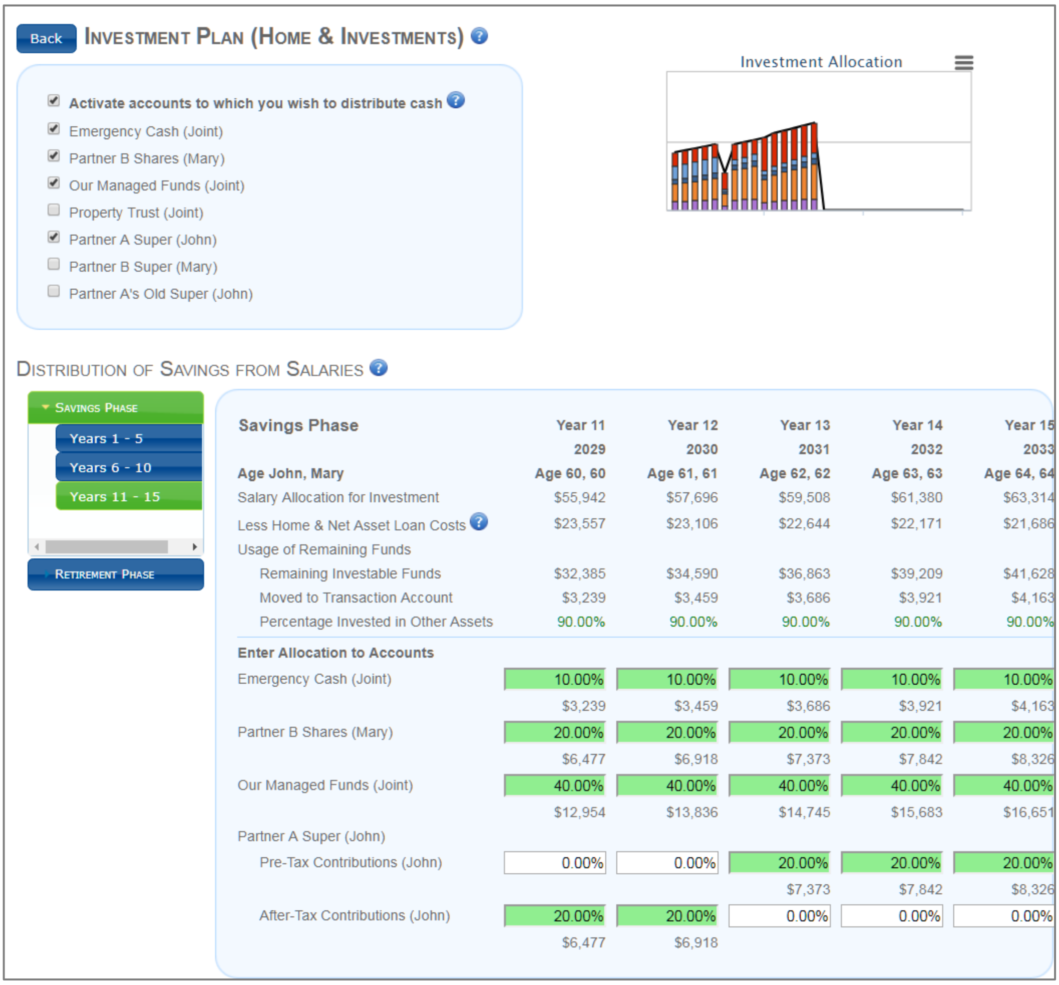
Investment Plan

If you are starting a plan, you should add all the new accounts you are going to recommend to your client. After the accounts, have been created, they will appear and automatically ticked for Allocation. Note that the software defaults to not including Superannuation Funds, however, you can activate any of these accounts if you wish to make an allocation. Likewise, other accounts which are not been used for the distribution of funds, can be deactivated.

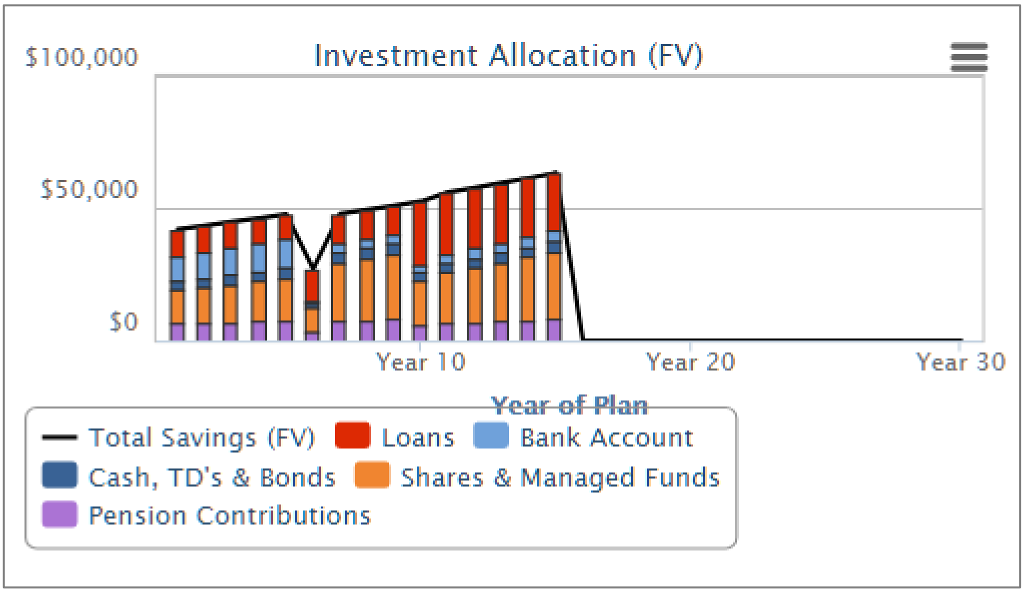
This **Default** selection and the selection made for this plan.



For each 5-year period, the allocation autofils to the end of the row, but you can change the autofilling as shown in the Partner A Super.

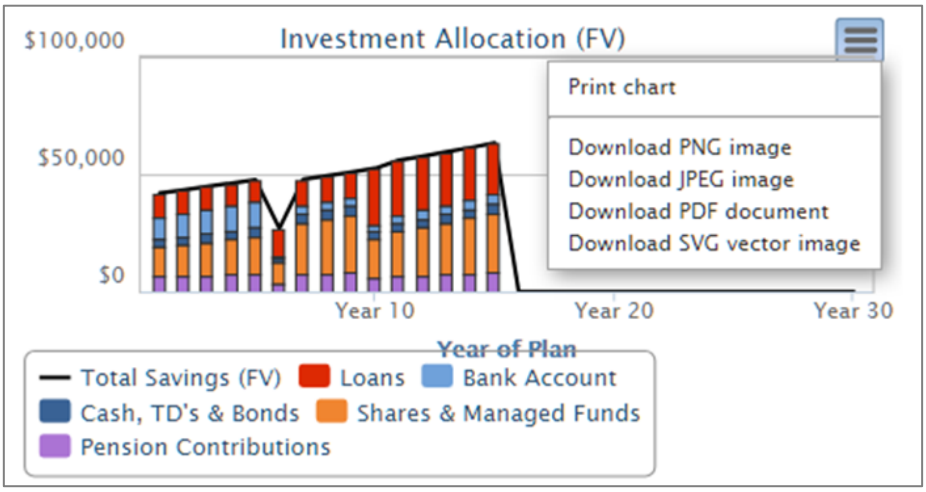


On the chevron for ***Reports***, the **Plan Outcomes**, has a copy of the graph as part of its **Key Indicator Graphs** at the top of the page.



Note on Graphs

By clicking the three bars above the right hand top corner, you can **download the graph** in a number of file formats. You can also **Zoom** a portion of the graph by placing the mouse at the start of the required zoom and drag your mouse to the right.



Tracking the Funds

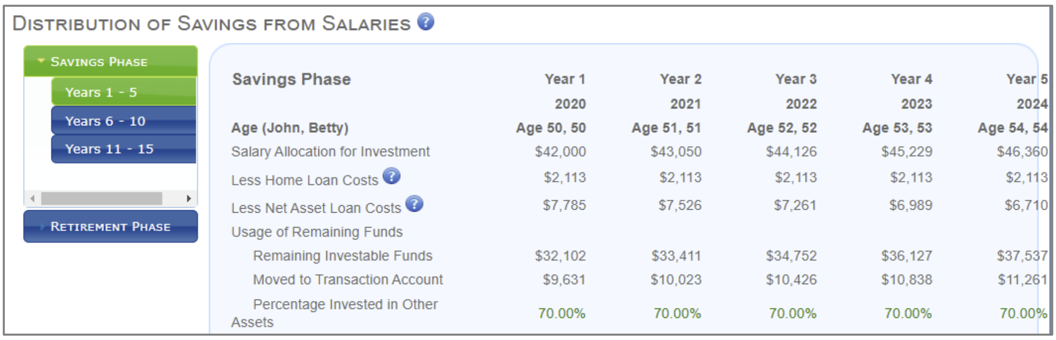
The data table takes you through the process of how the funds are allocated.

The first row lists the **Salary Allocation for Investment**. Note that investments in include home ownership and superannuation.

The second and third rows lists the allocation to **Home Loans** and **Net Asset Loan Costs**. These funds are transferred to the ***Transaction Account*** to pay for these costs.

In the section **Usage of Remaining Funds**, you the following:

- Remaining Investable Funds
- Funds Moved to Transaction Account, in this case the 30% not allocated to Investments.
- Percentage Invested in Other Assets (70%)



DISTRIBUTION OF SAVINGS FROM SALARIES

SAVINGS PHASE
Years 1 - 5
Years 6 - 10
Years 11 - 15
RETIREMENT PHASE

Savings Phase	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024
Age (John, Betty)	**Age 50, 50**	**Age 51, 51**	**Age 52, 52**	**Age 53, 53**	**Age 54, 54**
Salary Allocation for Investment	$42,000	$43,050	$44,126	$45,229	$46,360
Less Home Loan Costs	$2,113	$2,113	$2,113	$2,113	$2,113
Less Net Asset Loan Costs	$7,785	$7,526	$7,261	$6,989	$6,710
Usage of Remaining Funds					
Remaining Investable Funds	$32,102	$33,411	$34,752	$36,127	$37,537
Moved to Transaction Account	$9,631	$10,023	$10,426	$10,838	$11,261
Percentage Invested in Other Assets	70.00%	70.00%	70.00%	70.00%	70.00%

Transfer of Funds to Accounts

The program assumes that this allocation is made on a monthly basis throughout the year. Thus the allocation is found in the section of each account after the **Balance at Start of Year - After Annual Transactions** is found. The income calculated is averaged over the 12-month period, thus the calculation in the first year of the deposit is 50% of the annual rate.

This is the entry of the deposit in the ***Transaction Account***:

TRANSACTION (BANK) ACCOUNT TRANSACTIONS

View Data | View Graph

Savings Phase
- Years 1 - 5
- Years 6 - 10
- Years 11 - 15

Retirement Phase

Savings Phase	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Start of Year Balance	**$100,000**	**$108,237**	**$116,967**	**$126,191**	**$135,909**
Deposits - Start of Year	$0	$0	$0	$0	$0
Withdrawals - Start of Year	$5,000	$5,125	$5,253	$5,384	$38,633
Balance after Transactions at Start of Year	**$95,000**	**$103,112**	**$111,714**	**$120,807**	**$97,275**
Deposits - Paid Monthly	$37,714	$38,703	$39,737	$40,814	$40,158
Interest Earned - Bank (Investment) Account	$5,359	$5,808	$6,283	$6,785	$5,536
Savings Allocation (Including Loan Expenses)	$19,605	$19,827	$20,058	$20,299	$20,549

This is the example of the funds allocated to the ***Share*** account and are deposited directly into the ***Share Portfolio***. Note that **Buying Costs** have been deducted from the allocation.

View Data | View Graph

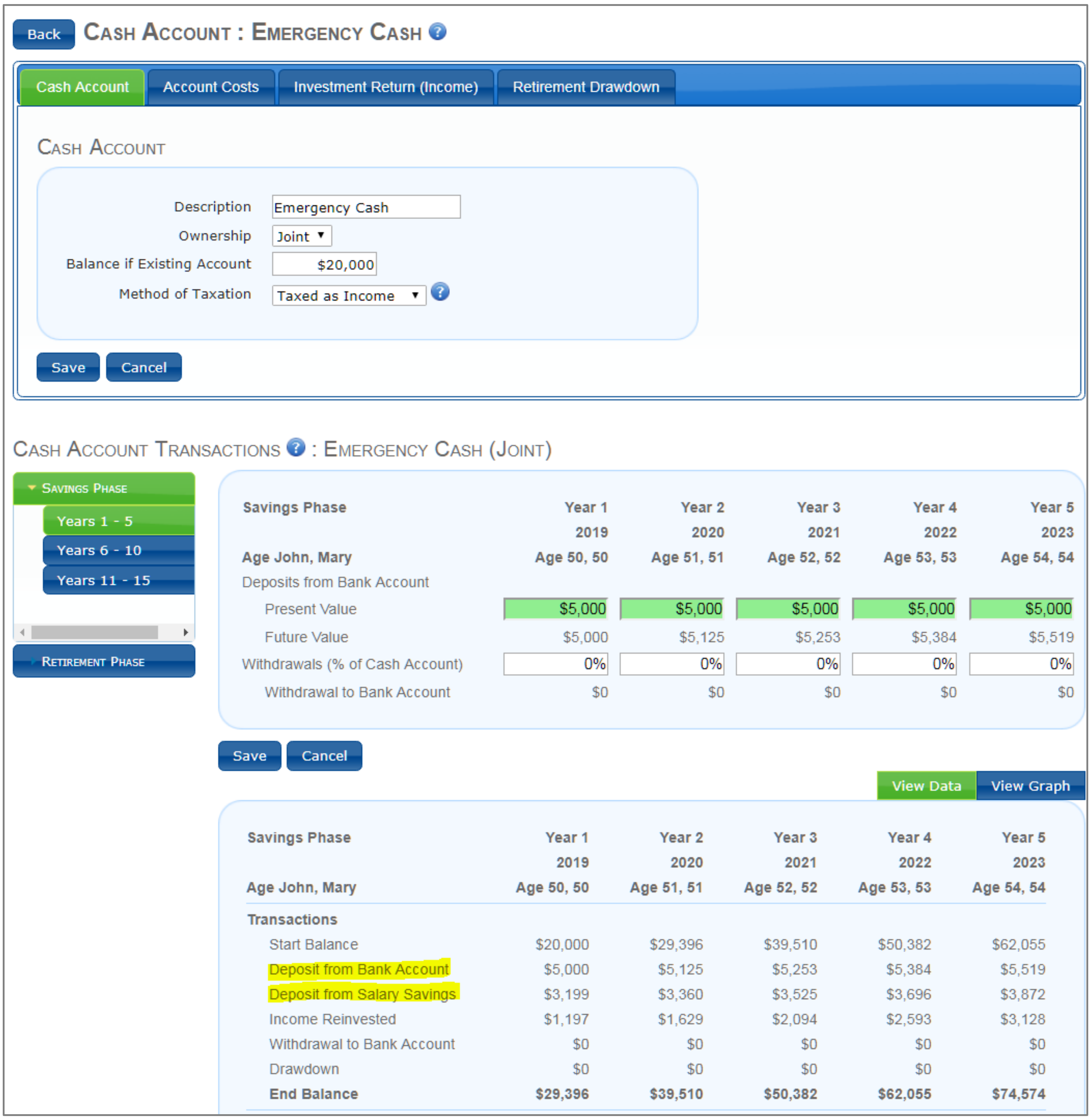
Savings Phase	Year 1 2019 Age 50	Year 2 2020 Age 51	Year 3 2021 Age 52	Year 4 2022 Age 53	Year 5 2023 Age 54
Transactions					
Start Balance	$50,000	$62,073	$75,776	$91,297	$108,842
Start of Year					
Purchases - Loan Account	$0	$0	$0	$0	$0
Purchases - Bank Account	$0	$0	$0	$0	$0
Drawdown	$0	$0	$0	$0	$0
Monthly Transactions					
Purchases – Salary Savings	$6,367	$6,686	$7,015	$7,355	$7,706

Alternative to using the Investment Plan for allocation of Salary Savings

Some clients will want to see specific dollar values rather than a percentage. This is most likely to be in the case of saying allocating $5,000 to Personal After-Tax Contributions. This can be done by going to the ***Superannuation Account*** and nominating a schedule of ***Contributions***. In this example, you would use part of that 30% of Savings from Salary, deposited into the ***Transaction Account***. However, you need to check that you do have the funds available for this allocation.

If something else changes in the plan, say you want a $50,000 deposit to purchase a new home, the ***Transaction Account***, may no longer have those funds available.

In the other accounts there is an area where you can make direct deposits from the ***Transaction Account.*** In this example, the client has elected to deposit $5,000 a year into the **Emergency Cash Account** for 5-years. Again you would need to check at the end of your Plan creation that you do have the funds in the ***Transaction Account*** and that the account is not overdrawn.



Why use Percentages for the Allocation?

Financial Mappers is dynamic cash flow modelling software. Every time you change an aspect of a plan, all accounts affected by the change and are recalculated.

For example, you may start building your plan, with the aim of purchasing an **Investment Property** in Year 5. You later think of a better strategy and change the date of that purchase. The change in the **Loan Expenses** for that purchase will impact on how the money is allocated from **Salary Savings**. If you use the ***Investment Plan***, then the values are automatically recalculated because you are using percentages. Where you had elected to use **Dollar Values**, you would need to check that you still have adequate funds in the ***Transaction Account*** to make that deposit.

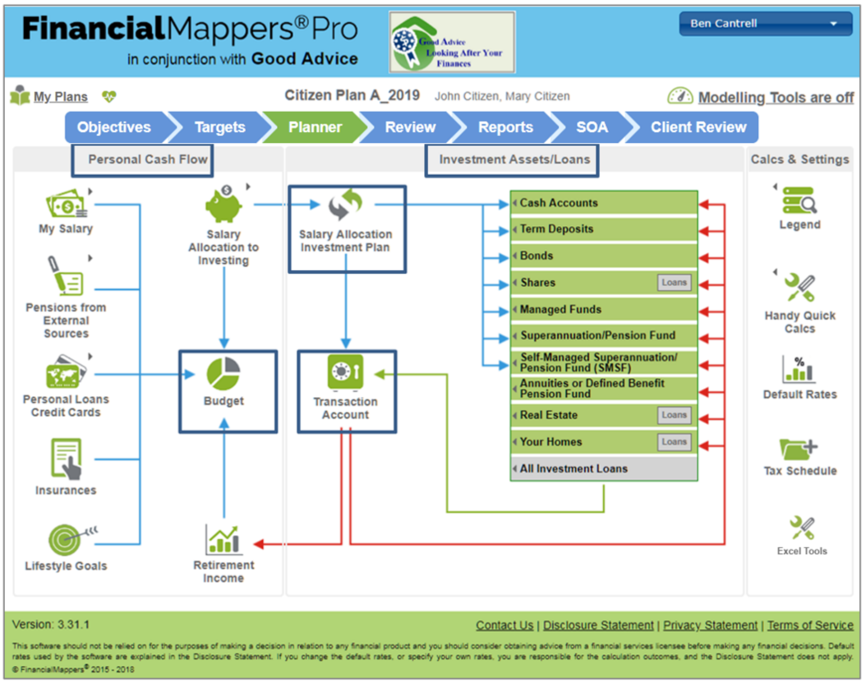
That said, there will be times, when you do want to use **Dollar Values** and this has been catered for. You just need to carefully review the plan at the end to ensure your Transaction Account is not overdrawn.

Transaction (Bank) Account

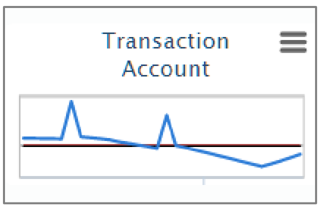
The ***Transaction Account*** is the account through which all your transactions for the **Investment Assets/Loans** are managed. The exception is the ***Salary Savings***, allocated to specific assets, excluding loans.

Please Note: Sometimes in the software, the ***Transaction Account*** is referred to as the ***Bank Account***. This is because line spacing in some instances does not provide for the words **Transaction Account**. In the original design, the account was called the **Bank Account**, but later re-named to improve clarity.

The ***Transaction Account*** is the account through which Tax Due on Investments is paid, at the end of the year, in which the **Tax Liability** or **Tax Credit** occurs.



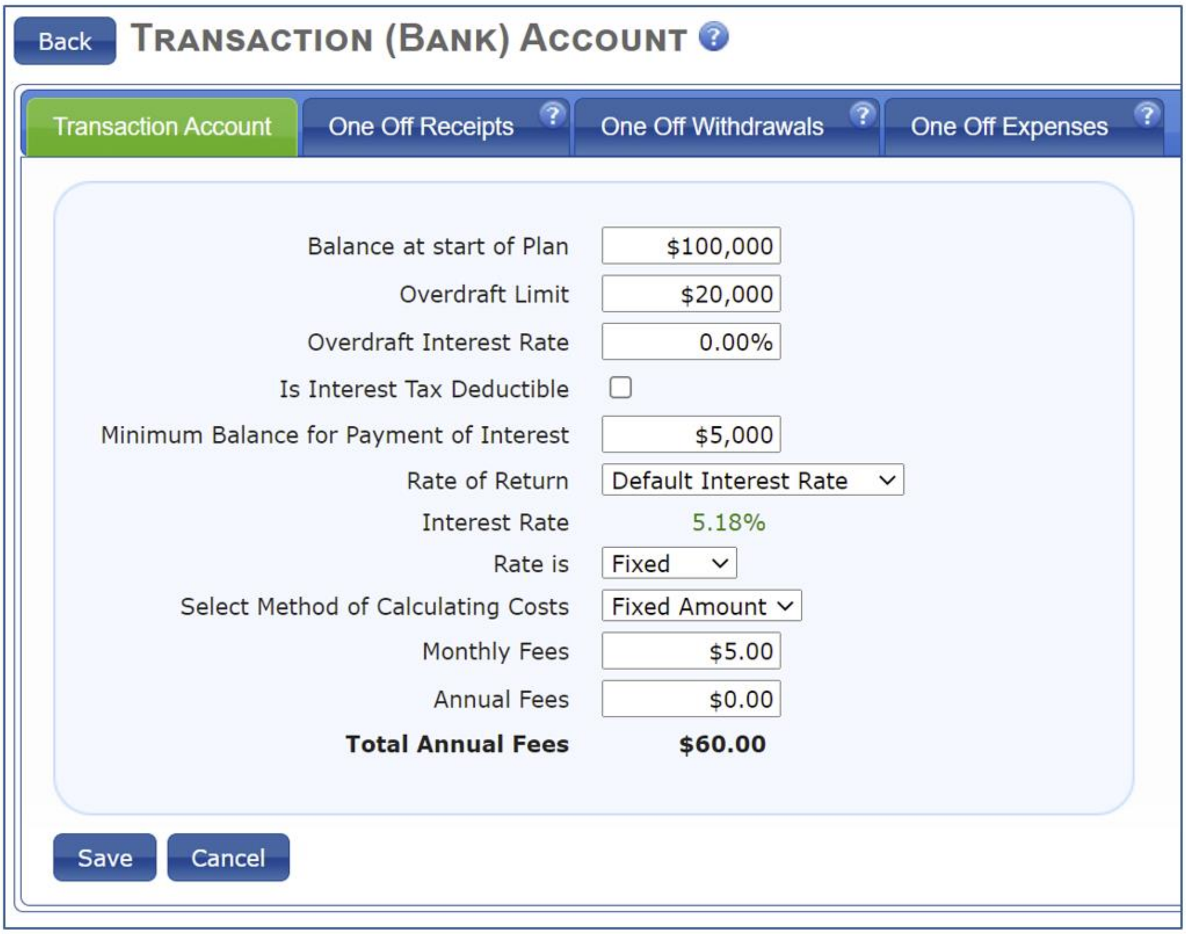
Warning on Transaction Account being overdrawn



Because **Financial Mappers** is dynamic, the ***Transaction Account*** will continue to display the results, when the fund is overdrawn beyond the Overdraft Limit. A small graph at the top of the account monitors this problem. There is a red bar, which displays the value of the Overdraft.

Transaction Account Details

You can configure this account as you want. These are the items you can configure:



Balance at Start of Plan: Note that some clients will have just one account for all their expenses. While they don't physically need to do this, they do need to be aware that this account only show transactions for Investment side of things and the personal transactions are in the Budget.

Overdraft limit and Overdraft Interest Rate: If you set an **Overdraft Limit** and the account is overdrawn within that limit, then ehe result will be displayed as a negative number. In the row, Balance After Transactions at Start of Year, any negative values which exceed the (Indexed) Overdraft Limit will be highlighted.

It is recommended that you do not use the Overdraft Facility for your debt management. It is better to create loans and assign for the appropriate purpose. It is also recommended that the Overdraft Interest Rate be nominated as 0%. The reason is that if for any reason an overdraft is created by having insufficient funds in the Transaction Account, then the interest costs increase the error until it is rectified.

TRANSACTION (BANK) ACCOUNT TRANSACTIONS

View Data | View Graph

SAVINGS PHASE
RETIREMENT PHASE
Years 1 - 5
Years 6 - 10
Years 11 - 15

Retirement Phase	Year 6 2039	Year 7 2040	Year 8 2041	Year 9 2042	Year 10 2043
Age John, Mary	Age 70, 70	Age 71, 71	Age 72, 72	Age 73, 73	Age 74, 74
Start of Year Balance	$23,808	-$12,501	-$35,909	-$58,312	-$79,356
Deposits - Start of Year	$273,211	$283,081	$293,448	$304,301	$315,674
Withdrawals - Start of Year	$294,951	$302,325	$309,883	$317,630	$325,571
Balance after Transactions at Start of Year	$2,068	-$31,745	-$52,344	-$71,641	-$89,253
Deposits - Paid Monthly	$0	$0	$0	$0	$0
Withdrawals - Paid Monthly	$13,086	$2,441	$3,986	$5,433	$6,754
Deposits - End of Year	$0	$0	$0	$0	$0
Withdrawals - End of Year	$1,483	$1,724	$1,982	$2,283	$2,626
Balance at End of Year	-$12,501	-$35,909	-$58,312	-$79,356	-$98,633
Net Monthly Cash Flow	-$13,086	-$2,441	-$3,986	-$5,433	-$6,754

Is Interest Tax Deductible?: The program gives you the option to include a ***Tax Deductible*** Interest Rate. However, you need to ensure that your ***Transaction Account*** is not accidently overdrawn, as the ***Tax Estimator*** will calculate the interest due and include that value in the Tax Deductions.

Minimum Balance for Payment of Interest: For ease of plan construction, some advisers, may prefer to keep this as the major account to hold all cash-type assets or as a Cash Management Account. In this case, you may want to include a **Minimum Balance** before the interest is calculated. This will increase the accuracy of your calculations, however, the small amount of interest, say 0.01% often given on low balance accounts will not be included in the calculations.

Rate of Return: You will notice in this example the **Specified Rate** is listed, although the value of the **Default Rate** (5.37%) is being displayed. The reason is that, in this example the Interest Rate was imported from the ***Starting Position***. Any interest rates, for either investment returns or interest charges on loans, are always listed as **Specified** when imported from the ***Starting Position***. Normally when you create an account, this Rate of Return, is the **Default Rate**.

Fixed or Variable Rate: The program defaults to a **Fixed Rate**. This means that if the ***Income Modulator*** is activated with a change of rates for cash-type assets, the rate will not change in the ***Transaction Account***.

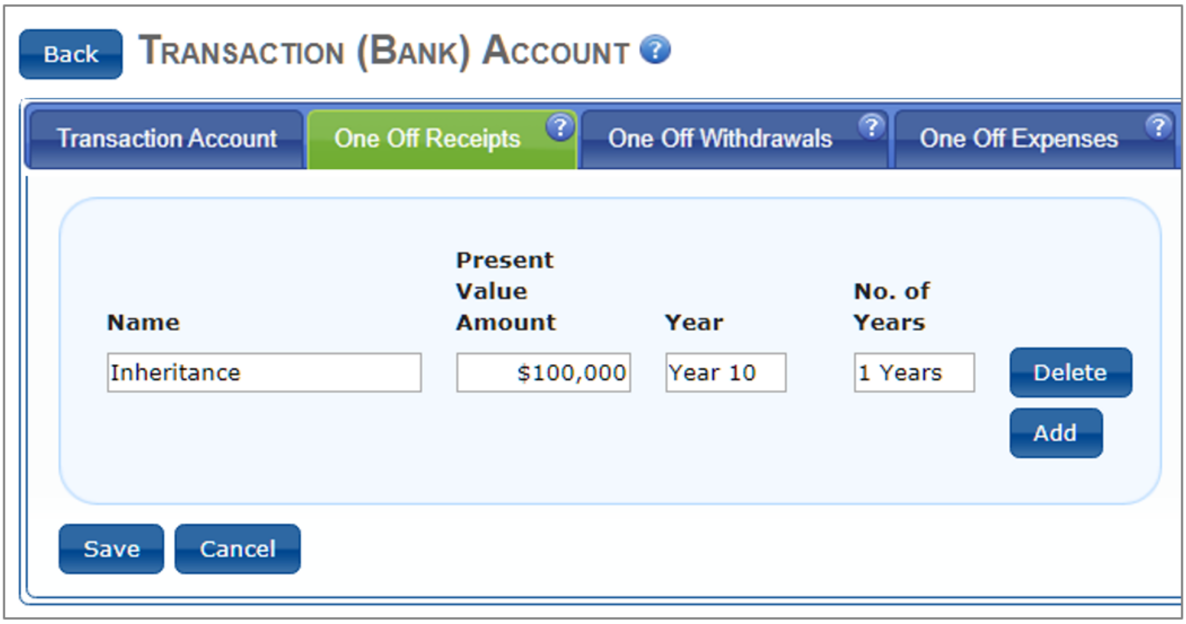
Method of Calculating Costs: The account defaults to the option of **None**. However, you can chose a **Fixed Dollar Value**. This expense is included in the **Withdrawals - Paid Monthly**.

One-Off Receipts, Withdrawals and Expenses

One-Off Receipts

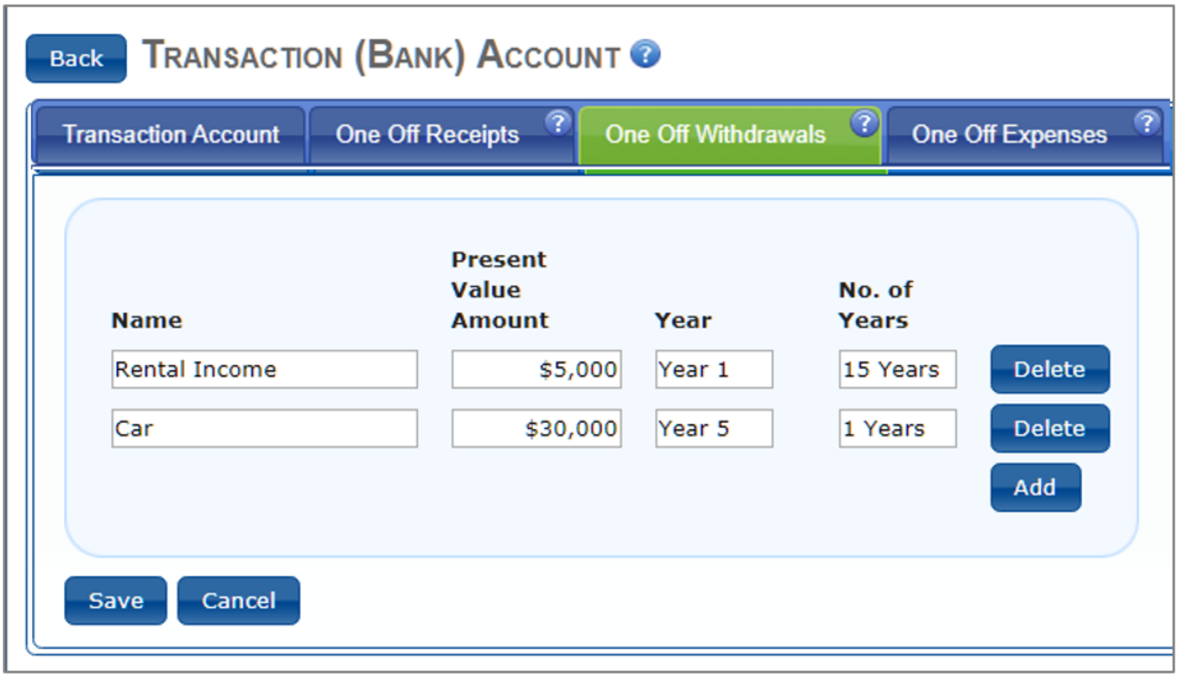
One-Off Receipts allow the introduction of funds to the plan which are not taxed. Examples may be:

- An allowance for a future Inheritance
- An allowance for income from a hobby which is not to taxed



One-Off Withdrawals

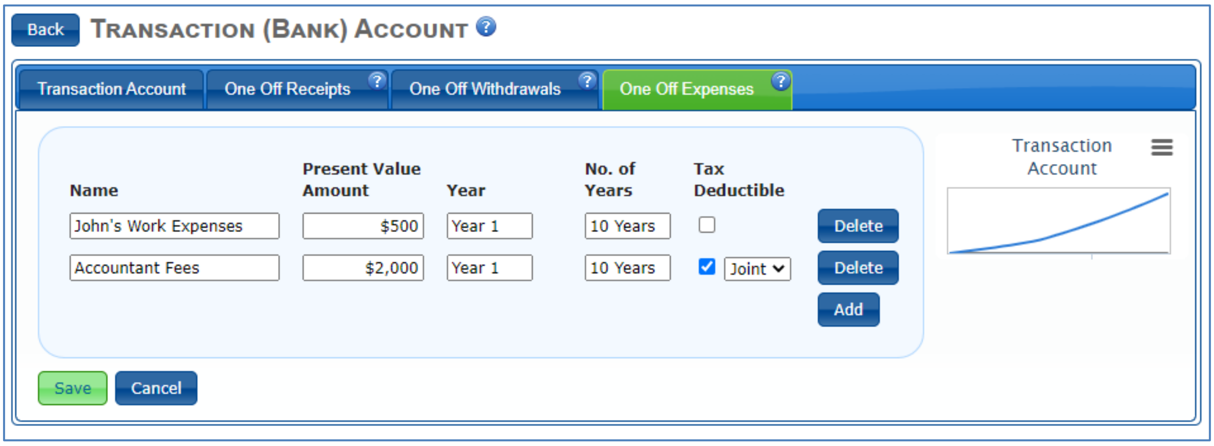
As mentioned in the ***Budget*** section, **One-Off Withdrawals** allow the transfer of funds from the ***Transaction Account*** to the ***Budget Income***.



One-Off Expenses

One-Off Expenses allow the inclusion of investment related expenses where they cannot be accommodated in other sections of the plan. The cost of the expense can be allocated to the correct partner and may be listed as "Tax Deductible" if appropriate.
Examples of other expenses are:

- Accountant fees
- Adviser fees
- Work related expenses which are tax deductible (currently these are listed in the Budget, but tax deductibility is not included)
- Interest on loans for the 4-year phase out period in New Zealand
- Capital Gains Tax in New Zealand, where an investment property is sold within the first 10-years and do not qualify for any tax relief.
- Personal Expenses that you wish to withdraw from the Transaction Account rather than the Budget. For example, you may want to withdraw the cost of school fees as these are likely to change over a short period of time.



Note that **Ownership** is only displayed if the item is ***Tax Deductible***.

Methodology of Transactions

The methodology of the transactions is the same for all accounts.

In general:

- Assets are purchased at the Start of the Year.
- Assets are sold at the End of the Year.
- Income and Expenses which are Monthly are calculated as the average for the first year.

The top section shows the Start of Year Balance. This is the balance before any transactions are considered for the nominated year. A new Balance after Transactions at Start of year is then calculated. This is the figure on which Income and Costs calculated as a percentage are calculated.

Savings Phase	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Start of Year Balance	$100,000	$97,470	$94,645	$91,483	$87,937
Deposits - Start of Year	$0	$0	$0	$0	$0
Withdrawals - Start of Year	$15,000	$15,375	$15,759	$16,153	$49,672
Balance after Transactions at Start of Year	$85,000	$82,095	$78,885	$75,330	$38,265

This is followed by the Monthly Transaction and the Transactions at the End of Year. Net Monthly Cash Flows are also displayed.

TRANSACTION (BANK) ACCOUNT TRANSACTIONS

View Data | View Graph

SAVINGS PHASE
- Years 1 - 5
- Years 6 - 10
- Years 11 - 15

RETIREMENT PHASE

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
Age John, Mary	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
Start of Year Balance	**$100,000**	**$97,470**	**$94,645**	**$91,483**	**$87,937**
Deposits - Start of Year	$0	$0	$0	$0	$0
Withdrawals - Start of Year	$15,000	$15,375	$15,759	$16,153	$49,672
Balance after Transactions at Start of Year	**$85,000**	**$82,095**	**$78,885**	**$75,330**	**$38,265**
Deposits - Paid Monthly	$36,909	$37,306	$37,705	$38,103	$36,721
Withdrawals - Paid Monthly	$22,817	$22,877	$22,938	$23,001	$23,066
Deposits - End of Year	$0	$0	$0	$0	$616,996
Withdrawals - End of Year	$1,622	$1,879	$2,169	$2,495	$2,584
Balance at End of Year	**$97,470**	**$94,645**	**$91,483**	**$87,937**	**$666,332**
Net Monthly Cash Flow	$14,092	$14,429	$14,767	$15,102	$13,655

Tax Due on Investments and Capital Gains Tax are deducted at the end of the year.

Cash Flow Summary

From the Reports chevron, you can access the **Cash Flow Summary**. This report has no graphs, just a 10-year tables of data. These tables can be for the Savings or Retirement Phase and in either PV or FV.

The first 5-years of this report has been included in a number of the Template Reports. You can also generate the pre-loaded report – ***Plan Summary – First 10 Years in Data View***. This report will show the first 10-years of Savings and Retirement Phase in both PV and FV. This is the first 10-years of the Saving Phase in Present Value. This divided into three sections:

Income

Cash Flow Summary

Future Value | Present Value

Savings Phase: « Years 1 - 10 | Years 11 - 15 »

Retirement Phase: « Years 1 - 10 | Years 11 - 15 »

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Present Value	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Age (John, Mary)	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54	Age 55, 55	Age 56, 56	Age 57, 57	Age 58, 58	Age 59, 59
Income										
Salary										
Salary B	$140,000	$140,000	$140,000	$140,000	$140,000	$140,000	$140,000	$140,000	$140,000	$140,000
Salary A	$160,000	$160,000	$160,000	$160,000	$160,000	$160,000	$160,000	$160,000	$160,000	$160,000
Pension Income										
Drawdown: Partner A Super	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Drawdown: Partner B Super	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Drawdown: John's Old Super	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Investment Income										
Bank Account	$1,869	$2,364	$2,864	$3,367	$3,871	$8,127	$8,578	$9,004	$9,404	$9,148
Emergency Cash	$972	$1,134	$1,302	$1,475	$1,653	$1,832	$2,010	$2,194	$2,384	$2,555
Partner B Shares	$2,260	$2,711	$3,202	$3,737	$4,318	$4,939	$5,603	$6,325	$7,110	$7,915
Our Managed Funds	$207	$634	$1,099	$1,603	$2,151	$2,727	$3,336	$3,996	$4,711	$5,414
Property Trust	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Investment Property 1	$12,750	$12,750	$12,750	$12,750	$12,750	$12,750	$12,750	$12,750	$12,750	$14,077
Home 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New House	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Income										
One-off Receipts	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Income	$318,058	$319,594	$321,217	$322,932	$324,743	$330,375	$332,277	$334,269	$336,359	$339,108

Expenses

Expenditure										
Lifestyle Expenditure										
Living Expenses	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000
Lifestyle Goals	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
Personal Loans	$2,769	$2,701	$0	$0	$0	$0	$0	$0	$0	$0
Credit Cards	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Insurance	$500	$488	$476	$464	$453	$442	$431	$421	$410	$400
Investment Expenditure										
Bank Account Fees & Interest	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Loan Payments: Investment Property 1 [Loan]	$18,234	$17,790	$17,356	$16,933	$16,520	$16,117	$15,724	$15,340	$14,966	$27,053
Loan Payments: Home 1 [Loan]	$4,522	$4,471	$4,420	$4,371	$4,323	$0	$0	$0	$0	$0
Loan Payments: New House [Loan]	$0	$0	$0	$0	$0	$6,886	$6,718	$6,555	$6,395	$6,239
Tax Payments										
Total Tax Due (John)	$47,827	$48,355	$48,889	$49,432	$49,982	$51,958	$52,491	$53,031	$53,577	$53,630
Total Tax Due (Mary)	$43,159	$43,464	$43,786	$44,127	$44,487	$45,593	$45,972	$46,369	$46,786	$47,073
Total Expenditure	**$183,011**	**$183,268**	**$180,927**	**$181,326**	**$181,765**	**$186,996**	**$187,336**	**$187,715**	**$188,134**	**$200,395**

Additional Information

The **Surplus/Deficit** will show if the Income is surplus or in deficient to the expenses for each year.

The Account Balance of the **Transaction (Bank) Account** is displayed so if the account is overdrawn, you may wish to review the plan and adjust accordingly.

Likewise, the **Budget: Unallocated Funds**, will display any years in which the expenses are greater than the income.

Conversational SmartPanels

The following are examples of Conversational SmartPanels:

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 $30,000. The investment return is 5.18%. During the plan, the account is not overdrawn at the end of any years.

At the start of the Retirement Phase, the balance of the Transaction Account is $580,586 (which is $840,862 in FV).

At the end of the plan, the balance is $291,484 (which is $611,407 in FV).

Cash Account: *Emergency Cash*

Emergency Cash is an existing cash account owned jointly with a value of $20,000 at the start of the plan.

The investment return is 5.18% and interest is reinvested. The interest is taxed as income.

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 15:** 10.00%

At the start of the Retirement Phase, this cash account is worth $89,787 (which is $130,038 in FV). The Retirement Drawdown has not been activated.

At the end of the plan, this cash account is worth $132,237 (which is $277,375 in FV).

Retirement Income

Retirement Income

The drawdown for retirement income commences when John is Age 65 and Betty is Age 65. Pensions from external sources are included in the retirement income.

Retirement income is transferred from the Transaction Account to the Budget to cover any tax due on this income and your living expenses in retirement.

The plan has allocated the following retirement income:

- **Years 1 to 10:** $180,000
- **Years 11 to 15:** $160,000

Salaries

Salaries

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

Salary: *Salary A* (John)

This salary is increased at the inflation rate.

The salary has been listed as:

- **Years 1 to 15:** $160,000
- **Years 16 to 30:** $0

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 15:** 14.00%
- **Years 16 to 30:** 0.00%

Salary: *Salary B* (Betty)

This salary is increased at the inflation rate.

The salary has been listed as:

- **Years 1 to 15:** $140,000
- **Years 16 to 30:** $0

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 15:** 14.00%
- **Years 16 to 30:** 0.00%

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