

FinancialMappers[®]Pro

Masterclass

Interest Earning Accounts

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
TAXATION	3
INVESTMENT PLAN	5
CASH ACCOUNT	6
TERM DEPOSITS.....	10
BONDS	13
Early Redemption of Bond	15
MANAGED FUNDS – DEFENSIVE ASSETS	18
TRANSACTION ACCOUNT.....	22
RETIREMENT INCOME	24
PLAN OUTCOMES	27
CONVERSATIONAL SMARTPANELS	28
Salaries and Retirement Income	29
Interest Earning Accounts	30
Managed Funds.....	31
CONTACT	33

Introduction

For detailed planning **Financial Mappers**, offers a number of solutions for your **Interest Earning** assets. However, for simplicity, in the early stages of plan creation, keeping all your **Interest Earning** or cash-type assets in the **Transaction Account** is a quick solution.

For brevity, you will often see this group of assets referred to **Cash** or **Cash-type Assets**. The following assets are in this group.

- Transaction Account
- Term Deposits
- Bonds
- Managed Funds
 - Cash
 - Domestic Fixed Interest Securities
 - Global Fixed Interest Securities

This group of assets is your **Defensive Assets**.

Notes on Plan

For demonstration purposes, screenshots will be from a 20-year Plan for a single person with only Defensive Assets.

John, Citizen has is aged 55 and has a Salary of \$120,000 of which he is saving 10%. John will retire at age 65, thus you will have a plan displaying 10-years each of the Savings and Retirement Phases.

Note on Special Rule for Calculating Dollar Value Account Costs

Financial Mappers has a **Special Rule**, regarding the calculation of **Dollar Value Account Costs**.

This rule states that where the Income is less than the Account Cost, the Account Costs are reduced to the value of the Income.

This may not be the practice in 'Real Life', however, this rule was introduced to protect the calculations against User Entry Error or having the account enter negative balances.

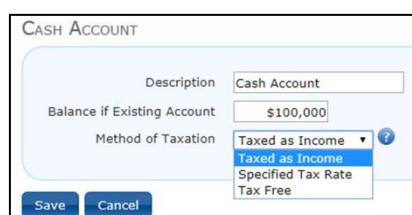
Taxation

It is important to remember that **Financial Mappers** is not an accounting type product, but rather long term cash flow modeling software. Therefore consideration of taxation can only give the plan the **broad-brushstrokes of estimated tax liabilities**. This is why we refer to the account where tax is calculated as the ***Tax Estimator***.

However, **Financial Mappers** does embrace all the basic rules of Australian Taxation. The program has been developed to allow quick scaling to other country-specific tax rules, and for this reason, you will find options, not applicable to Australian tax conditions. However, there may be times when you want to avail yourself of these options.

Apart from real estate, which the program assumes is always taxed as income, you have three methods of calculating tax. These are:

- Taxed as Income (Default Option)
- Specified Tax Rate
- Tax-Free



The screenshot shows a 'CASH ACCOUNT' dialog box. It contains the following fields and options:

- Description:** Cash Account
- Balance if Existing Account:** \$100,000
- Method of Taxation:** A dropdown menu with the following options: Taxed as Income (highlighted), Taxed as Income, Specified Tax Rate, and Tax Free.
- Buttons:** Save and Cancel.

When ***Taxed as Income***, the nominated values in the **Tax Schedule** will be used. The program defaults to the current Australian progressive tax scale, plus an additional flat tax of 2% to cater for the Medicare Levy. No allowance is made for pro-rata rates for low-income earners or any surcharge on high-income earners which various governments will sometime apply.

Special Note on Specified Tax Rate

Where this option is selected, the items are kept in a separate section of the Tax Estimator and tax is calculated for each account by the nominated Tax Rate.

Financial Mappers Pro Masterclass

In the **Tax Estimator**, the total tax on Salary, Investments, and Superannuation are calculated. The **Tax on Income** is proportionally allocated between Investments and Personal Income (including the value nominated for Retirement Income). The Tax due on Investments is deducted from the **Transaction Account** at the End of the Year, in which the **Tax Liability** occurs.

This is an example of the **Tax Estimator** for this plan. (This in Reports)

Back

TAX ESTIMATOR ?

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 DataView Graph

SAVINGS PHASE

Years 1 - 5

Years 6 - 10

RETIREMENT PHASE

Savings Phase	Year 1 2019 Age 55	Year 2 2020 Age 56	Year 3 2021 Age 57	Year 4 2022 Age 58	Year 5 2023 Age 59
Total Income and Capital Gains	\$140,923	\$145,433	\$150,047	\$154,817	\$159,746
Taxable Income Taxed at Income Tax Rate	\$140,923	\$145,433	\$150,047	\$154,817	\$159,746
Net Income					
Bank Account	\$8,181	\$8,448	\$8,993	\$9,556	\$10,137
Salary	\$120,000	\$123,000	\$126,075	\$129,227	\$132,458
Pension (from External Sources)	\$0	\$0	\$0	\$0	\$0
Cash Account	\$6,346	\$7,232	\$7,851	\$8,514	\$9,223
5-Year TD	\$1,230	\$1,365	\$1,503	\$1,645	\$1,791
10-Year Bond	\$2,130	\$2,130	\$2,130	\$2,130	\$2,130
Defensive MF	\$3,035	\$3,258	\$3,495	\$3,744	\$4,009
Tax Deductions - Total Personal	\$0	\$0	\$0	\$0	\$0
Tax Deductions - Personal	\$0	\$0	\$0	\$0	\$0
Tax Deductions - Home Loan	\$0	\$0	\$0	\$0	\$0
Tax Deductions - Insurance Premiums	\$0	\$0	\$0	\$0	\$0
Tax Deductions - Investment Costs					
Tax Deductions - Non Cash					
Capital Gains Taxed as Income	\$0	\$0	\$0	\$0	\$0
Loss Carried Forward	\$0	\$0	\$0	\$0	\$0
Income Taxed at Specified Rate	\$0	\$0	\$0	\$0	\$0
Tax Free Income	\$0	\$0	\$0	\$0	\$0
Capital Gains	\$0	\$0	\$0	\$0	\$0
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)	\$42,456	\$43,903	\$45,382	\$46,914	\$48,500
Tax Due - Investments	\$6,303	\$6,772	\$7,251	\$7,754	\$8,285
Tax Due - Personal Income	\$36,153	\$37,131	\$38,132	\$39,159	\$40,215
Tax Due - Capital Gains	\$0	\$0	\$0	\$0	\$0
Tax Due - HECS-HELP	\$0	\$0	\$0	\$0	\$0
Average Tax Rate					
Income and Investment Net Income	30.13%	30.19%	30.25%	30.30%	30.36%
Capital Gains	0.00%	0.00%	0.00%	0.00%	0.00%

Investment Plan

Each of the accounts **Ticked** have a 20% allocation from the Salary. There is no allocation to the Bond Account. The remaining 40% is transferred to the **Transaction Account**.

Back
INVESTMENT PLAN (HOME & INVESTMENTS) ?

☒ Activate accounts to which you wish to distribute cash ?
☒ Cash Account
☒ 5-Year TD
☐ 10-Year Bond
☒ Defensive MF

Investment Allocation

DISTRIBUTION OF SAVINGS FROM SALARIES ?

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

Savings Phase	Year 1 2019 Age 55	Year 2 2020 Age 56	Year 3 2021 Age 57	Year 4 2022 Age 58	Year 5 2023 Age 59
Salary Allocation for Investment	\$12,000	\$12,300	\$12,608	\$12,923	\$13,246
Less Home & Net Asset Loan Costs ?	\$0	\$0	\$0	\$0	\$0
Usage of Remaining Funds					
Remaining Investable Funds	\$12,000	\$12,300	\$12,608	\$12,923	\$13,246
Moved to Transaction Account	\$4,800	\$4,920	\$5,043	\$5,169	\$5,298
Percentage Invested in Other Assets	60.00%	60.00%	60.00%	60.00%	60.00%
Enter Allocation to Accounts					
Cash Account	20.00%	20.00%	20.00%	20.00%	20.00%
	\$2,400	\$2,460	\$2,522	\$2,585	\$2,649
5-Year TD	20.00%	20.00%	20.00%	20.00%	20.00%
	\$2,400	\$2,460	\$2,522	\$2,585	\$2,649
Defensive MF	20.00%	20.00%	20.00%	20.00%	20.00%
	\$2,400	\$2,460	\$2,522	\$2,585	\$2,649

Save
Cancel

Special Note on Term Deposits and Bonds

The normal rule for the **Investment Plan** allocation is that the funds are allocated on a **Monthly Basis**. The exception to this rule is for the allocation of funds to TD's and Bonds.

For the purpose of calculating income, the program assumes that all the value is allocated at the Start of the Year. If you want to be more specific, you could consider using the purchase of these assets, within the account, in which case the purchase is assumed to be at the Start of the Year, and is withdrawn from the **Transaction Account** at the Start of the Year.

Cash Account

The **Cash Account** would be where you may want to isolate funds which may be for a special purpose such as **Emergency Cash** or **Saving for Deposit** to purchase Real Estate.

Savings for personal items such as car or holiday should not be included in this account. They are best saved for in the **Lifestyle Goals**, where the saving is allocated to the **Budget**.

If the account has an existing balance, in this case, \$100,000 that value is entered. Note that on the TAB, **Cash Account**, you can nominate the **Method of Taxation**.

Back CASH ACCOUNT : CASH ACCOUNT ?

Cash Account Account Costs Investment Return (Income) Retirement Drawdown

CASH ACCOUNT

Description Cash Account

Balance if Existing Account \$100,000

Method of Taxation Taxed as Income ?

Save Cancel

On the TAB, **Account Costs**, the program defaults to **None**.

You can elect to calculate **Account Costs** as either a **Dollar Value** or a **Percentage of Fund**. Dollar Values are not indexed.

Where the **Percentage of Fund** is selected, the calculations are made on the Value of the Fund, after Annual Transactions, including Drawdown.

Cash Account Account Costs Investment Return (Income)

Select Method of Account Costs Fixed Amount

Monthly Fee \$0.00

Annual Fee \$100.00

Total Annual Fees \$100.00

Cash Account Account Costs Investment Return (Income)

Select Method of Account Costs Percentage

Fees (Percentage of Balance) 0.50%

Financial Mappers Pro Masterclass

On the TAB, **Investment Return**, the Default Rate is 5.37%. This is the Average **90-Day Bank Bill plus 1%** for the 18-year period from 2000.

Interest Rates default to being **Variable**, however, you can change that option to **Fixed**.

Accounts with **Fixed Rates**, will not change if the **Income Modulator** is activated for Cash Accounts.

Income from the Cash Account may be transferred to the **Bank Account**. If the option to **Reinvest** is selected, you can nominate a year in which you which to transfer income to the Bank Account. If you wish to continue reinvesting, enter the Year 51, which is outside the maximum length of the plan.

In this example, the **Income** is going to be reinvested until Year 11, the start of the Retirement Phase.

The image shows two screenshots of the 'Investment Return (Income)' tab in the Financial Mappers Pro software. The left screenshot shows the 'Reinvest until Specified Year' dropdown menu open, with options: 'Bank Account', 'Reinvest until Specified Year', and 'Always Reinvest Income'. The right screenshot shows the 'Year from which you want to transfer interest to Bank Account' field set to 'Year 11'.

In the **Drawdown**, the number of years over which the funds are to last is nominated. The program always defaults to a drawdown of 25 years, starting in Year 1, but the Drawdown is not activated.

The image shows the 'Retirement Drawdown' tab in the Financial Mappers Pro software. It contains the following fields and options:

- Which Year in Retirement do you wish to start the Drawdown?
- How long do you want your funds to last?
- Activate Drawdown ☒

Financial Mappers Pro Masterclass

Deposits and **Withdrawals** from the **Transaction Account** can be made on an annual basis. In this example, \$5,000 is deposited in Year 2. Note the Indexed Value is listed below the PV entry. Withdrawals are always listed as a % of the Fund. In this case, 5% of the Fund, is withdrawn. **Deposits** are made at the Start of the Year and **Withdrawals** at the End of the Year.

CASH ACCOUNT TRANSACTIONS ? : CASH ACCOUNT

Savings Phase

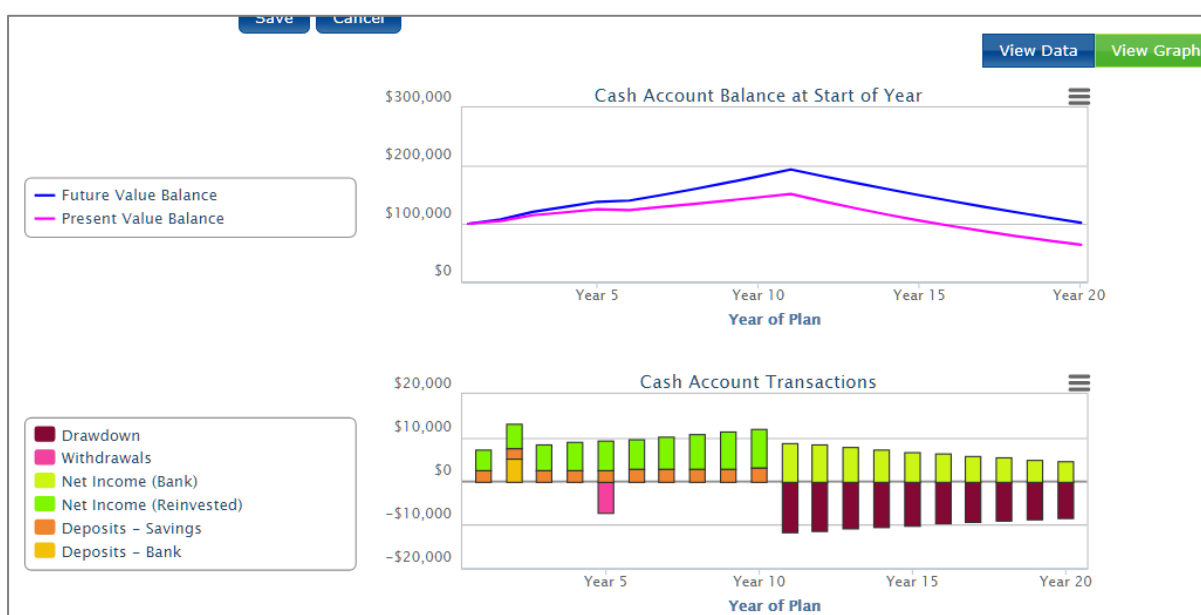
Years 1 - 5

Years 6 - 10

RETIREMENT PHASE

Savings Phase	Year 1 2019 Age 55	Year 2 2020 Age 56	Year 3 2021 Age 57	Year 4 2022 Age 58	Year 5 2023 Age 59
Deposits from Bank Account					
Present Value	\$0	\$5,000	\$0	\$0	\$0
Future Value	\$0	\$5,125	\$0	\$0	\$0
Withdrawals (% of Cash Account)	0%	0%	0%	0%	5%
Withdrawal to Bank Account	\$0	\$0	\$0	\$0	\$7,362

Deposits can also be made on a **Monthly** basis from the **Investment Plan**. In this example, 20% of Savings from Salary are allocated to the Cash Account. Note the Transaction Account Graph showing all these transactions.



Note on Colour System for Graphs

In **Financial Mappers** a color code has been developed and employed for all graphs. You will find, after a short time, you will recognize the colors and their meaning. You can almost read the graph, like a story.

Financial Mappers Pro Masterclass

In addition to the Graph View, the Data View displays information in 5-year intervals.

Years 1 - 5 Savings Phase

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
	Age 55	Age 56	Age 57	Age 58	Age 59
Transactions					
Start Balance	\$100,000	\$107,734	\$121,346	\$130,352	\$139,905
Deposit from Bank Account	\$0	\$5,125	\$0	\$0	\$0
Deposit from Salary Savings	\$2,400	\$2,460	\$2,522	\$2,585	\$2,649
Income Reinvested	\$5,334	\$6,027	\$6,484	\$6,969	\$7,484
Withdrawal to Bank Account	\$0	\$0	\$0	\$0	\$7,502
Drawdown	\$0	\$0	\$0	\$0	\$0
End Balance	\$107,734	\$121,346	\$130,352	\$139,905	\$142,537
Income & Expenses					
Earnings Before Fees	\$5,434	\$6,127	\$6,584	\$7,069	\$7,584
Income After Fees					
Transferred to Bank A/C	\$0	\$0	\$0	\$0	\$0
Reinvested	\$5,334	\$6,027	\$6,484	\$6,969	\$7,484
Fees	\$100	\$100	\$100	\$100	\$100
Net Income	\$5,334	\$6,027	\$6,484	\$6,969	\$7,484
Cumulative Net Income	\$5,334	\$11,361	\$17,845	\$24,814	\$32,298

Years 1 – 5 Retirement Phase

Retirement Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2029	2030	2031	2032	2033
	Age 65	Age 66	Age 67	Age 68	Age 69
Transactions					
Start Balance	\$200,863	\$188,675	\$176,927	\$165,600	\$154,683
Deposit from Bank Account	\$0	\$0	\$0	\$0	\$0
Deposit from Salary Savings	\$0	\$0	\$0	\$0	\$0
Income Reinvested	\$0	\$0	\$0	\$0	\$0
Withdrawal to Bank Account	\$0	\$0	\$0	\$0	\$0
Drawdown	\$12,188	\$11,748	\$11,327	\$10,916	\$10,523
End Balance	\$188,675	\$176,927	\$165,600	\$154,683	\$144,161
Income & Expenses					
Earnings Before Fees	\$10,132	\$9,501	\$8,893	\$8,307	\$7,741
Income After Fees					
Transferred to Bank A/C	\$10,032	\$9,401	\$8,793	\$8,207	\$7,641
Reinvested	\$0	\$0	\$0	\$0	\$0
Fees	\$100	\$100	\$100	\$100	\$100
Net Income	\$10,032	\$9,401	\$8,793	\$8,207	\$7,641
Cumulative Net Income	\$86,384	\$95,785	\$104,577	\$112,784	\$120,425

Term Deposits

Because **Financial Mappers** is working on **Annual Cash Flows**, it is not appropriate to have TD's of less than 12-months. There could be value in using a **Cash Account** for your short term TD's.

For both **Term Deposits** and **Bonds**, the program assumes, interest is paid in the year it is earned. This allows a more accurate calculation of **Investment Returns** for the whole plan. Early withdrawals are not allowed.

There are some differences between **Term Deposits** and **Bonds**. These are:

- Term Deposit income is paid at the End of the Year to the Transaction Account.
- Bond income (twice yearly coupon payment) is allocated to the Monthly Income section of the Transaction Account.
- When the **Income Modulator** is activated, the Interest Rates for Bonds, do not change.
- When the **Income Modulator** is activated, the Interest Rate for TD's will change to that of the first year (Change in value) of the TD and will remain at that same rate for the length of the TD.

This is the Details of the 5-Year TD:

Back TERM DEPOSIT : 5-YEAR TD

Term Deposit

TERM DEPOSIT ?

Description 5-Year TD

☒ This Term Deposit is an existing Term Deposit

Current Value \$20,000

Term in Years 5 Years

Interest Rate Default Interest Rate

Interest Rate 4.49% ?

Method of Taxation Taxed as Income ?

Save Cancel

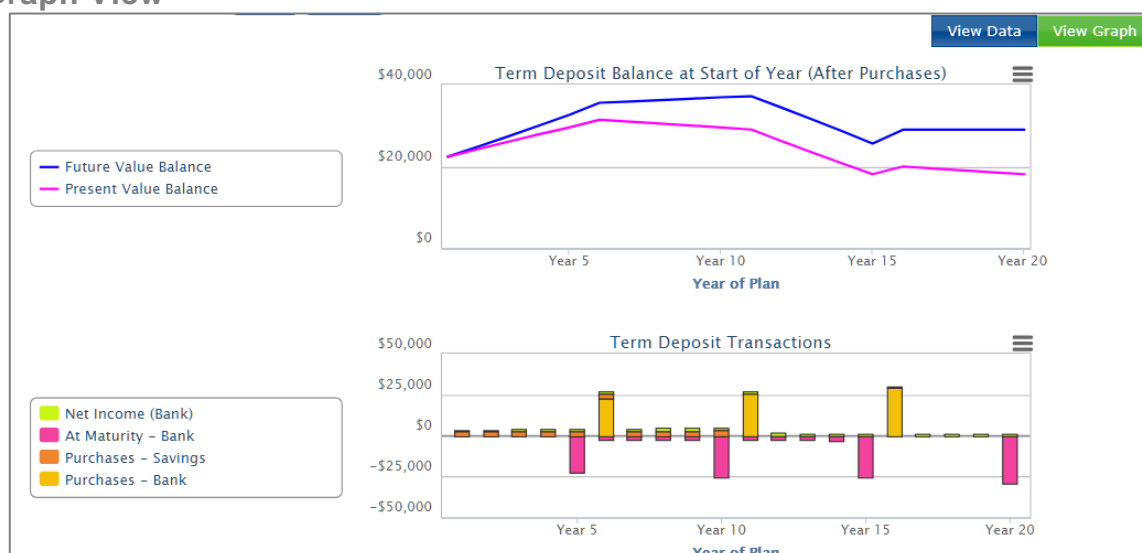
Financial Mappers Pro Masterclass

For this TD, the account already has an existing 5-year TD. Additional TDs, of \$20,000 are purchased from the **Transaction Account**, in Years 6, 11 and 16.

TERM DEPOSIT TRANSACTIONS ⓘ : 5-YEAR TD					
SAVINGS PHASE Years 1 - 5 Years 6 - 10 RETIREMENT PHASE	Savings Phase	Year 6	Year 7	Year 8	Year 9
		2024	2025	2026	2027
		Age 60	Age 61	Age 62	Age 63
					Year 10
Purchases from Bank Account					
Present Value		\$20,000	\$0	\$0	\$0
Future Value		\$22,628	\$0	\$0	\$0

In addition, during the Savings Phase, 20% of the Savings from Salary are allocated to this account.

Graph View



Data View

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
	Age 55	Age 56	Age 57	Age 58	Age 59
Transactions					
Start of Year					
Start Balance	\$20,000	\$22,400	\$24,860	\$27,382	\$29,966
Purchases - Bank Account	\$0	\$0	\$0	\$0	\$0
Purchases - Savings Allocation	\$2,400	\$2,460	\$2,522	\$2,585	\$2,649
Balance after Purchases	\$22,400	\$24,860	\$27,382	\$29,966	\$32,615
End of Year					
At Maturity - Bank Account	\$0	\$0	\$0	\$0	\$22,400
Balance End of Year	\$22,400	\$24,860	\$27,382	\$29,966	\$10,215
Term Deposit Income					
Earnings (to Bank Account)	\$1,006	\$1,116	\$1,229	\$1,345	\$1,464
Cumulative Income	\$1,006	\$2,122	\$3,351	\$4,697	\$6,161

Special Note on First Year Calculations

If the TD is an existing TD, you should adjust the Length of the TD, to the remaining years.

If the TD is an existing TD, the Value of that TD will be displayed as an Asset at Start of Year (Before Annual Transactions).

If the TD is purchased in Year 1, the Value of the TD, will be displayed in Value of Assets at Start of Year after Annual Transactions.

Look at this table displaying the value of **Asset At Start of Year**:

In Year 1, the **Term Deposit** has a value of \$20,000, at the Start of the Year. The purchases from the Investment Plan are not included until the start of Year 2.

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
	Age 55	Age 56	Age 57	Age 58	Age 59
Transactions					
Start of Year					
Start Balance	\$20,000	\$22,400	\$24,860	\$27,382	\$29,966
Purchases - Bank Account	\$0	\$0	\$0	\$0	\$0
Purchases - Savings Allocation	\$2,400	\$2,460	\$2,522	\$2,585	\$2,649
Balance after Purchases	\$22,400	\$24,860	\$27,382	\$29,966	\$32,615

In Year 1, the **Bond** account has no assets at the Start of Year 1. The \$50,000 used to purchase a Bond from the **Transaction Account**. There is no allocation from the Investment Plan. Thus the \$50,000 is not visible as an asset until the Start of Year 2.

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
	Age 55	Age 56	Age 57	Age 58	Age 59
Transactions					
Start of Year					
Start Balance	\$0	\$50,000	\$50,000	\$50,000	\$50,000

Bonds

The program assumes that **Income** is paid as a twice-yearly coupon. Therefore the Income is transferred to the **Transaction Account** and listed as a **Monthly** transaction so that the two payments are averaged for calculation of income in the **Transaction Account**.

This **10-Year Bond** account is a new account, with no current assets.

[Back](#) **BOND : 10-YEAR BOND**

Bond

BOND ?

Description

☐ This Bond is an existing Bond

Term in Years

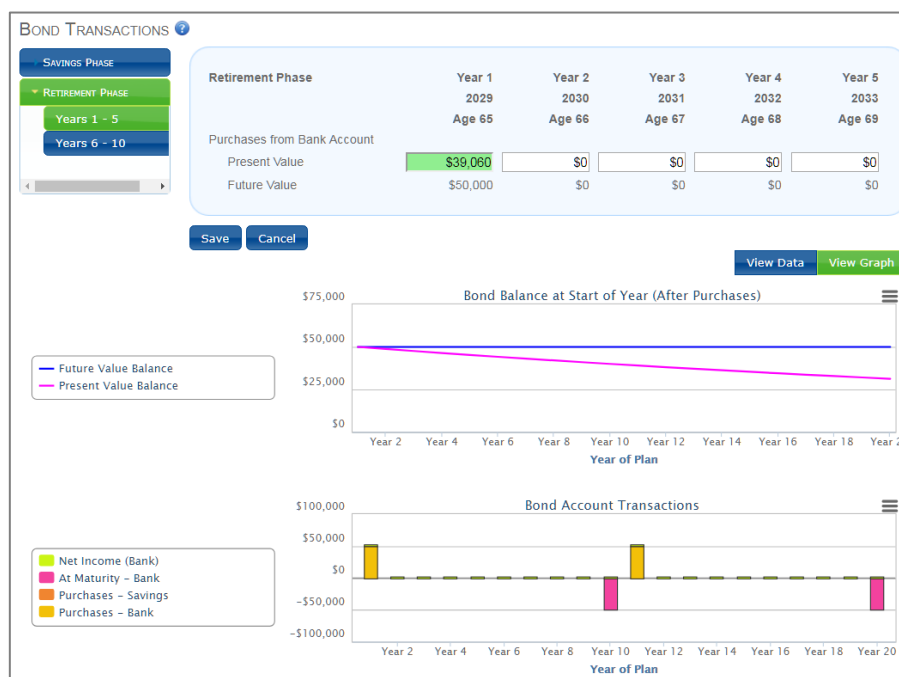
Interest Rate

Interest Rate **4.26%** ?

Method of Taxation ?

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

A 10-Year Bond (\$50,000) will be purchased from the **Transaction Account** in Year 1 of the Savings. In Year 1 of the Retirement Phase, a Bond costing \$39,060 (PV) is purchased. This is a Future Value of \$50,000. No allocation is made from the **Investment Plan**.



Financial Mappers Pro Masterclass

Data View: Years 1 – 5 Savings Phase

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
	Age 55	Age 56	Age 57	Age 58	Age 59
Transactions					
Start of Year					
Start Balance	\$0	\$50,000	\$50,000	\$50,000	\$50,000
Purchases - Bank Account	\$50,000	\$0	\$0	\$0	\$0
Purchases - Savings Allocation	\$0	\$0	\$0	\$0	\$0
Balance after Purchases	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
End of Year					
At Maturity - Bank Account	\$0	\$0	\$0	\$0	\$0
Balance End of Year	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Bond - Coupon Payments					
Earnings (to Bank Account)	\$2,130	\$2,130	\$2,130	\$2,130	\$2,130
Cumulative Income	\$2,130	\$4,260	\$6,390	\$8,520	\$10,650
Early Redemption ?					
Value of Bonds if Liquidated	\$0	\$0	\$0	\$0	\$0
(+) Profit (-) Loss if Liquidated	\$0	\$0	\$0	\$0	\$0
Interest Rate Change	0.00%	0.00%	0.00%	0.00%	0.00%

Data View: Years 6 – 10 Savings Phase

Savings Phase	Year 6	Year 7	Year 8	Year 9	Year 10
	2024	2025	2026	2027	2028
	Age 60	Age 61	Age 62	Age 63	Age 64
Transactions					
Start of Year					
Start Balance	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Purchases - Bank Account	\$0	\$0	\$0	\$0	\$0
Purchases - Savings Allocation	\$0	\$0	\$0	\$0	\$0
Balance after Purchases	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
End of Year					
At Maturity - Bank Account	\$0	\$0	\$0	\$0	\$50,000
Balance End of Year	\$50,000	\$50,000	\$50,000	\$50,000	\$0
Bond - Coupon Payments					
Earnings (to Bank Account)	\$2,130	\$2,130	\$2,130	\$2,130	\$2,130
Cumulative Income	\$12,780	\$14,910	\$17,040	\$19,170	\$21,300
Early Redemption ?					
Value of Bonds if Liquidated	\$0	\$0	\$0	\$0	\$0
(+) Profit (-) Loss if Liquidated	\$0	\$0	\$0	\$0	\$0
Interest Rate Change	0.00%	0.00%	0.00%	0.00%	0.00%

Early Redemption of Bond

The program does not allow the **Early Redemption** of either **Term Deposits** or **Bonds**.

However, it is important that you can explain and demonstrate the change in **Bond Value** if the bonds are redeemed early.

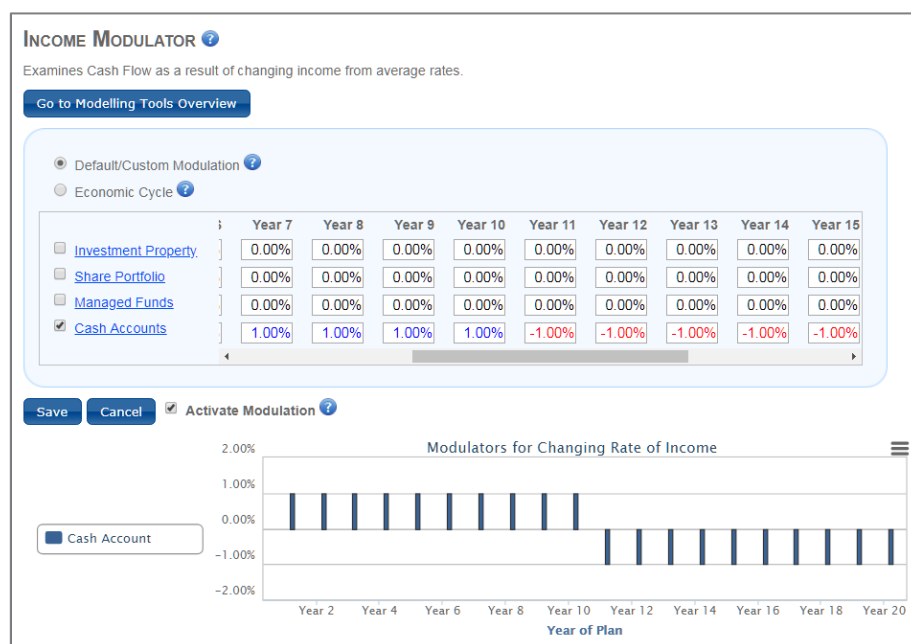
- If interest rates RISE, the value of the Bond will FALL
- If interest rates FALL, the value of the bond will RISE

To accommodate this demonstration, the **Income Modulator** is activated, using both a higher and lower Interest Rates.

Unlike the **Term Deposit** account, **Interest Rates on Bonds** do not change when the Income Modulator is activated.

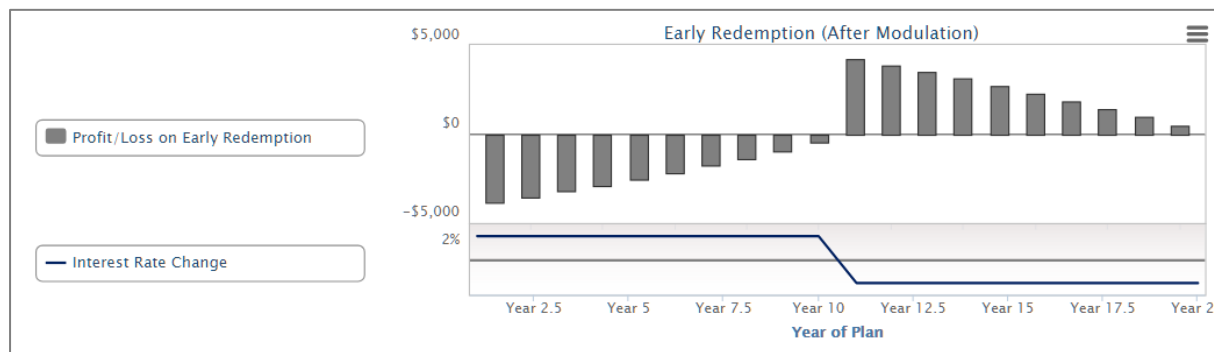
However, at the bottom of the Data View, **the Value of the Bond if it is Liquidated**. Is displayed, together with either the profit or loss.

On the **Income Modulator**, the Change in Interest Rate has been a **Rise of 1%** of for the first 10-years and a **Fall of 1%** for the last 10-years. A new bond is purchased in Year 1 and Year 11.



Financial Mappers Pro Masterclass

The **Graph View** demonstrates the **Profit** (above the Y-axis) and the **Loss** (below the Y-axis) for each year the bond is held.



Early Redemption Years 1 - 5 Savings Phase

Early Redemption ?					
Value of Bonds if Liquidated	\$46,150	\$46,452	\$46,769	\$47,103	\$47,456
(+) Profit (-) Loss if Liquidated	-\$3,850	-\$3,548	-\$3,231	-\$2,897	-\$2,544
Interest Rate Change	1.00%	1.00%	1.00%	1.00%	1.00%

Early Redemption Years 6 - 10 Savings Phase

Early Redemption ?					
Value of Bonds if Liquidated	\$47,827	\$48,217	\$48,629	\$49,062	\$49,519
(+) Profit (-) Loss if Liquidated	-\$2,173	-\$1,783	-\$1,371	-\$938	-\$481
Interest Rate Change	1.00%	1.00%	1.00%	1.00%	1.00%

Financial Mappers Pro Masterclass

Early Redemption Years 1 – 5 Retirement Phase

Retirement Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2029	2030	2031	2032	2033
	Age 65	Age 66	Age 67	Age 68	Age 69
Transactions					
Start of Year					
Start Balance	\$0	\$50,000	\$50,000	\$50,000	\$50,000
Purchases - Bank Account	\$50,000	\$0	\$0	\$0	\$0
Purchases - Savings Allocation	\$0	\$0	\$0	\$0	\$0
Balance after Purchases	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
End of Year					
At Maturity - Bank Account	\$0	\$0	\$0	\$0	\$0
Balance End of Year	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Bond - Coupon Payments					
Earnings (to Bank Account)	\$2,130	\$2,130	\$2,130	\$2,130	\$2,130
Cumulative Income	\$23,430	\$25,560	\$27,690	\$29,820	\$31,950
Early Redemption ?					
Value of Bonds if Liquidated	\$54,238	\$53,873	\$53,496	\$53,107	\$52,705
(+) Profit (-) Loss if Liquidated	\$4,238	\$3,873	\$3,496	\$3,107	\$2,705
Interest Rate Change	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%

Early Redemption Years 1 – 5 Retirement Phase

Early Redemption ?					
Value of Bonds if Liquidated	\$52,290	\$51,861	\$51,418	\$50,961	\$50,488
(+) Profit (-) Loss if Liquidated	\$2,290	\$1,861	\$1,418	\$961	\$488
Interest Rate Change	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%

You could use this demonstration to explain the risks of an investment in a **Bond Fund**, where **Interest Rates** are expected to rise and stay high for a considerable period of time.

Managed Funds – Defensive Assets

Another alternative is to have a **Managed Fund** to hold your **Interest Earning Assets**. They could also be included in a Multi-sector Fund.

For this example, a **Managed Fund**, called **Defensive MF**, has been created with an current value of \$100,000. Over the 10-year Savings Phase, 20% of the Savings Allocation in the Investment Plan will be allocated to this Fund. There will be no purchases directly from the Transaction Account

The following **Asset Allocation** has been selected.



The **Default Rates** for the **Fees** have not been changed, however, these are most likely to be excessive for his type of fund.

The screenshot shows the 'Fees' tab in the same software interface. It displays default rates for various fees.

Fee Type	Method	Rate
Select Method of Entry Fee	Default Rate	2.00%
Entry Fee (% of Purchase Price)	-	2.00%
Select Method of Exit Fee	None	-
Select Method of Management Fee	Default Rate	1.00%
Management Fee (% of Fund Value)	-	1.00%
Activate Performance Fees	<input type="checkbox"/>	-

Financial Mappers Pro Masterclass

The **Investment Return** has been changed from the Default Rates.

Managed Fund	Asset Allocation	Fees	Investment Return (Income)	Dividends	Tax & Tax Credits	Retirement Drawdown
--------------	------------------	------	-----------------------------------	-----------	-------------------	---------------------

Rate of Return

% pa Income

% pa Capital Growth

% pa Total Return **6.00%**

The **Dividends** have been **Reinvested** for the Savings Phase and transferred to the **Bank** (Transaction) **Account** for the Retirement Phase.

Managed Fund	Asset Allocation	Fees	Investment Return (Income)	Dividends	Tax & Tax Credits	Retirement Drawdown
--------------	------------------	------	----------------------------	------------------	-------------------	---------------------

During Savings Period

At Start of Retirement Period

There will be no **Tax Credits** for this account.

Managed Fund	Asset Allocation	Fees	Investment Return (Income)	Dividends	Tax & Tax Credits	Retirement Drawdown
--------------	------------------	------	----------------------------	-----------	------------------------------	---------------------

Method of Taxation ?

Tax Credits ?

The **Drawdown** will be activated using the Default entries.

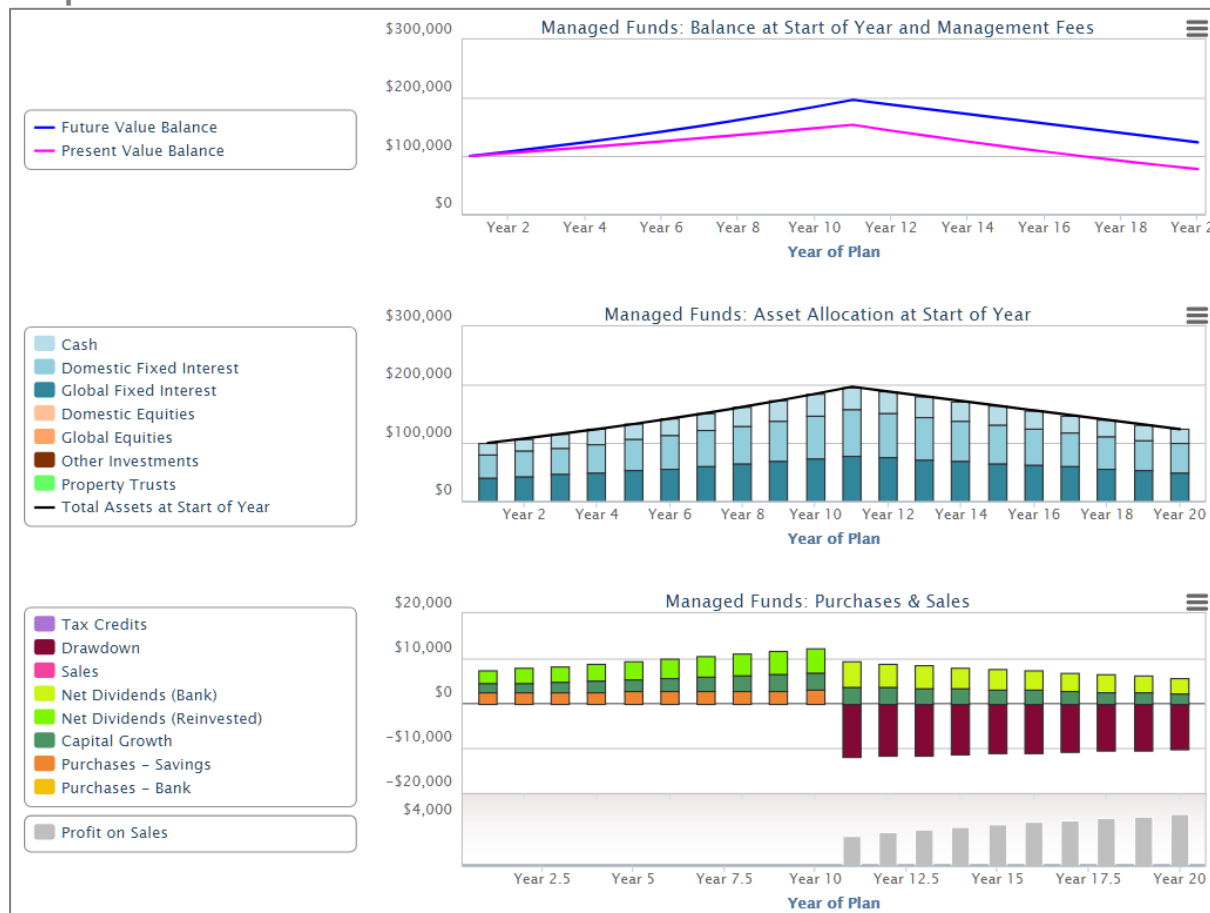
Managed Fund	Asset Allocation	Fees	Investment Return (Income)	Dividends	Tax & Tax Credits	Retirement Drawdown
--------------	------------------	------	----------------------------	-----------	-------------------	----------------------------

Which Year in Retirement do you wish to start the Drawdown? ?

How long do you want your funds to last? ?

Activate Drawdown ☒ ?

Graph View



Financial Mappers Pro Masterclass

Data View Years 1 – 5 Savings Phase

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2019	2020	2021	2022	2023
	Age 55	Age 56	Age 57	Age 58	Age 59
Transactions					
Start Balance	\$100,000	\$107,411	\$115,252	\$123,548	\$132,321
Start of Year					
Purchases	\$0	\$0	\$0	\$0	\$0
Drawdown	\$0	\$0	\$0	\$0	\$0
Monthly Transactions					
Deposit from Salary Savings	\$2,352	\$2,411	\$2,471	\$2,533	\$2,596
End of Year					
Capital Growth	\$2,024	\$2,172	\$2,330	\$2,496	\$2,672
Dividends Reinvested	\$3,035	\$3,258	\$3,495	\$3,744	\$4,009
Sales	\$0	\$0	\$0	\$0	\$0
End Balance	\$107,411	\$115,252	\$123,548	\$132,321	\$141,599
Income & Expenses					
Net Income	\$3,035	\$3,258	\$3,495	\$3,744	\$4,009
Dividends (Before Costs)	\$4,047	\$4,345	\$4,660	\$4,993	\$5,345
Management Fees (Total)	\$1,012	\$1,086	\$1,165	\$1,248	\$1,336
Buying Costs/Entry Fees	\$48	\$49	\$50	\$52	\$53
Selling Costs/Exit Fees	\$0	\$0	\$0	\$0	\$0
Cumulative Net Income	\$3,035	\$6,294	\$9,788	\$13,533	\$17,541
Profit on Sales	\$0	\$0	\$0	\$0	\$0
Asset Allocation (at start of year)					
Cash	\$20,000	\$21,482	\$23,050	\$24,710	\$26,464
Domestic Fixed Interest	\$40,000	\$42,964	\$46,101	\$49,419	\$52,929
Global Fixed Interest	\$40,000	\$42,964	\$46,101	\$49,419	\$52,929
Domestic Equities	\$0	\$0	\$0	\$0	\$0
Global Equities	\$0	\$0	\$0	\$0	\$0
Other Investments	\$0	\$0	\$0	\$0	\$0
Property Trusts	\$0	\$0	\$0	\$0	\$0

Data View Years 1 – 5 Retirement Phase

Retirement Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2029	2030	2031	2032	2033
	Age 65	Age 66	Age 67	Age 68	Age 69
Transactions					
Start Balance	\$196,526	\$188,293	\$180,100	\$171,941	\$163,819
Start of Year					
Purchases	\$0	\$0	\$0	\$0	\$0
Drawdown	\$11,925	\$11,724	\$11,530	\$11,334	\$11,144
Monthly Transactions					
Deposit from Salary Savings	\$0	\$0	\$0	\$0	\$0
End of Year					
Capital Growth	\$3,692	\$3,531	\$3,371	\$3,212	\$3,053
Dividends Reinvested	\$0	\$0	\$0	\$0	\$0
Sales	\$0	\$0	\$0	\$0	\$0
End Balance	\$188,293	\$180,100	\$171,941	\$163,819	\$155,728
Income & Expenses					
Net Income	\$5,538	\$5,297	\$5,057	\$4,818	\$4,580
Dividends (Before Costs)	\$7,384	\$7,063	\$6,743	\$6,424	\$6,107
Management Fees (Total)	\$1,846	\$1,766	\$1,686	\$1,606	\$1,527
Buying Costs/Entry Fees	\$0	\$0	\$0	\$0	\$0
Selling Costs/Exit Fees	\$0	\$0	\$0	\$0	\$0
Cumulative Net Income	\$47,643	\$52,940	\$57,998	\$62,816	\$67,396
Profit on Sales	\$1,703	\$1,872	\$2,031	\$2,179	\$2,319
Asset Allocation (at start of year)					
Cash	\$39,305	\$37,659	\$36,020	\$34,388	\$32,764
Domestic Fixed Interest	\$78,610	\$75,317	\$72,040	\$68,776	\$65,528
Global Fixed Interest	\$78,610	\$75,317	\$72,040	\$68,776	\$65,528
Domestic Equities	\$0	\$0	\$0	\$0	\$0
Global Equities	\$0	\$0	\$0	\$0	\$0
Other Investments	\$0	\$0	\$0	\$0	\$0
Property Trusts	\$0	\$0	\$0	\$0	\$0

Transaction Account

This account has been discussed in detail in the [Masterclass](#) document, [Budget, Investment Plan and Transaction Account Cash Flows](#).

Data View Years 1 – 5 Savings Phase

Savings Phase	Year 1 2019 Age 55	Year 2 2020 Age 56	Year 3 2021 Age 57	Year 4 2022 Age 58	Year 5 2023 Age 59
Start of Year Balance	\$200,000	\$160,037	\$165,003	\$175,422	\$186,168
Deposits - Start of Year	\$0	\$0	\$0	\$0	\$0
Withdrawals - Start of Year	\$50,000	\$5,125	\$0	\$0	\$0
One Off Withdrawals	\$0	\$0	\$0	\$0	\$0
Cash Account Purchases					
Cash Account	\$0	\$5,125	\$0	\$0	\$0
Managed Fund Purchases					
Defensive MF	\$0	\$0	\$0	\$0	\$0
Term Deposit Purchases					
5-Year TD	\$0	\$0	\$0	\$0	\$0
Bonds Purchases					
10-Year Bond	\$50,000	\$0	\$0	\$0	\$0
Drawdown Amount in Retirement	\$0	\$0	\$0	\$0	\$0
Balance after Transactions at Start of Year	\$150,000	\$154,912	\$165,003	\$175,422	\$186,168
Deposits - Paid Monthly	\$15,171	\$15,558	\$16,226	\$16,915	\$17,625
Interest Earned - Bank (Investment) Account	\$8,241	\$8,508	\$9,053	\$9,616	\$10,197
Savings Allocation (Including Loan Expenses)	\$4,800	\$4,920	\$5,043	\$5,169	\$5,298
Net Income from other accounts					
Cash Account					
Cash Account	\$0	\$0	\$0	\$0	\$0
Managed Funds					
Defensive MF	\$0	\$0	\$0	\$0	\$0
Bonds					
10-Year Bond	\$2,130	\$2,130	\$2,130	\$2,130	\$2,130
Withdrawals - Paid Monthly	\$60	\$60	\$60	\$60	\$60
Bank Fees	\$60	\$60	\$60	\$60	\$60
Overdraft Interest	\$0	\$0	\$0	\$0	\$0
Deposits - End of Year	\$1,230	\$1,365	\$1,503	\$1,645	\$32,036
Term Deposits					
Interest Earned each year					
5-Year TD	\$1,230	\$1,365	\$1,503	\$1,645	\$1,791
Term Deposits repaid on Maturity					
5-Year TD	\$0	\$0	\$0	\$0	\$22,400
Bonds repaid on Maturity					
10-Year Bond	\$0	\$0	\$0	\$0	\$0
Withdrawals from Cash Accounts					
Cash Account	\$0	\$0	\$0	\$0	\$7,845
Withdrawals from Managed Funds					
Defensive MF	\$0	\$0	\$0	\$0	\$0
Tax Refund	\$0	\$0	\$0	\$0	\$0
Withdrawals - End of Year	\$6,303	\$6,772	\$7,251	\$7,754	\$8,285
Tax Due	\$6,303	\$6,772	\$7,251	\$7,754	\$8,285
Balance at End of Year	\$160,037	\$165,003	\$175,422	\$186,168	\$227,484
Net Monthly Cash Flow	\$15,111	\$15,498	\$16,166	\$16,855	\$17,565

Financial Mappers Pro Masterclass

Data View Years 1 – 5 Retirement Phase

Retirement Phase	Year 1 2029 Age 65	Year 2 2030 Age 66	Year 3 2031 Age 67	Year 4 2032 Age 68	Year 5 2033 Age 69
Start of Year Balance	\$352,951	\$272,571	\$264,230	\$252,144	\$236,103
Deposits - Start of Year	\$25,220	\$24,539	\$23,885	\$23,241	\$22,622
One Off Receipts	\$0	\$0	\$0	\$0	\$0
Sales for Drawdown					
Cash Accounts					
Cash Account	\$13,294	\$12,814	\$12,355	\$11,907	\$11,478
Managed Funds					
Defensive MF	\$11,925	\$11,724	\$11,530	\$11,334	\$11,144
Withdrawals - Start of Year	\$139,606	\$65,604	\$67,244	\$68,926	\$70,649
One Off Withdrawals	\$0	\$0	\$0	\$0	\$0
Cash Account Purchases					
Cash Account	\$0	\$0	\$0	\$0	\$0
Managed Fund Purchases					
Defensive MF	\$0	\$0	\$0	\$0	\$0
Term Deposit Purchases					
5-Year TD	\$25,602	\$0	\$0	\$0	\$0
Bonds Purchases					
10-Year Bond	\$50,000	\$0	\$0	\$0	\$0
Drawdown Amount in Retirement	\$64,004	\$65,604	\$67,244	\$68,926	\$70,649
Balance after Transactions at Start of Year	\$238,564	\$231,505	\$220,870	\$206,459	\$188,076
Deposits - Paid Monthly	\$29,817	\$28,615	\$27,244	\$25,690	\$23,943
Interest Earned - Bank (Investment) Account	\$13,256	\$12,855	\$12,263	\$11,469	\$10,462
Savings Allocation (Including Loan Expenses)	\$0	\$0	\$0	\$0	\$0
Net Income from other accounts					
Cash Account					
Cash Account	\$8,893	\$8,333	\$7,793	\$7,273	\$6,772
Managed Funds					
Defensive MF	\$5,538	\$5,297	\$5,057	\$4,818	\$4,580
Bonds					
10-Year Bond	\$2,130	\$2,130	\$2,130	\$2,130	\$2,130
Withdrawals - Paid Monthly	\$60	\$60	\$60	\$60	\$60
Bank Fees	\$60	\$60	\$60	\$60	\$60
Overdraft Interest	\$0	\$0	\$0	\$0	\$0
Deposits - End of Year	\$4,311	\$4,228	\$4,143	\$4,055	\$26,495
Term Deposits					
Interest Earned each year					
5-Year TD	\$1,528	\$1,375	\$1,219	\$1,058	\$893
Term Deposits repaid on Maturity					
5-Year TD	\$2,783	\$2,853	\$2,924	\$2,997	\$25,602
Bonds repaid on Maturity					
10-Year Bond	\$0	\$0	\$0	\$0	\$0
Withdrawals from Cash Accounts					
Cash Account	\$0	\$0	\$0	\$0	\$0
Withdrawals from Managed Funds					
Defensive MF	\$0	\$0	\$0	\$0	\$0
Tax Refund	\$0	\$0	\$0	\$0	\$0
Withdrawals - End of Year	\$62	\$59	\$53	\$42	\$25
Tax Due	\$62	\$59	\$53	\$42	\$25
Balance at End of Year	\$272,571	\$264,230	\$252,144	\$236,103	\$238,430
Net Monthly Cash Flow	\$29,757	\$28,555	\$27,184	\$25,630	\$23,883

Retirement Income

The **Retirement Income** for the plan is listed as \$50,000 for 10-years. Note that Term Deposits and Bonds are not included. On maturity, the funds are deposited into the **Transaction Account** where they may be used as part of the drawdown.

The Drawdown values from the **Cash Account** and **Managed Funds** are deposited into the **Transaction Account** at the Start of Year. The nominated **Retirement Income** is withdrawn from the **Transaction Account** at the Start of Year and transferred to the **Budget** as Income. Note the Tax Due on that nominated value will be allocated to the Budget.

Values in this example have used **Present Values**. Using Present Values, rather than Future Values for events into the future will most likely give your client a clearer picture of what type of Retirement Income they can afford in Retirement.

Financial Mappers Pro Masterclass

[Back](#)

DRAWDOWN FOR RETIREMENT INCOME ?

Activate Drawdown Allocation ? ☒

Age at Start of Retirement Drawdown ? Age 65 [Edit](#)

Include Pensions from External Sources in Drawdown Allocation ? ☐

DRAWDOWN ALLOCATION

1st Time Period	Present Value Amount	Year in Retirement	No. of Years
Add Remove	\$50,000	Year 1	10 Years
Total			10 years

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

Transaction Account

Drawdown

RETIREMENT PLAN ?

[Present Value](#)
[Future Value](#)

Present Value is the value today of an amount of money in the future.

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

— Drawdown

■ Pensions from External Sources

■ Retirement Accounts

■ Drawdown – Investment Income

■ Drawdown – Investment Capital

Drawdown Allocation

— Drawdown

■ Bank Account

■ Cash Account

■ Shares

■ Managed Funds

■ Pensions & Annuities

■ Pensions from External Sources

Drawdown Funding

Financial Mappers Pro Masterclass

Data View Year 1 – 5 Retirement Phase

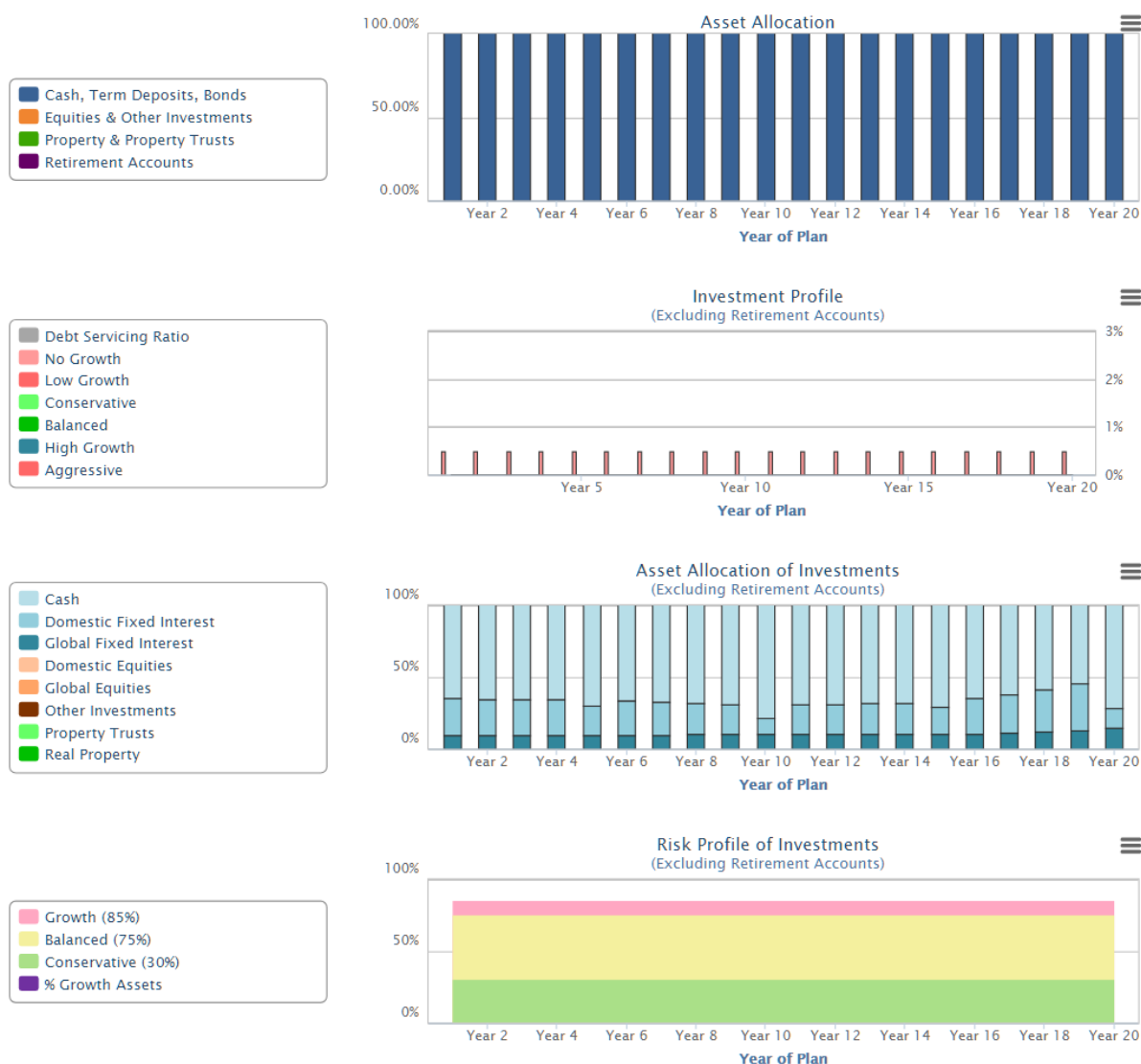
Retirement Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2029	2030	2031	2032	2033
	Age 65	Age 66	Age 67	Age 68	Age 69
Retirement Plan					
Drawdown	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Capital & Investment Allocation					
Retirement Accounts	\$0	\$0	\$0	\$0	\$0
Drawdown - Investments (Income)	\$24,487	\$22,857	\$21,163	\$19,404	\$17,578
Drawdown - Investments (Capital)	\$25,513	\$27,143	\$28,837	\$30,596	\$32,422
Funding for Retirement Plan					
Bank Account	\$30,299	\$31,298	\$32,240	\$33,140	\$33,990
<input checked="" type="checkbox"/> Cash Account	\$10,386	\$9,766	\$9,187	\$8,638	\$8,123
<input checked="" type="checkbox"/> Defensive MF	\$9,316	\$8,936	\$8,573	\$8,222	\$7,887

Note the breakdown of the **Drawdown** into **Investment Income** and **Investment Capital**. Any Income not allocated from a specific account, is withdrawn from the Bank (Transaction) Account.

Plan Outcomes

On the chevron, **Reports**, **Plan Outcomes**, detailed information is available in both Data and Graph View.

Note that the **Interest Earning Assets**, held in the **Managed Funds** account have been allocated to the **Cash, Term Deposits, Bonds**. Also, note there are No Growth Assets and the Investment Profile is **No Growth**.



Plan Outcomes Data View Years 1 – 5 (Savings Phase)

Investment Profile ?					
Investments	No Growth	No Growth	No Growth	No Growth	No Growth
Retirement Accounts					
Total	No Growth	No Growth	No Growth	No Growth	No Growth
Risk Profile % Growth Assets ?					
Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Retirement Accounts	0.00%	0.00%	0.00%	0.00%	0.00%
Total	0.00%	0.00%	0.00%	0.00%	0.00%
Cash, Term Deposits, Bonds	100.00%	100.00%	100.00%	100.00%	100.00%
Equities & Other Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Property & Property Trusts	0.00%	0.00%	0.00%	0.00%	0.00%
Retirement Accounts	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Allocation - Investments					
Cash	\$290,266 64.71%	\$311,617 65.10%	\$334,068 65.47%	\$357,667 65.81%	\$404,865 70.00%
Domestic Fixed Interest	\$115,364 25.72%	\$120,961 25.27%	\$126,801 24.85%	\$132,895 24.45%	\$116,855 20.20%
Global Fixed Interest	\$42,964 9.58%	\$46,101 9.63%	\$49,419 9.68%	\$52,929 9.74%	\$56,639 9.79%
Domestic Equities	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%
Global Equities	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%
Other Investments	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%
Property Trusts	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%
Real Property	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%

Conversational SmartPanels

Using the report, **Plan Map**, the following results are displayed for this plan.

Salaries and Retirement Income

Salary & Retirement Income

Income is generated from salaries and income from investments. Generally, when one moves to full retirement, a portfolio of either investment income and capital together with Superannuation / Pension drawdowns will be used to fund Living Expenses. The amount nominated is referred to as Retirement Income. This Retirement Income is different to the Cash Flow Summary, that shows all Income from all sources. However, not all this income may be used to fund your Retirement Income.

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 10: \$120,000
- Years 11 to 20: \$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 10: 10.00%
- Years 11 to 20: 0.00%

Retirement Income

The drawdown for retirement income commences from Age 65. Pensions from external sources are not 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: \$50,000

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.

At the start of the Retirement Phase, the balance of the Transaction Account is \$280,049 (which is \$358,486 in FV).

At the end of the plan, the balance is \$66,193 (which is \$108,465 in FV).

Cash Account: Cash Account

Cash Account is an existing cash account with a value of \$100,000 at the start of the plan.

The investment return is 5.37% and interest is reinvested until Year 11, and then paid to the Transaction Account. 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 10: 20.00%

The following deposits are made from the Transaction Account:

- Year 2: \$5,000

The following withdrawals to the Transaction Account are made (excluding any retirement drawdown):

- Year 5: 5% which is \$7,845 (FV)

At the start of the Retirement Phase, this cash account is worth \$171,155 (which is \$219,092 in FV). The Retirement Drawdown commences in Year 1 of the Retirement Phase and the funds are drawn down over 25 Years.

At the end of the plan, this cash account is worth \$64,567 (which is \$105,801 in FV).

Term Deposit: 5-Year TD

5-Year TD is an existing term deposit with a value of \$20,000 at the start of the plan.

The investment return is 4.49% and interest is paid to the Transaction Account. The interest is taxed as income. The remaining term is 5 Years.

The following term deposits with the same term and investment return are purchased during the plan:

- Year 6: \$20,000
- Year 11: \$20,000
- Year 16: \$20,000

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: 20.00%

At the start of the Retirement Phase, this term deposit is worth \$9,029 (which is \$11,558 in FV).

At the end of the plan, this term deposit is worth \$0.

Bond: 10-Year Bond

10-Year Bond is a bond purchased during the plan.

The investment return is 4.26% and interest is paid to the Transaction Account. The interest is taxed as income. The term is 10 Years.

The following bonds with the same term and investment return are purchased during the plan:

- Year 1: \$50,000
- Year 11: \$39,060

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

At the start of the Retirement Phase, this bond is worth \$0.

At the end of the plan, this bond is worth \$0.

Managed Funds

Managed Funds

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

Managed Fund: *Defensive MF*

Defensive MF is an existing managed fund with a value of \$100,000 at the start of the plan.

The managed fund's asset allocation is described as **No Growth**. Following is the breakdown.

Cash	20.00%
Domestic Fixed Interest	40.00%
Global Fixed Interest	40.00%
Defensive Assets	100.00%
Domestic Equities	0.00%
Global Equities	0.00%

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 8 of 15

Plan Map

Assets: Home, Investments & Retirement Accounts

Based on plan "Defensive Assets"

John Citizen

Other Investments	0.00%
Property Trusts	0.00%
Growth Assets	0.00%

The estimated income from dividends is 4.00% and the estimated capital growth rate is 2.00%, a total return of 6.00%.

Dividends from this portfolio are:

- Reinvested during the Savings Phase.
- Paid to the Transaction Account during the Retirement Phase.

The dividends are 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 10: 20.00%

At the start of the Retirement Phase, this managed fund is worth \$153,526 (which is \$196,526 in FV). The Retirement Drawdown commences in Year 1 of the Retirement Phase and the funds are drawn down over 25 Years.

At the end of the plan, this managed fund is worth \$70,600 (which is \$115,687 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.

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