FinancialMappers® Pro

Masterclass

Real Estate

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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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)

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Introduction

In **Financial Mappers**, ***Real Estate***, held outside the SMSF, is divided into 2-types. In addition, you can use ***Property Trusts***, for those who do not wish to own Real Investment Property.

- Home
- Investment Property

As these are quite similar, they will be discussed in parallel. Sometimes the property may be a part investment and part personal use. This issue will be discussed first.

Notes on Plan

For demonstration purposes, screenshots will be from a 15-year Saving Plan for a single person who has one home and one investment property. He intends to refurbish both properties after when they will be sold. The plan is to replace both these properties and keep maintan a current Property Trust.

John, Citizen has is aged 55 and has a Salary of $120,000 of which he is saving 15% for the next 15-years. John will retire at age 65, the year after this plan is completed. He wants to be debt free. He also wants to have some funds in a Property Trust.

Mixed Use Real Estate

It is quite common for Australians to have an Investment Property which they use occasionally for holidays so the income and costs need to be split between the two for different time periods. It is becoming more common for people to rent out part of their home, with the income being taxable. In addition, often a home is purchased, which later is kept as an investment property or the Investment Property is later used as the home.

As the adviser, you will need to decide which is the best place position the asset – either in the ***Homes*** or ***Real Estate*** section of the plan.

Options for Home and Investment Property

Tax on Income (Net Rent)

The ***Rental Income on Home*** can be nominated as a **Dollar Value** for specific time periods. The software defaults to being **Not Taxable**. However, the user can elect whether or not this Rental Income is Taxable.

In ***Net Rent on Investment Property*** is always **Taxed as Income**.

Capital Gains Tax

The ***Home*** is not subject to **Capital Gains Tax**.

The ***Investment Property*** is always **Taxed for Capital Gains Tax**. (Unless the CGT option is deactivated in the Tax Schedule)

Tax Deductible Interest Rate for Loans

Home Loan Interest defaults to **Not Tax Deductible**, but you can elect to have the Interest Rate Tax Deductible by ticking the box. If you wanted some of the Home Loan Interest to be Tax Deductible you could set up two loans, using the two options.

The Interest Costs on ***Investment Property Linked Loans*** is always **Tax Deductible**. There is no option to change.

The Interest Cost on ***Investment Property Unlinked Loans*** has the option to select **Tax Deductibility**.

Rents (Income)

The Rental Income on the ***Investment Property*** is set at the commencement of the loan or when purchased. **From that first year, Rent is indexed**. The only time the rent will change is if there is a Property Reno, in which case, the rent is increased in line with the increased value of the property.

Rental Income for the ***Home*** may be allocated for different time periods as a dollar value with no expenses included. When Rental Income is received from the home, it is optional as to whether the income is Taxable.

Building Improvements

The ***Home*** can have Building Improvements and the value of the home can be increased at a different value to the cost of the reno. There is no provision for Building Write-off with the Home.

The ***Investment Property*** can have Building Improvements, where the Cost of the Improvement, the increased Value of the Improvement and the Base Costs for additional Building Write-off can be added.

Building Write-Off

The ***Home*** has no facility for **Building Write-off**.

The ***Investment Property*** can have **Building Write-off** when that option is activated.

Capital Purchase & Depreciation

The ***Home*** has no provision for **Capital Purchases** and **Depreciation**.

The ***Investment Property*** can have **Capital Purchases** and **Depreciation of Capital Purchases**.

A Solution to change of Real Estate Use

The software was not designed to have partial use or a complete change of use for Real Estate use. So any possible solution may not be a perfect fit. If the software attempted to resolve the issue, it may destroy the current usability for all and make the calculations more complex and thus more time-consuming.

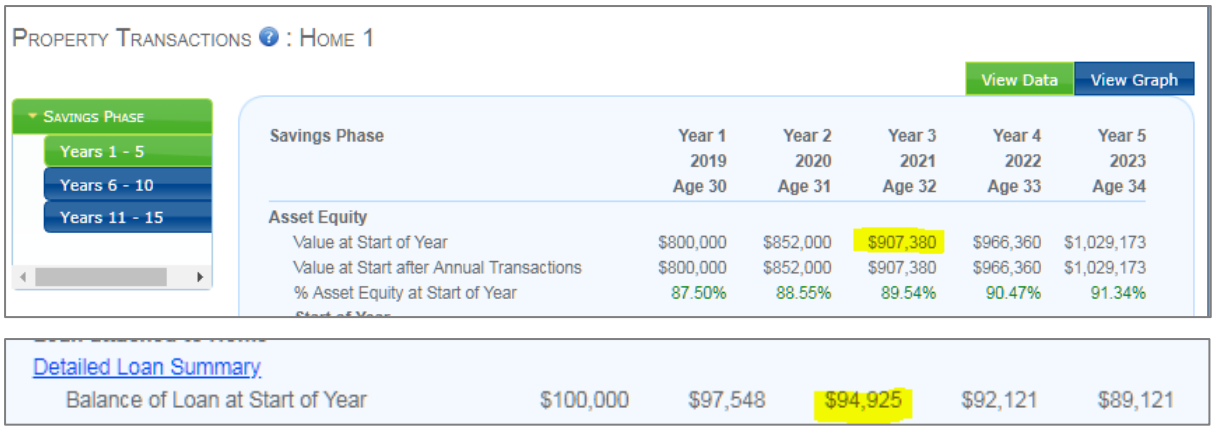
Convert Home to Investment Property

Sell the Home – End of Year 2

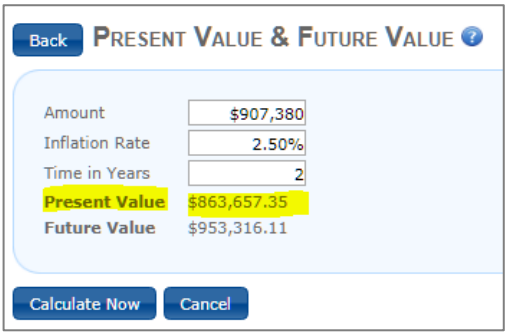
Sell the Home, using the option of No Selling Cost. In this example, the Home will be sold at the End of Year 2. Note that any LINKED Loans are automatically repaid. So if this is the case, when you then buy the Investment Property, you would need to create a New Loan (with no loan application fees), and matching the loan balance as at the end of the Home Loan. Unlinked Loans could remain untouched.

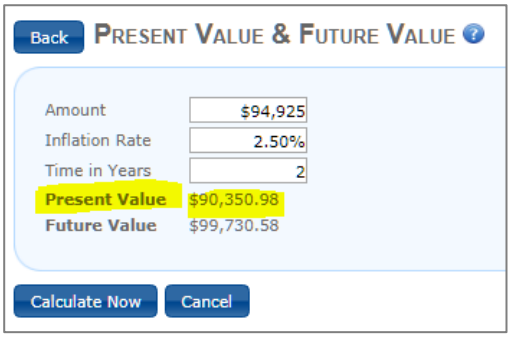
Before you make the entry to sell you should note the following as these values will be needed when you create the Investment Property Account.

- Value of Home at Start of Year 3 - **$907,380**
- Value of Loan (Linked Loan Only) at Start of Year 3 - **$94,925**
- Number of Years remaining for repayment of the Loan – **18 Years**



Will need the ***Present Value Amounts*** which can be calculated using the ***Handy Quick Cals***, **Future Value and Present Value**.

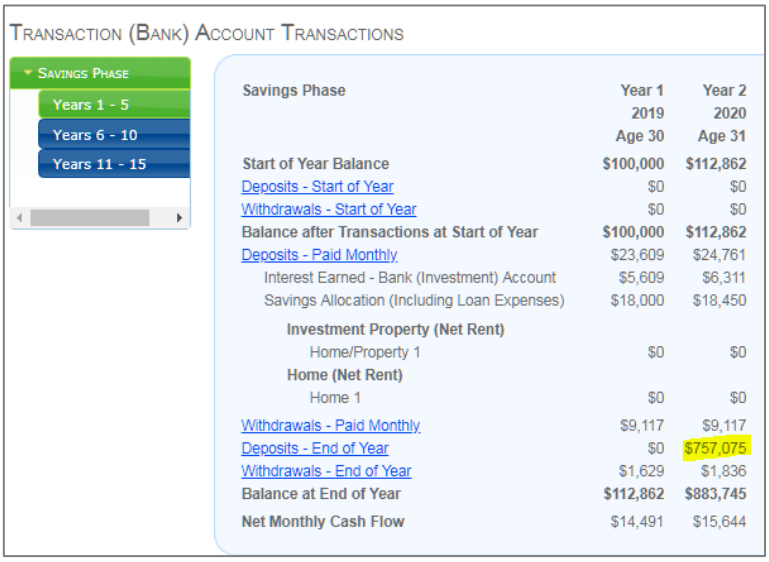




Data View is as follows (Note highlighted lines)

Savings Phase	Year 1 2019 Age 30	Year 2 2020 Age 31	Year 3 2021 Age 32	Year 4 2022 Age 33	Year 5 2023 Age 34
Asset Equity					
Value at Start of Year	$800,000	$852,000	$0	$0	$0
Value at Start after Annual Transactions	$800,000	$852,000	$0	$0	$0
% Asset Equity at Start of Year	87.50%	88.55%	0.00%	0.00%	0.00%
Start of Year					
Building Improvements	$0	$0	$0	$0	$0
End of Year					
Capital Growth	$52,000	$0	$0	$0	$0
Sale	$0	$852,000	$0	$0	$0
Value at End of Year	**$852,000**	**$0**	**$0**	**$0**	**$0**
Net Value of Asset	$754,452	$0	$0	$0	$0
Net Income (After Expenses)					
Net Rent	$0	$0	$0	$0	$0
Cumulative Net Rent	$0	$0	$0	$0	$0
Sale of Property					
Sale Price	$0	$852,000	$0	$0	$0
Selling Costs	$0	$0	$0	$0	$0
Sale Price - Selling Costs	$0	$852,000	$0	$0	$0
Purchase Price + Purchase Costs	$0	$600,000	$0	$0	$0
Profit on Sale	$0	$252,000	$0	$0	$0
Loan attached to Home					
Detailed Loan Summary					
Balance of Loan at Start of Year	$100,000	$97,548	$0	$0	$0
Loan Amount (At Start of Loan)	$0	$0	$0	$0	$0
Additions to Loan Amount	$0	$0	$0	$0	$0
Amount of Redraws	$0	$0	$0	$0	$0
Annual (Regular) Loan Payment	$9,117	$9,117	$0	$0	$0
Additional Payments	$0	$0	$0	$0	$0
Loan Repayment on Sale of Asset	$0	$94,925	$0	$0	$0
Total Loan Payments (Interest & Capital)	$9,117	$9,117	$0	$0	$0
Capital Costs	$2,452	$2,623	$0	$0	$0
Interest Costs	$6,665	$6,495	$0	$0	$0
Loan Costs	$0	$0	$0	$0	$0
Loan & Interest Costs	$6,665	$6,495	$0	$0	$0
Balance of Loan at End of Year	$97,548	$0	$0	$0	$0
Equity at End of Year	$2,452	$100,000	$0	$0	$0
% Equity at End of Year	2.45%	100.00%	0.00%	0.00%	0.00%
Interest Rate	6.74%	6.74%	6.74%	6.74%	6.74%

In the ***Transaction Account***, only the **Net Deposit**, after repaying the loan is displayed. Note that these funds will be available at the Start of Year 3, to **re-Purchase the Property** as an Investment Property.

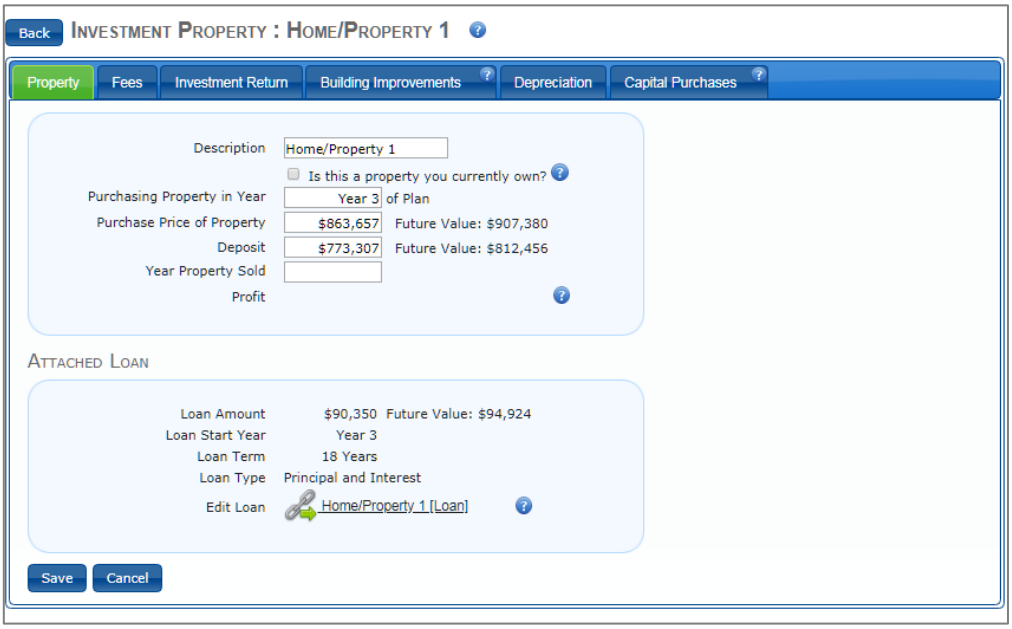


Savings Phase	Year 1 2019 Age 30	Year 2 2020 Age 31
Start of Year Balance	$100,000	$112,862
Deposits - Start of Year	$0	$0
Withdrawals - Start of Year	$0	$0
Balance after Transactions at Start of Year	$100,000	$112,862
Deposits - Paid Monthly	$23,609	$24,761
Interest Earned - Bank (Investment) Account	$5,609	$6,311
Savings Allocation (Including Loan Expenses)	$18,000	$18,450
Investment Property (Net Rent)		
Home/Property 1	$0	$0
Home (Net Rent)		
Home 1	$0	$0
Withdrawals - Paid Monthly	$9,117	$9,117
Deposits - End of Year	$0	$757,075
Withdrawals - End of Year	$1,629	$1,836
Balance at End of Year	$112,862	$883,745
Net Monthly Cash Flow	$14,491	$15,644

Purchase the Investment Property - Start of Year 3.

When you re-purchase the property, there should be No Buying Costs. The Deposit will be the PV of Home at Start of Year 3 **LESS** PV Balance of Loan at Start of Year 3.

You will need to EDIT the Loan, to ensure you have the same Loan Type and Length of Loan. Do a check to see if the Loan Payments are the same as the old Home Loan. If this example the loan payments are $9,117 in both cases.



This is a **Data View Years 1 – 5,** showing the details of the Investment Property

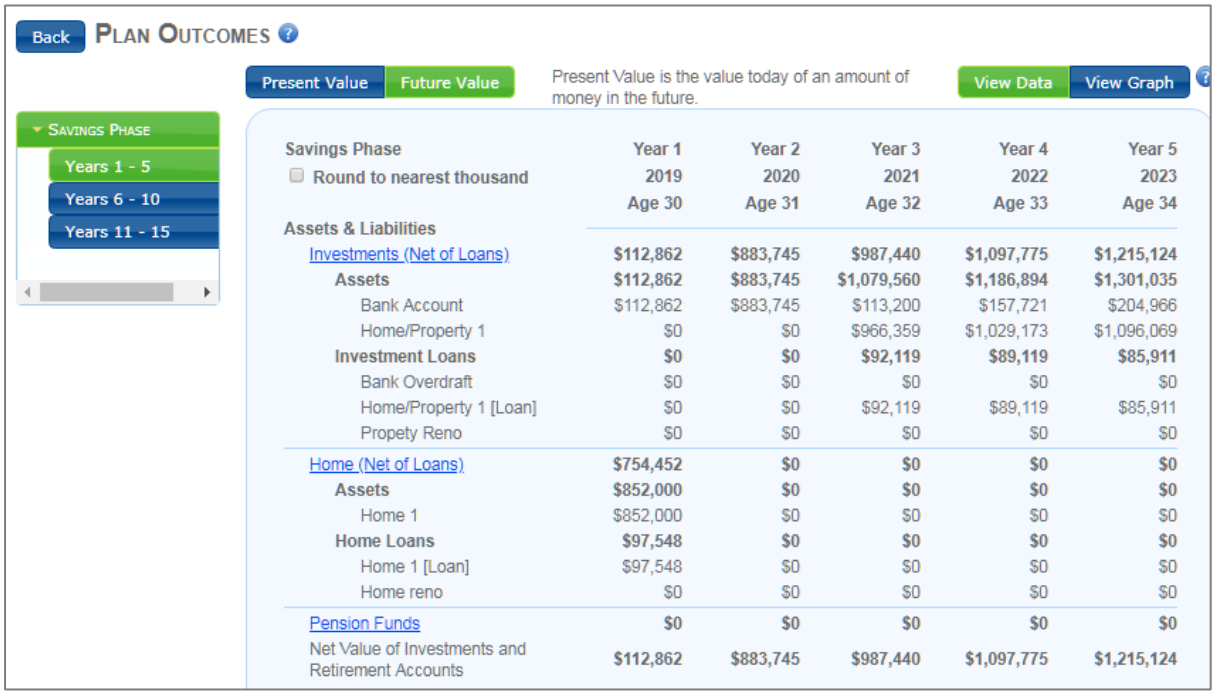
PROPERTY TRANSACTIONS : HOME/PROPERTY 1

View Data | View Graph

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

Savings Phase	Year 1 2019 Age 30	Year 2 2020 Age 31	Year 3 2021 Age 32	Year 4 2022 Age 33	Year 5 2023 Age 34
Asset Equity					
Value at Start of Year	$0	$0	$0	$966,359	$1,029,173
Value at Start after Annual Transactions	$0	$0	$907,380	$966,359	$1,029,173
% Asset Equity at Start of Year	0.00%	0.00%	89.54%	90.47%	91.34%
Start of Year					
Building Improvements	$0	$0	$0	$0	$0
End of Year					
Capital Growth	$0	$0	$58,980	$62,813	$66,896
Sale	$0	$0	$0	$0	$0
Value at End of Year	**$0**	**$0**	**$966,359**	**$1,029,173**	**$1,096,069**
Net Value of Asset	$0	$0	$874,240	$940,053	$1,010,158
Income & Recurrent Expenses					
Gross Income	$0	$0	$45,369	$46,503	$47,666
Expenses (Tax Deductible)	$0	$0	$6,805	$6,975	$7,150
Net Rent	$0	$0	$38,564	$39,528	$40,516
Net Rent (%)	0.00%	0.00%	4.25%	4.09%	3.94%
Cumulative Net Rent	$0	$0	$38,564	$78,091	$118,607
Capital Works Deduction					
Capital (Building) Improvements	$0	$0	$0	$0	$0
Capital Works Deduction	$0	$0	$0	$0	$0
Cumulative Capital Works Deduction	$0	$0	$0	$0	$0
Capital Purchases					
Capital Purchases	$0	$0	$0	$0	$0
Capital Purchases Depreciation	$0	$0	$0	$0	$0
Written Down Value	$0	$0	$0	$0	$0
Sale of Property					
Profit on Sale	$0	$0	$0	$0	$0
Loan attached to Investment Property					
Detailed Loan Summary					
Balance of Loan at Start of Year	$0	$0	$0	$92,119	$89,119
Loan Amount (At Start of Loan)	$0	$0	$94,924	$0	$0
Additions to Loan Amount	$0	$0	$0	$0	$0
Amount of Redraws	$0	$0	$0	$0	$0
Annual (Regular) Loan Payment	$0	$0	$9,117	$9,117	$9,117
Additional Payments	$0	$0	$0	$0	$0
Loan Repayment on Sale of Asset	$0	$0	$0	$0	$0
Total Loan Payments (Interest & Capital)	$0	$0	$9,117	$9,117	$9,117
Capital Costs	$0	$0	$2,805	$3,000	$3,208
Interest Costs	$0	$0	$6,312	$6,117	$5,909
Loan Costs	$0	$0	$0	$0	$0
Loan & Interest Costs	$0	$0	$6,312	$6,117	$5,909
Balance of Loan at End of Year	$0	$0	$92,119	$89,119	$85,911
Equity at End of Year	$0	$0	$2,805	$5,805	$9,013
% Equity at End of Year	0.00%	0.00%	2.95%	6.12%	9.49%
Interest Rate	0.00%	0.00%	6.74%	6.74%	6.74%

This is a Graph View (FV) in the ***Report*** **Plan Outcomes**. Note that these values are at the End of the Year. Therefore in Year 3, the Home has been sold and the money is being held in the Transaction Account.



Back | PLAN OUTCOMES

Present Value | Future Value — Present Value is the value today of an amount of money in the future. — View Data | View Graph

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

Savings Phase Round to nearest thousand	Year 1 2019 Age 30	Year 2 2020 Age 31	Year 3 2021 Age 32	Year 4 2022 Age 33	Year 5 2023 Age 34
Assets & Liabilities					
Investments (Net of Loans)	**$112,862**	**$883,745**	**$987,440**	**$1,097,775**	**$1,215,124**
Assets	**$112,862**	**$883,745**	**$1,079,560**	**$1,186,894**	**$1,301,035**
Bank Account	$112,862	$883,745	$113,200	$157,721	$204,966
Home/Property 1	$0	$0	$966,359	$1,029,173	$1,096,069
Investment Loans	**$0**	**$0**	**$92,119**	**$89,119**	**$85,911**
Bank Overdraft	$0	$0	$0	$0	$0
Home/Property 1 [Loan]	$0	$0	$92,119	$89,119	$85,911
Propety Reno	$0	$0	$0	$0	$0
Home (Net of Loans)	**$754,452**	**$0**	**$0**	**$0**	**$0**
Assets	**$852,000**	**$0**	**$0**	**$0**	**$0**
Home 1	$852,000	$0	$0	$0	$0
Home Loans	**$97,548**	**$0**	**$0**	**$0**	**$0**
Home 1 [Loan]	$97,548	$0	$0	$0	$0
Home reno	$0	$0	$0	$0	$0
Pension Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Net Value of Investments and Retirement Accounts	**$112,862**	**$883,745**	**$987,440**	**$1,097,775**	**$1,215,124**

Convert Investment Property to Home

The same process could be completed for changing an ***Investment Property*** to a ***Home***.

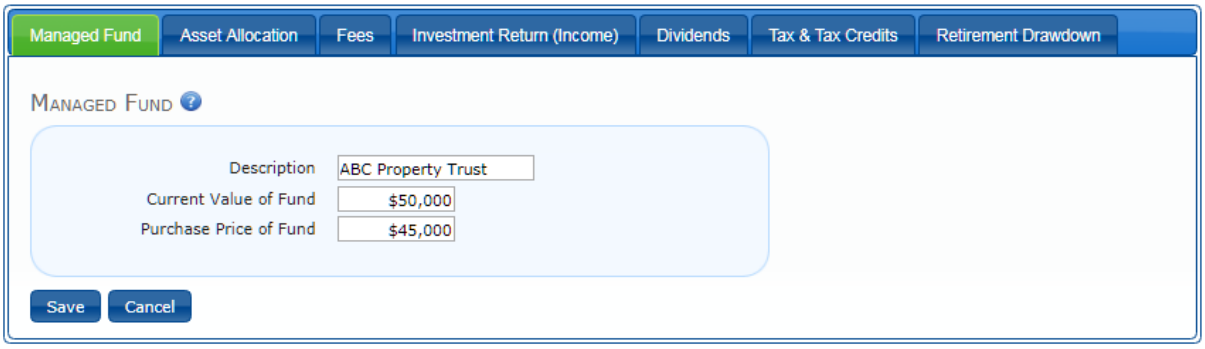
However, the sale will trigger a ***Capital Gains Tax Event*** in the **Tax Estimator**. You would need to look carefully to see if there are **Capital Losses** being carried forward, as this would also have an impact.

If it is not a significant value, you may choose to ignore it. If your plan has no other sales which will trigger a Capital Gain, you could turn OFF the Capital Gains Tax calculation.

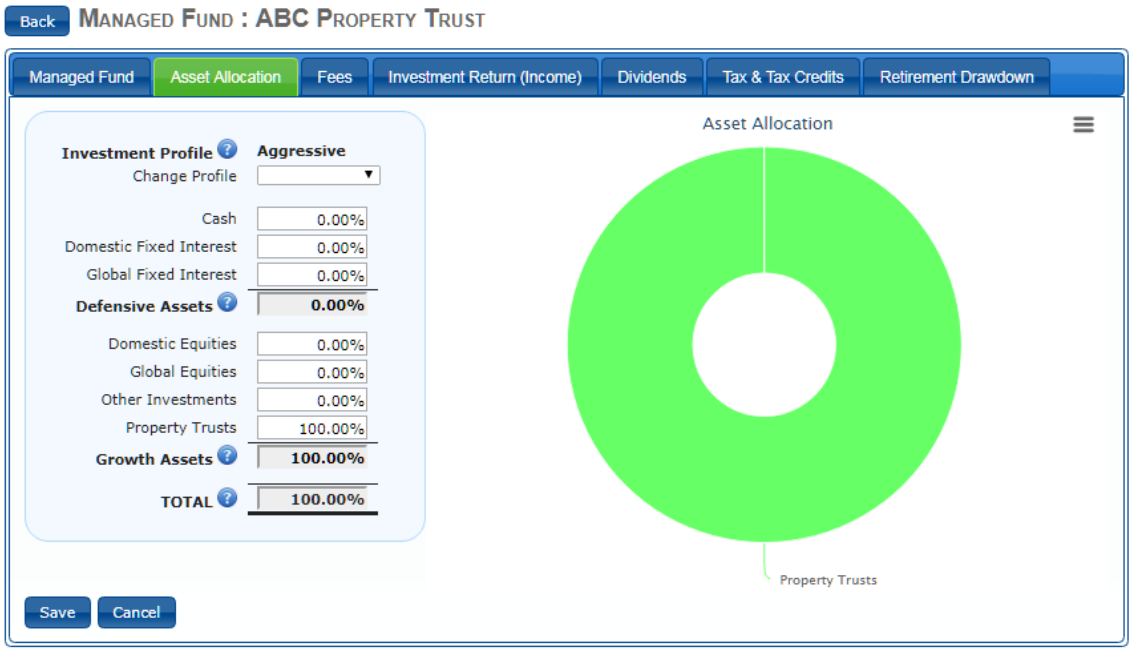
If the money was significant and you wanted to neutralize the effect you could introduce a ***One-off Receipt*** in the **Transaction Account** for the value of the Capital Gains Tax. However, if the Property is later sold, you would need to find a way of re-introducing this cost. – There is no easy solution to that problem.

Property Trust

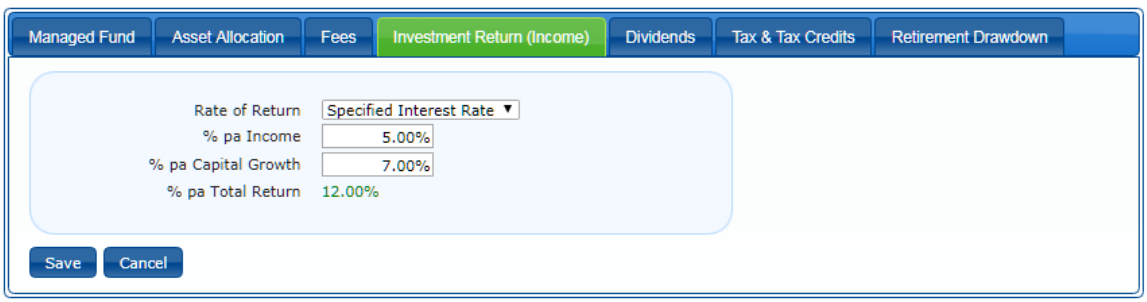
Some clients prefer not to invest in Real property. For those, you have the option of using the ***Managed Account*** and select **100% Property Trust**. In the ***Asset Allocation*** in the report **Plan Outcomes**, this asset will be included in the category of Real Property & Property Trusts. No further funds will be added to this account, but dividends will be reinvested.



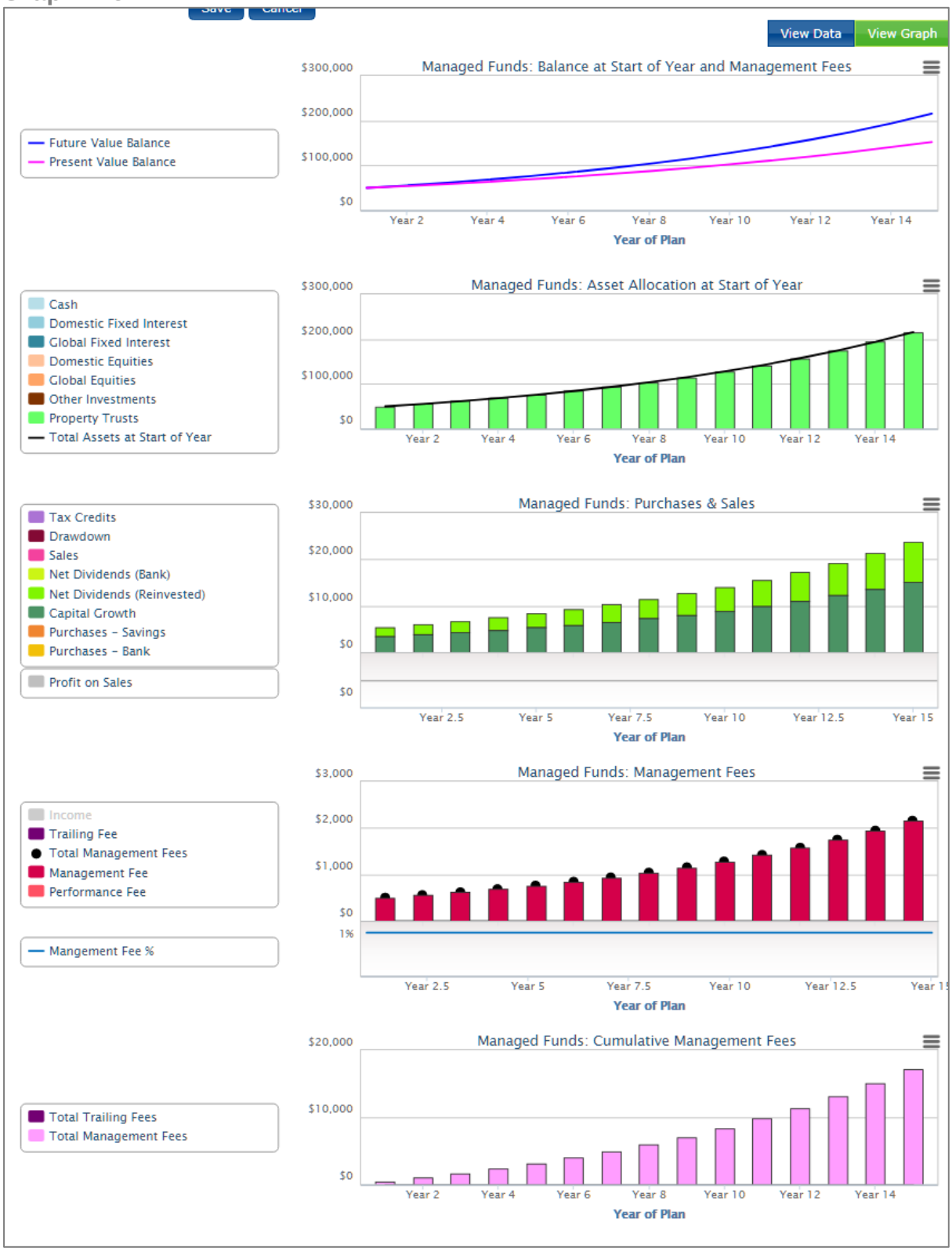
The ***Asset Allocation*** will be 100% Property Trust



An ***Investment Return***, suitable for a Property Trust should be entered.



Graph View


View Data
View Graph
Managed Funds: Balance at Start of Year and Management Fees
$300,000
$200,000
$100,000
$0
Future Value Balance
Present Value Balance
Year 2
Year 4
Year 6
Year 8
Year 10
Year 12
Year 14
Year of Plan
Managed Funds: Asset Allocation at Start of Year
Cash
Domestic Fixed Interest
Global Fixed Interest
Domestic Equities
Global Equities
Other Investments
Property Trusts
Total Assets at Start of Year
Managed Funds: Purchases & Sales
$30,000
$20,000
$10,000
$0
Tax Credits
Drawdown
Sales
Net Dividends (Bank)
Net Dividends (Reinvested)
Capital Growth
Purchases – Savings
Purchases – Bank
Profit on Sales
Year 2.5
Year 5
Year 7.5
Year 10
Year 12.5
Year 15
Managed Funds: Management Fees
$3,000
$2,000
$1,000
1%
Income
Trailing Fee
Total Management Fees
Management Fee
Performance Fee
Mangement Fee %
Managed Funds: Cumulative Management Fees
Total Trailing Fees
Total Management Fees

Data View Years 1 – 5

MANAGED FUND TRANSACTIONS : ABC PROPERTY TRUST

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

Savings Phase	Year 1 2019 Age 30	Year 2 2020 Age 31	Year 3 2021 Age 32	Year 4 2022 Age 33	Year 5 2023 Age 34
Purchases at Start of Year					
Present Value	$0	$0	$0	$0	$0
Future Value	$0	$0	$0	$0	$0
Sale of Managed Funds (% of Portfolio)	0%	0%	0%	0%	0%
Future Value	$0	$0	$0	$0	$0

Save Cancel

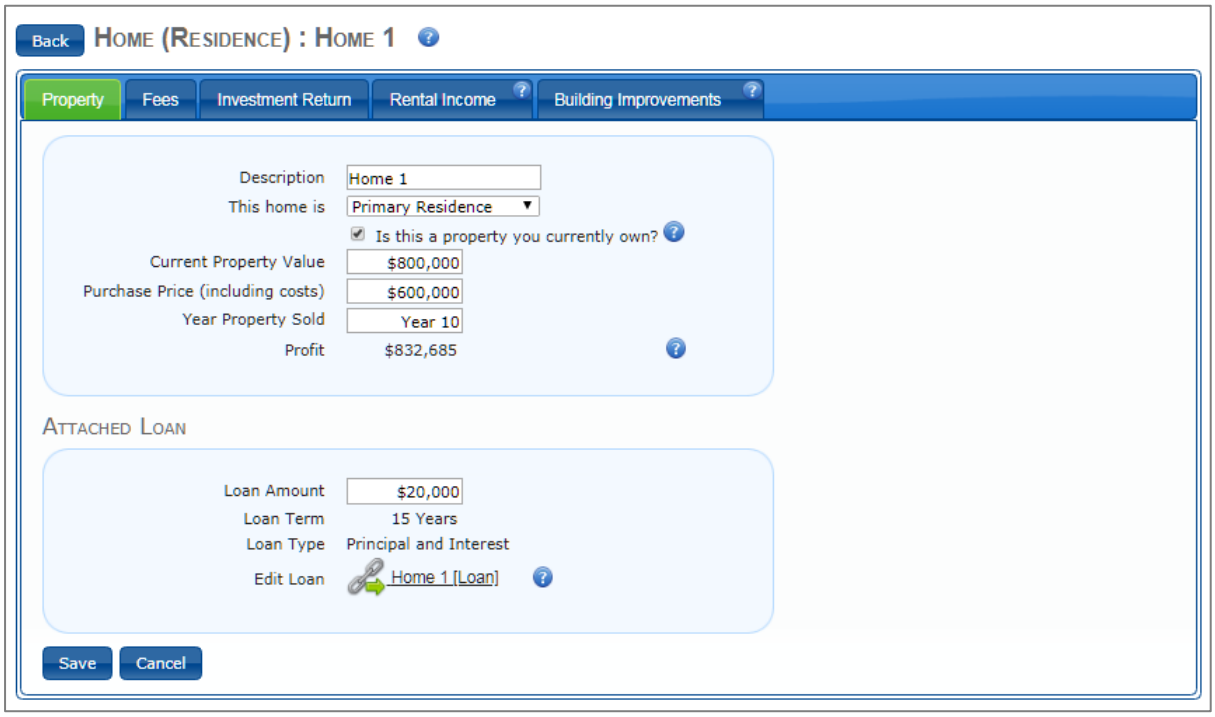
View Data View Graph

Savings Phase	Year 1 2019 Age 30	Year 2 2020 Age 31	Year 3 2021 Age 32	Year 4 2022 Age 33	Year 5 2023 Age 34
Transactions					
Start Balance	$50,000	$55,500	$61,605	$68,382	$75,904
Start of Year					
Purchases	$0	$0	$0	$0	$0
Drawdown	$0	$0	$0	$0	$0
Monthly Transactions					
Deposit from Salary Savings	$0	$0	$0	$0	$0
End of Year					
Capital Growth	$3,500	$3,885	$4,312	$4,787	$5,313
Dividends Reinvested	$2,000	$2,220	$2,464	$2,735	$3,036
Sales	$0	$0	$0	$0	$0
End Balance	**$55,500**	**$61,605**	**$68,382**	**$75,904**	**$84,253**
Income & Expenses					
Net Income	$2,000	$2,220	$2,464	$2,735	$3,036
Dividends (Before Costs)	$2,500	$2,775	$3,080	$3,419	$3,795
Management Fees (Total)	$500	$555	$616	$684	$759
Buying Costs/Entry Fees	$0	$0	$0	$0	$0
Selling Costs/Exit Fees	$0	$0	$0	$0	$0
Cumulative Net Income	$2,000	$4,220	$6,684	$9,419	$12,456
Profit on Sales	$0	$0	$0	$0	$0
Asset Allocation (at start of year)					
Cash	$0	$0	$0	$0	$0
Domestic Fixed Interest	$0	$0	$0	$0	$0
Global Fixed Interest	$0	$0	$0	$0	$0
Domestic Equities	$0	$0	$0	$0	$0
Global Equities	$0	$0	$0	$0	$0
Other Investments	$0	$0	$0	$0	$0
Property Trusts	$50,000	$55,500	$61,605	$68,382	$75,904

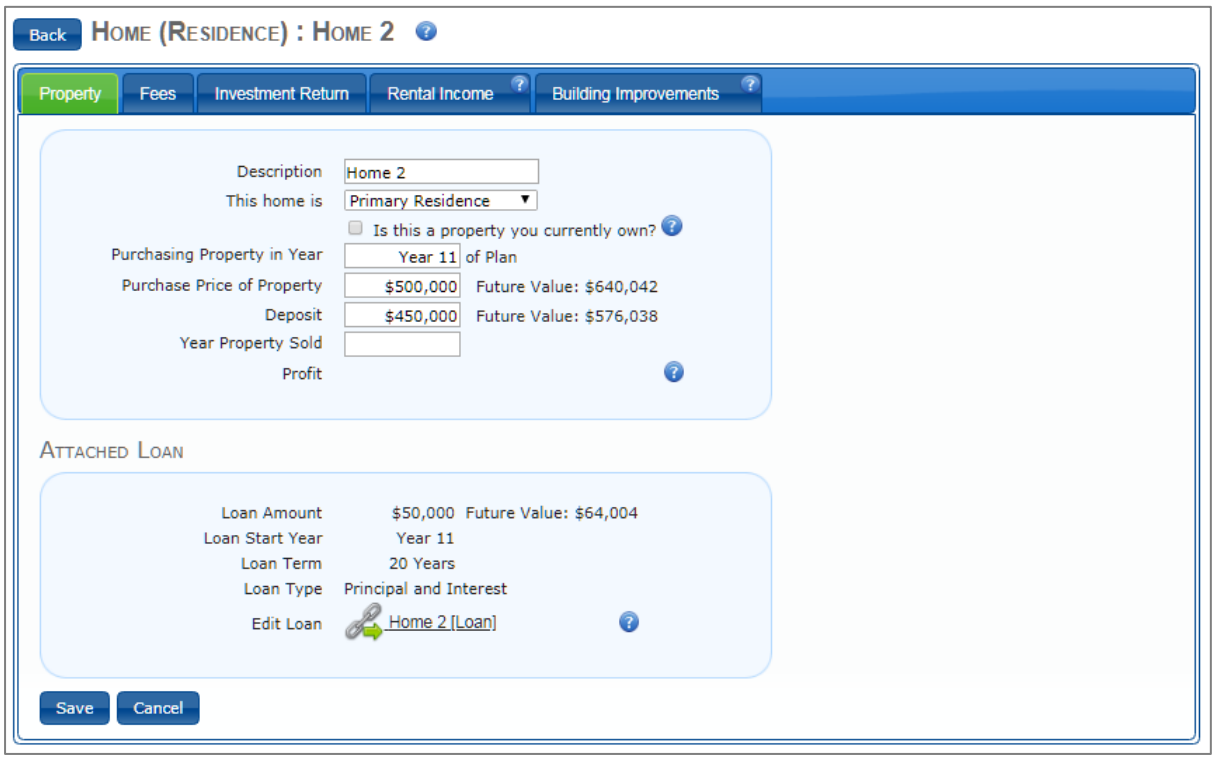
Property – Account Details

The ***Account Details*** are listed on the first TAB for either the ***Home*** or ***Investment Property***. It is on this page, you will also nominate when the property is to be sold, if applicable.

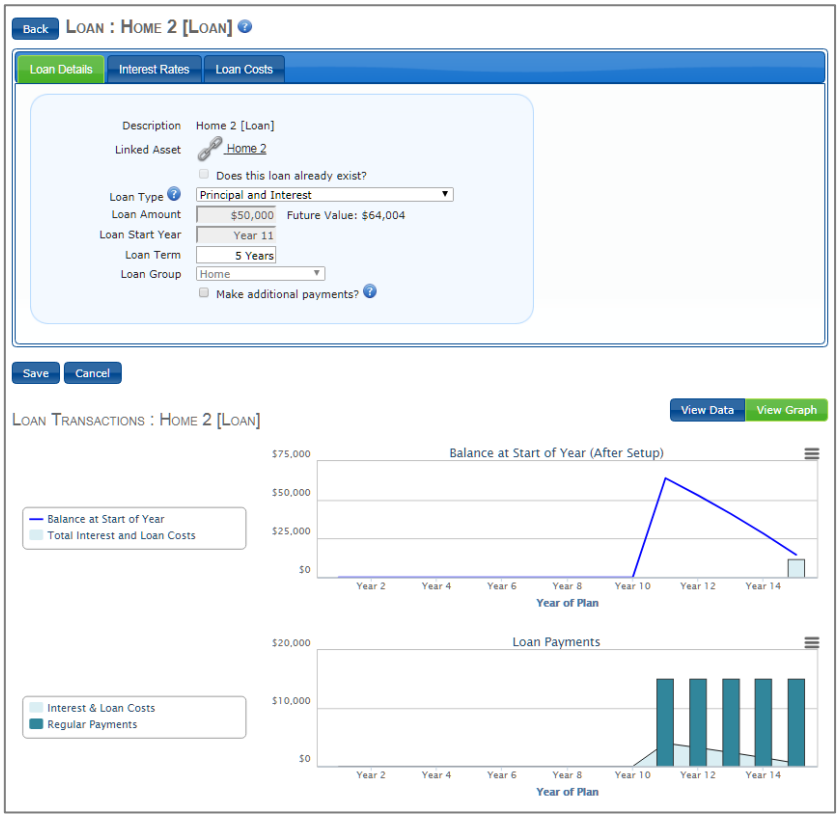
In this case, the Home is currently owned and it is planned to **sell the property** at the End of Year 10. Note that when the account is first created, the Loan details default to a 20-year Principal & Interest Loan with no loan costs. To change the specific details of the loan, you must click on the link Home 1 [Loan], to edit the loan.



In this example, the home has been downsized in Year 10, with the purchase of **Home 2**, in Year 11. Note the difference in the format. Here the Purchase Price and Deposit are entered and the Loan Amount is automatically calculated. Note the Default Loan entries.



The ***Length of Loan*** has been changed to **5-years** so that the loan is repaid before retirement.

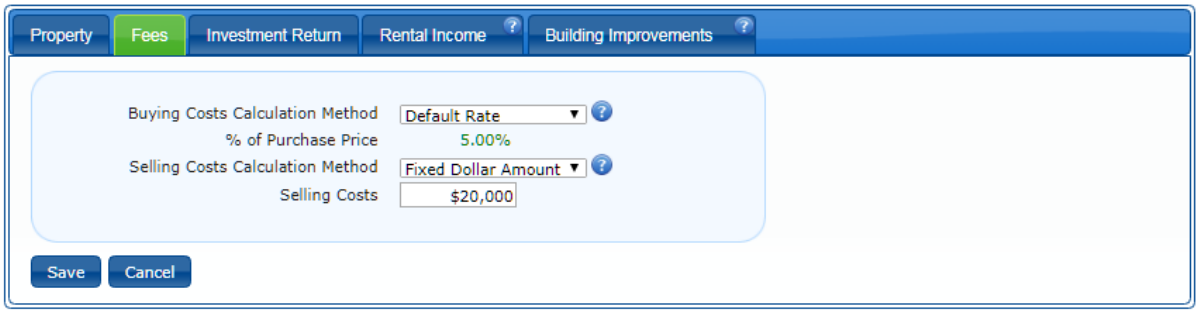


Fees – Buying & Selling Costs

Under the TAB, ***Fees***, the **Buying Costs** default to 5% and the **Selling Costs** default to 4%. (In **Financial Mappers Pro**, these percentages can be changed in the section ***Default Rates*** by the **Chief FM Administrator**)

The options for both fee types are:

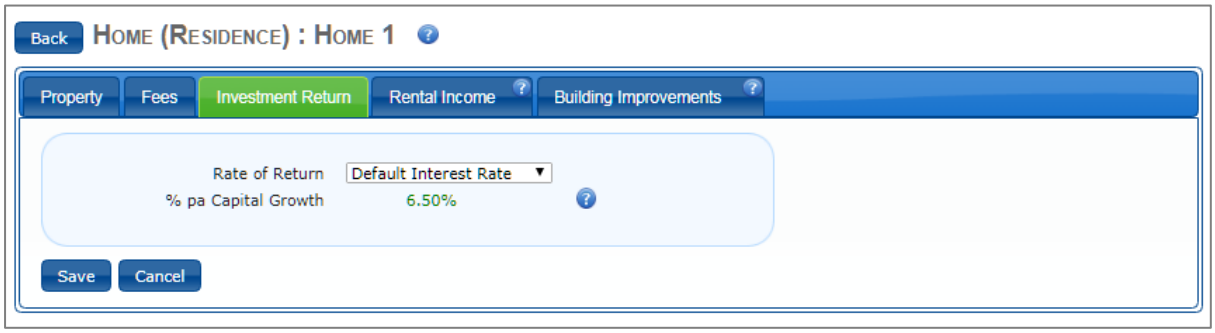
- Default Rate (%)
- Specified Rate (%)
- Fixed Dollar Amount ($ indexed)



Investment Return

Investment Return - Home

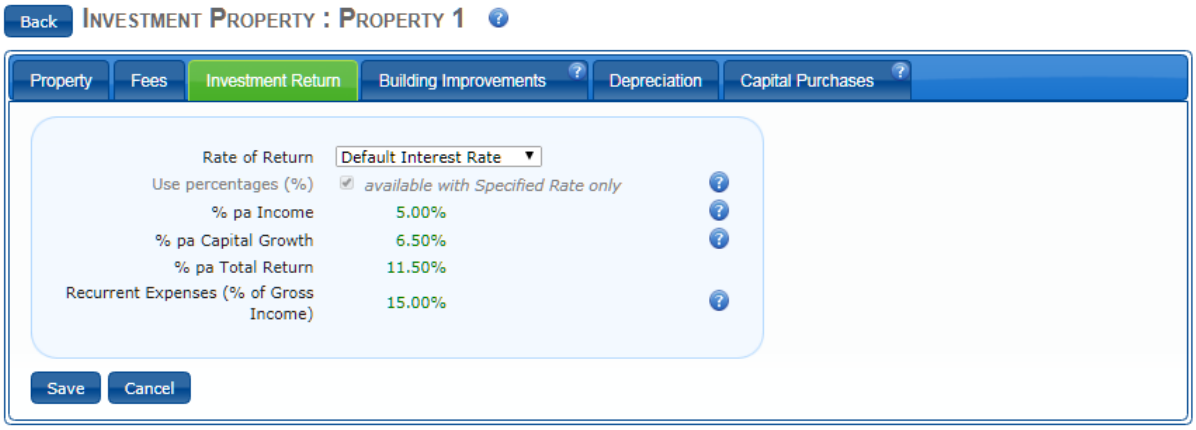
Under the TAB, ***Investment Return***, the only return is for **Capital Growth**. This is the same Default Rate as for Investment Property.



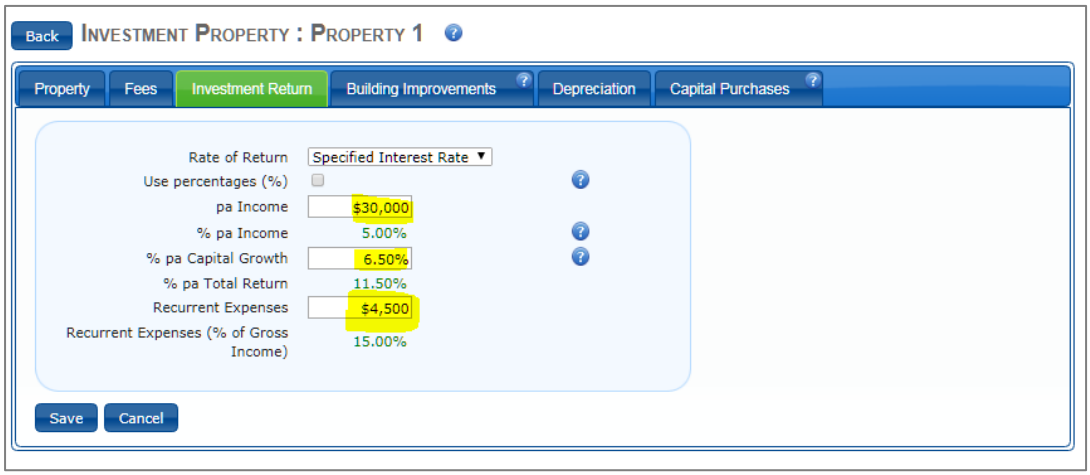
There is a second TAB, ***Rental Income***, where this option is required. The Rental income can be nominated for various periods and you may select whether or not the income is Taxable.

Investment Return – Investment Property

The ***Investment Return*** is divided into **Gross Income** and **Capital Growth**. In addition, no can nominate the **Recurrent Expenses** as a % of Gross Income. The same format can be applied to the ***Specified Interest Rate***.

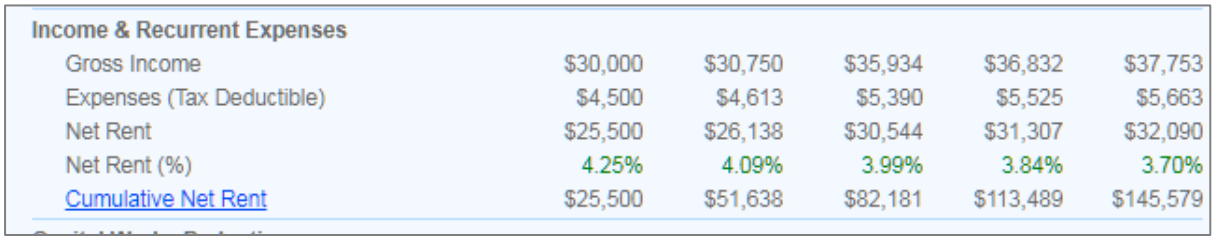


If you select ***Specified Interest Rate***, you have the option to enter the **Rent** and **Recurrent Expenses** as **Dollar Values** by unchecking the Tick Box. The program then converts that information to a percentage.



Special Note on Rental Income

Once the Dollar Value for the first year's ***Gross Rent*** has been established, this value is indexed at the Inflation Rate of 2.5%, thereafter. The Recurrent Expenses are calculated as the nominated percentage of the Gross Income in each year



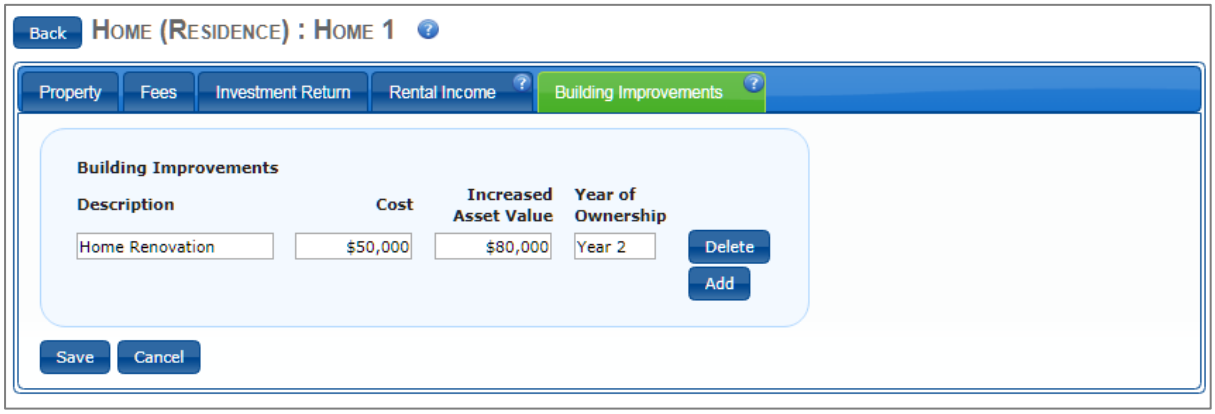
Income & Recurrent Expenses					
Gross Income	$30,000	$30,750	$35,934	$36,832	$37,753
Expenses (Tax Deductible)	$4,500	$4,613	$5,390	$5,525	$5,663
Net Rent	$25,500	$26,138	$30,544	$31,307	$32,090
Net Rent (%)	4.25%	4.09%	3.99%	3.84%	3.70%
Cumulative Net Rent	$25,500	$51,638	$82,181	$113,489	$145,579

Building Improvements & Building Write-off

Both types of property can have Building Improvements, however, only the Investment Property can have a Building Write-off.

Building Improvements - Home

In this example, a Home Renovation is going to be undertaken in Year 2. In addition to including the cost of the renovation, the expected improvement in the property value can be added. This listed ***Cost*** is deducted from the ***Transaction Account*** at the Start of the Year. It is possible to either refinance the home loan to fund this expense or create a new (Unlinked) Home Loan. Where the last option is selected, the funds are deposited into the Transaction Account and will be discussed in the ***Loans Section*** of this document.



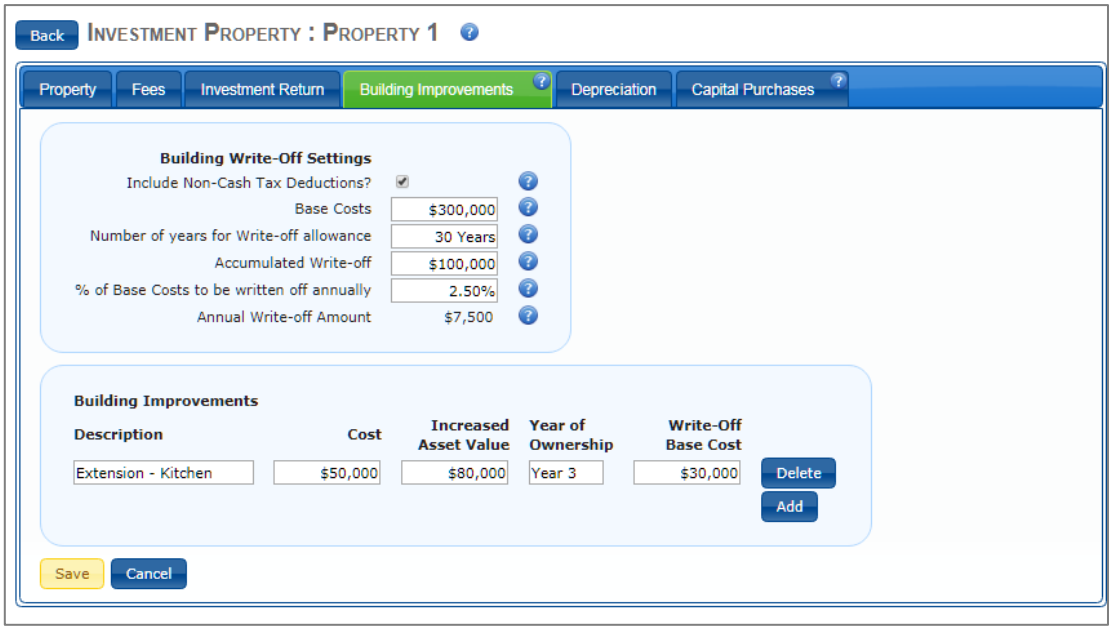
The ***Building Improvement*** is listed as the indexed **Increased Value**, and the value of the home is adjusted accordingly.

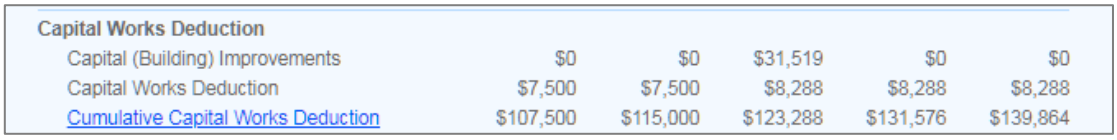
Building Improvements – Building Write-off

For ***Investment Property***, a current **Building Write-off Settings** can be entered. This is where last year's tax return may come in handy.

Building Improvements – Investment Property

On the same page, any planned ***Building Improvements*** can be listed. In this case, there is to be a property extension and a kitchen renovation. Note that in addition to listing the **Cost** and the **Increased Value**, the expected **Building Write-off Base Cost** can be entered. The value is used to calculate the additional Building Write-offs.



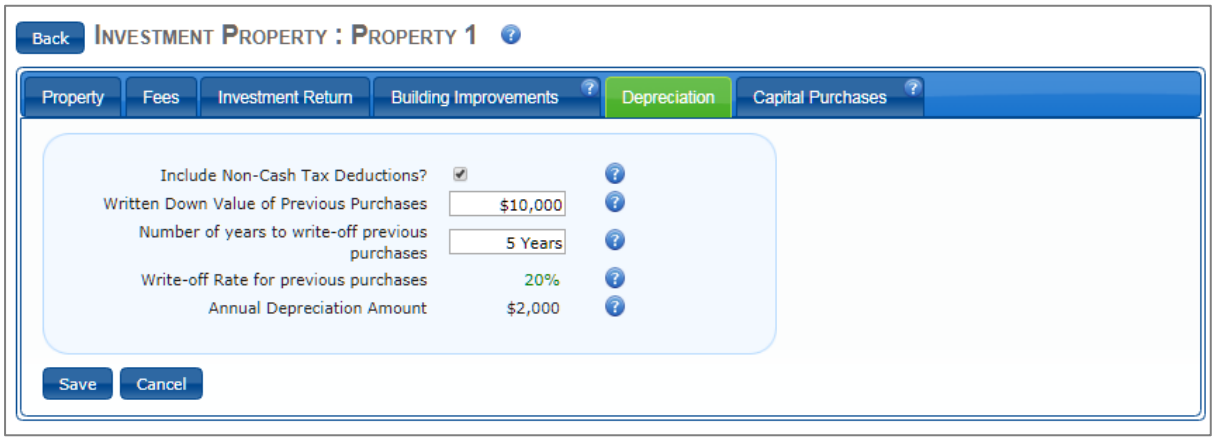


Capital Works Deduction					
Capital (Building) Improvements	$0	$0	$31,519	$0	$0
Capital Works Deduction	$7,500	$7,500	$8,288	$8,288	$8,288
Cumulative Capital Works Deduction	$107,500	$115,000	$123,288	$131,576	$139,864

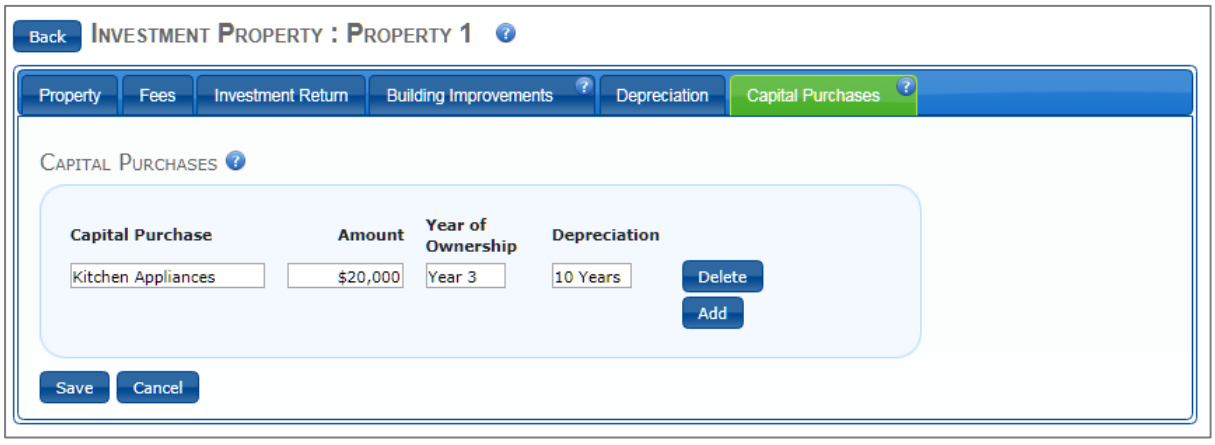
Depreciation & Capital Purchases

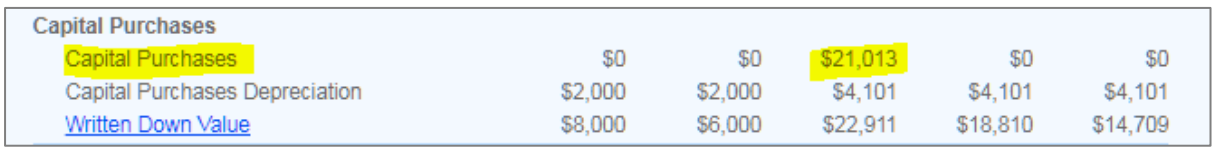
With the ***Investment Property*** and not the Home, **Depreciation** and **Capital Purchases** can be included.

On the TAB, ***Depreciation***, the current status of the Written Down Value of Previous Purchases can be entered. To keep things simple, just one nomination can be made for the number of years over which the purchases are being written off.



On the TAB, ***Capital Purchases***, new purchases can be added. In this case, the cost of kitchen appliances is to be written off over 10 years. These purchases are funded from the ***Transaction Account***.





Loans

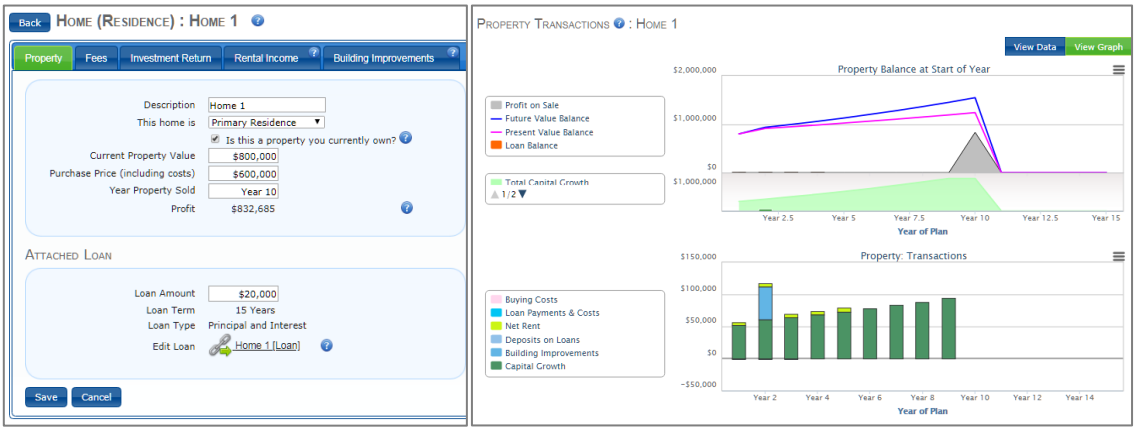
Financial Mappers has a substantial array of loan features. It has been designed to minimize data entry, so for long term modeling, you may leave them at the default entries. You can click between the 4-loan types, and all the other data, previously entered, such as the interest rate, loan costs, etc will remain.

Linked and Unlinked Loan

The first concept to understand about loans is that of ***Linked*** and ***Unlinked Loans***.

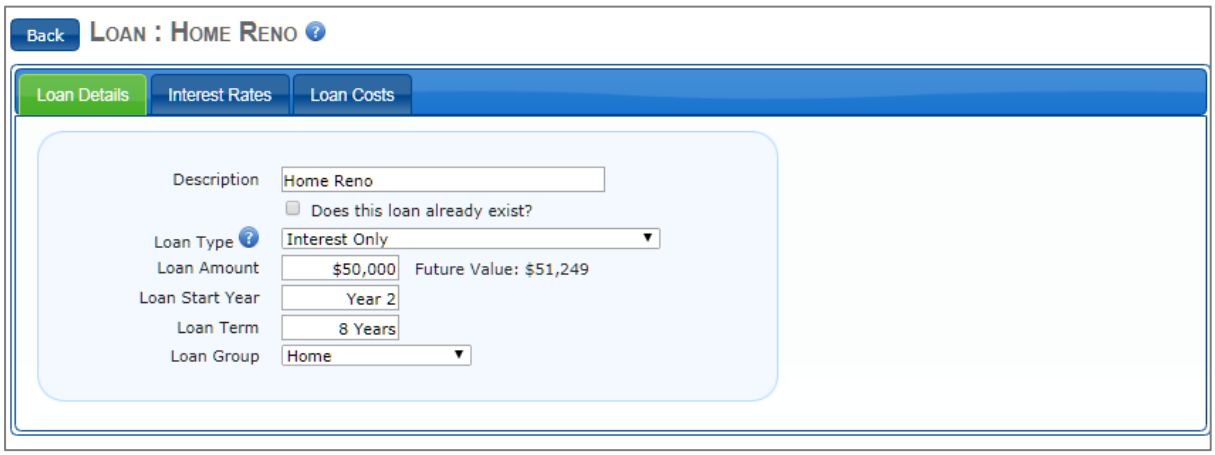
For assets, whether a Home, Investment Property or Share Portfolio you can have one loan linked to that asset. If the asset is sold, then the **Linked Loan** will be repaid at the time of sale. If equity calculations have been activated, then these calculations will apply to the Linked Loan only. If the loan is an **Unlinked Loan**, you will need to repay the loan in the nominated year the property is sold.

In the case of ***Home 1***, there is a **Linked Loan**. Note that the program automatically gives the loan a name, based on the named given to the asset. This is the **Linked Loan *Home 1 [Loan]***.

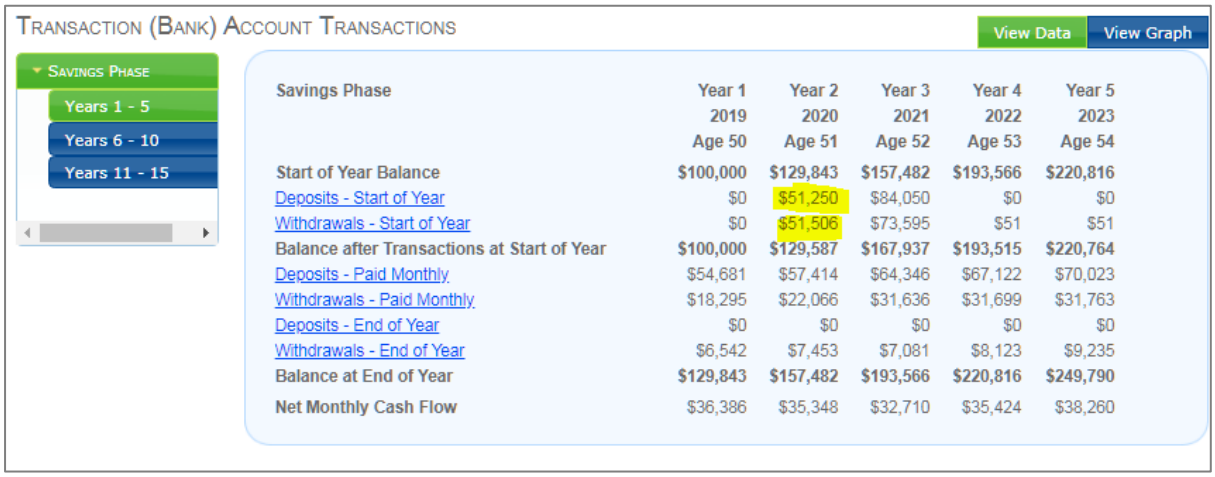


If you recall, a ***Building Renovation*** was undertaken in **Year 2**. Look at the **Property Transaction Graph** above.

To fund that loan, an **Unlinked Loan** called ***Home Reno*** was created.



The funds for that loan is **deposited** into the ***Transaction Account*** at the Start of the Year. At the same time, the cost of renovation is **deducted** from the ***Transaction Account***, also at the Start of the Year. The cost of the Loan Application, Mortgage Insurance and fees are also deducted at the same time:



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
Start of Year Balance	$100,000	$129,843	$157,482	$193,566	$220,816
Deposits - Start of Year	$0	$51,250	$84,050	$0	$0
Withdrawals - Start of Year	$0	$51,506	$73,595	$51	$51
Balance after Transactions at Start of Year	$100,000	$129,587	$167,937	$193,515	$220,764
Deposits - Paid Monthly	$54,681	$57,414	$64,346	$67,122	$70,023
Withdrawals - Paid Monthly	$18,295	$22,066	$31,636	$31,699	$31,763
Deposits - End of Year	$0	$0	$0	$0	$0
Withdrawals - End of Year	$6,542	$7,453	$7,081	$8,123	$9,235
Balance at End of Year	$129,843	$157,482	$193,566	$220,816	$249,790
Net Monthly Cash Flow	$36,386	$35,348	$32,710	$35,424	$38,260

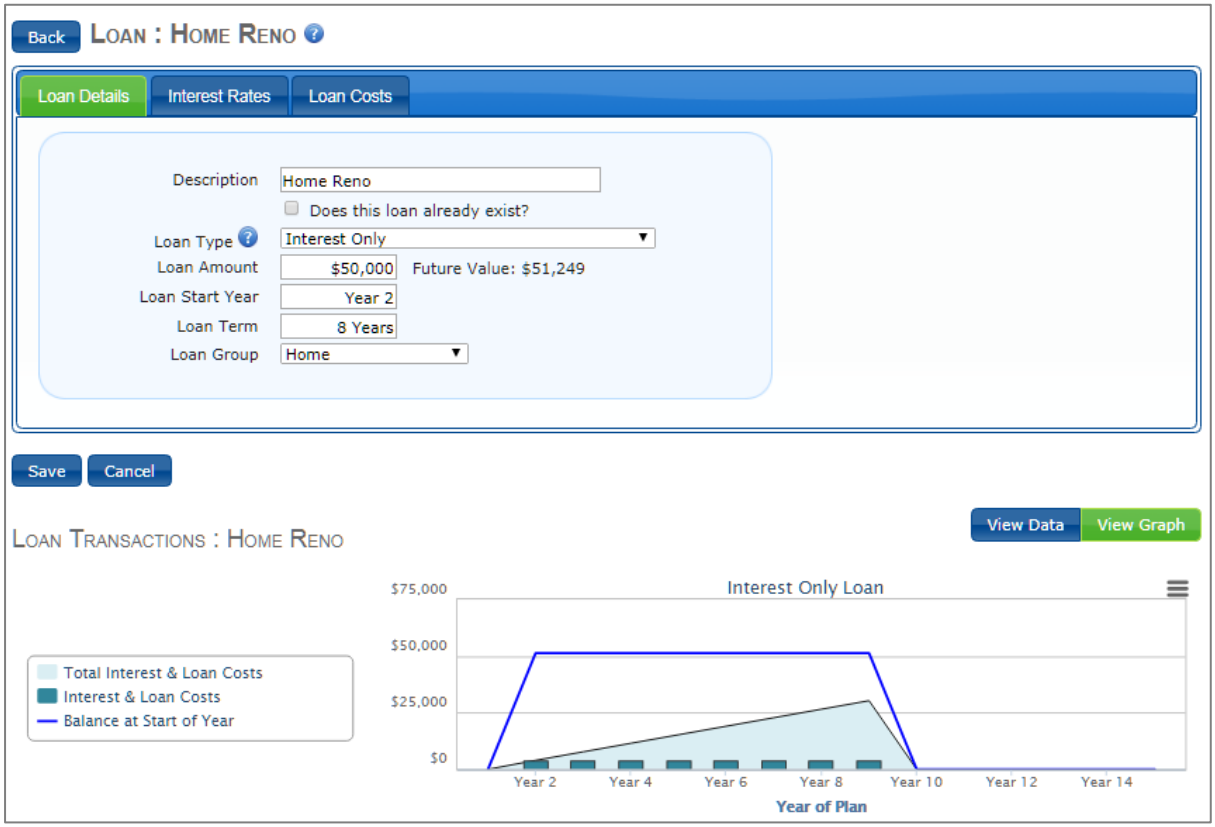
Loan Types

In **Financial Mappers**, there are 4-Loan Types which may be used:

- Interest Only
- Principal and Interest
- Interest Only followed by Principal and Interest
- Principal and Interest with Options
    - Introductory Interest Rate
    - Redraw Facility (Offset Account)
    - Loan Refinance

Interest Only

With an Interest ***Only Loan***, only the **Interest Charge** is paid each year. The **Capital** is repaid in full at the end of the loan period. No ***Additional Payments*** can be made for an Interest Only Loan. The ***Home Reno*** loan is an ***Interest Only*** Loan.



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
Loan Summary					
Total Annual Loan Payments	$0	$3,711	$3,711	$3,711	$3,711
Capital Costs	$0	$0	$0	$0	$0
Interest Costs	$0	$3,711	$3,711	$3,711	$3,711
Loan Costs	$0	$256	$51	$51	$51
Balance of Loan at Start of Year	$0	$0	$51,250	$51,250	$51,250
Balance of Loan at End of Year	$0	$51,250	$51,250	$51,250	$51,250
Interest Rate	0.00%	7.24%	7.24%	7.24%	7.24%
Detailed Loan Summary					
Balance of Loan at Start of Year	$0	$0	$51,250	$51,250	$51,250
Balance of Loan at Start (After Setup)	**$0**	**$51,250**	**$51,250**	**$51,250**	**$51,250**
Annual (Regular) Loan Payment	$0	$3,711	$3,711	$3,711	$3,711
Repayment of Interest Only Loan	$0	$0	$0	$0	$0
Total Annual Loan Payments	$0	$3,711	$3,711	$3,711	$3,711
Interest Costs	$0	$3,711	$3,711	$3,711	$3,711
Loan Costs	$0	$256	$51	$51	$51
Loan & Interest Costs	$0	$3,967	$3,762	$3,762	$3,762
Balance of Loan at End of Year	$0	$51,250	$51,250	$51,250	$51,250

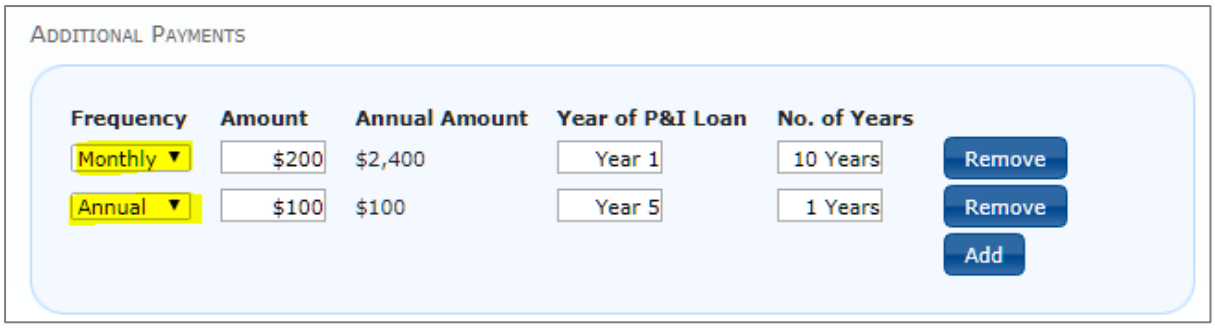
Savings Phase	Year 6 2024 Age 55	Year 7 2025 Age 56	Year 8 2026 Age 57	Year 9 2027 Age 58	Year 10 2028 Age 59
Loan Summary					
Total Annual Loan Payments	$3,711	$3,711	$3,711	$3,711	$0
Capital Costs	$0	$0	$0	$0	$0
Interest Costs	$3,711	$3,711	$3,711	$3,711	$0
Loan Costs	$51	$51	$51	$51	$0
Balance of Loan at Start of Year	$51,250	$51,250	$51,250	$51,250	$0
Balance of Loan at End of Year	$51,250	$51,250	$51,250	$0	$0
Interest Rate	7.24%	7.24%	7.24%	7.24%	0.00%
Detailed Loan Summary					
Balance of Loan at Start of Year	$51,250	$51,250	$51,250	$51,250	$0
Balance of Loan at Start (After Setup)	**$51,250**	**$51,250**	**$51,250**	**$51,250**	**$0**
Annual (Regular) Loan Payment	$3,711	$3,711	$3,711	$3,711	$0
Repayment of Interest Only Loan	$0	$0	$0	$51,250	$0
Total Annual Loan Payments	$3,711	$3,711	$3,711	$3,711	$0
Interest Costs	$3,711	$3,711	$3,711	$3,711	$0
Loan Costs	$51	$51	$51	$51	$0
Loan & Interest Costs	$3,762	$3,762	$3,762	$3,762	$0
Balance of Loan at End of Year	$51,250	$51,250	$51,250	$0	$0

Principal and Interest Loan

This loan is intended for simple loans, where additional features are not required. Financial Advisers should think about always using the ***Principal and Interest Loan with Options***, as it will immediately give you more options to discuss in front of your client. However, it is just a matter of changing the loan type.

With Principal and Interest Loans you have the option of making additional payments. These payments may be either **Monthly** or **Annual**. The **Monthly Payments** are deducted from the ***Transaction Account*** in the section for **Monthly Payments**.

Annual Payments are deducted from the ***Transaction Account*** as an Annual Transaction at the Start of the Year. The reason is that **Annual Payments** are likely to be made when a client has come into some additional money or they want to pay out the loan. **Annual Payments** are not included in the **Loan Expenses** for the **Investment Plan**.



The first graph shows the loan balance with and without **Additional Payments**. The column at the end of the green line displays the **Total Interest and Loan Costs**, with and without **Additional Payments**. The second graph displays the additional payments in pale blue.

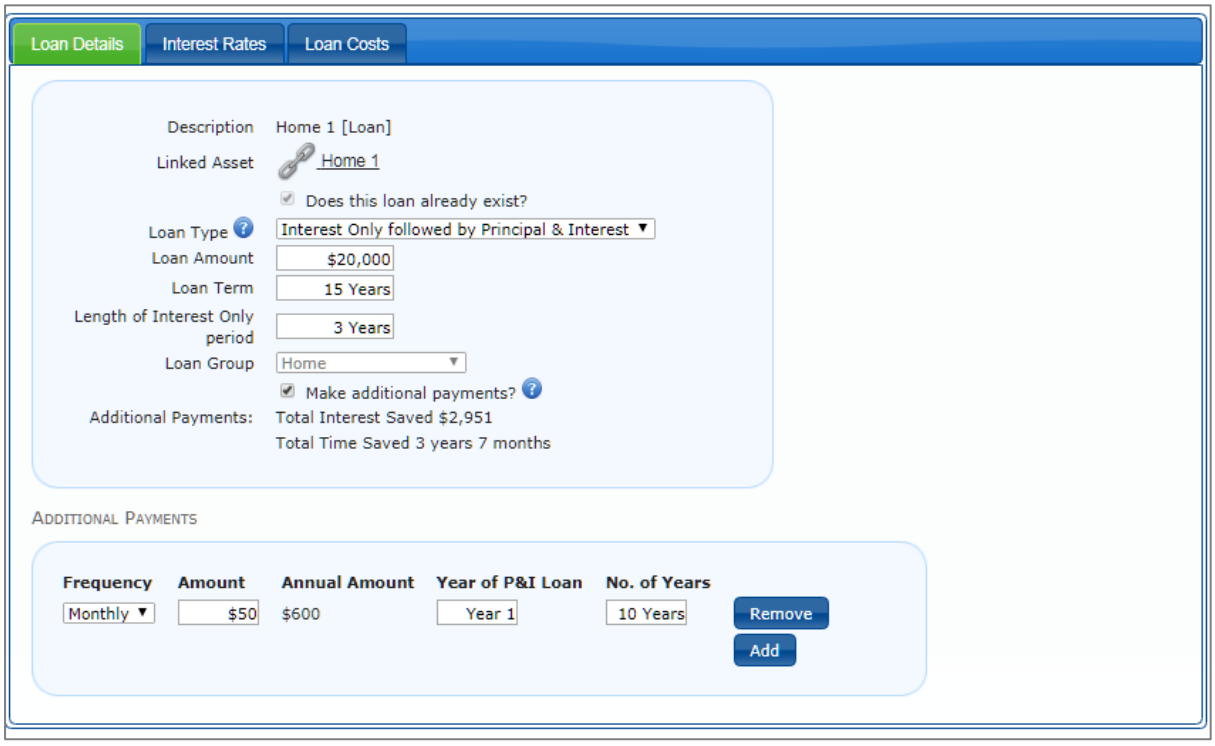
Savings Phase	Year 1 2019 Age 50	Year 2 2020 Age 51	Year 3 2021 Age 52	Year 4 2022 Age 53	Year 5 2023 Age 54
Loan Summary					
Total Annual Loan Payments	$4,522	$4,582	$4,644	$4,707	$4,882
Capital Costs	$3,274	$3,564	$3,875	$4,210	$4,687
Interest Costs	$1,248	$1,019	$769	$497	$195
Loan Costs	$50	$50	$50	$50	$50
Balance of Loan at Start of Year	$20,000	$16,726	$13,162	$9,287	$5,077
Balance of Loan at End of Year	$16,726	$13,162	$9,287	$5,077	$390
Interest Rate	6.74%	6.74%	6.74%	6.74%	6.74%
Detailed Loan Summary					
Balance of Loan at Start of Year	$20,000	$16,726	$13,162	$9,287	$5,077
Balance of Loan at Start (After Setup)	**$20,000**	**$16,726**	**$13,162**	**$9,287**	**$5,077**
Annual (Regular) Loan Payment	$2,122	$2,122	$2,122	$2,122	$2,122
Additional Payments	$2,400	$2,460	$2,522	$2,585	$2,760
Loan Repayment on Sale of Asset	$0	$0	$0	$0	$0
Total Annual Loan Payments	$4,522	$4,582	$4,644	$4,707	$4,882
Capital Costs	$3,274	$3,564	$3,875	$4,210	$4,687
Interest Costs	$1,248	$1,019	$769	$497	$195
Loan Costs	$50	$50	$50	$50	$50
Loan & Interest Costs	$1,298	$1,069	$819	$547	$245
Balance of Loan at End of Year	$16,726	$13,162	$9,287	$5,077	$390
Equity at End of Year	$3,274	$6,838	$10,713	$14,923	$19,610
% Equity at End of Year	16.37%	34.19%	53.57%	74.61%	98.05%

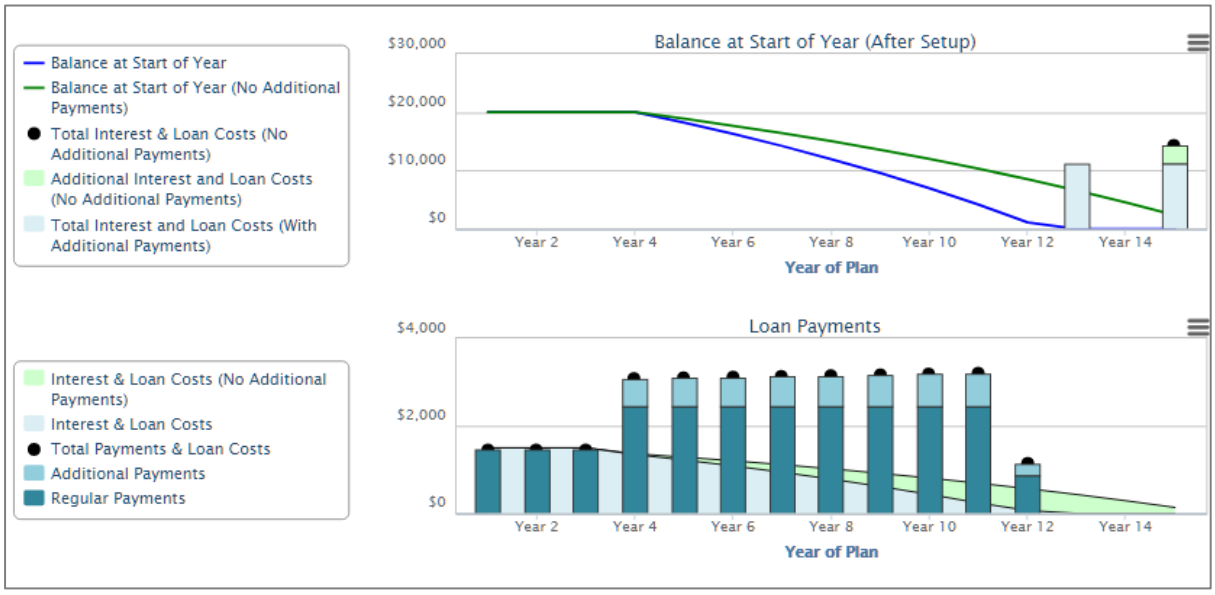
Interest Only Loan Followed by a Principal and Interest Loan

If your client currently has an ***Interest Only Loan***, but you expect this will at some future date to be converted to a ***Principal and Interest Loan***, you can combine the two loans.

Please note that if you are importing the data from the ***Starting Position***, only the Interest Only portion will be imported. You will need to manually make the adjustment when the plan is created.

This is an example of such a loan, but it has not been used in the plan.



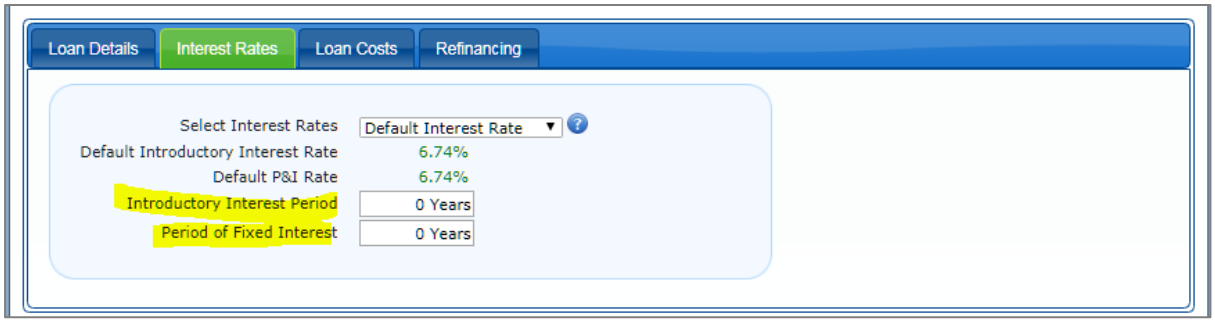


Principal and Interest Loan with Options

There are three additional Options you can use with this Loan Type.

Introductory Interest Rate

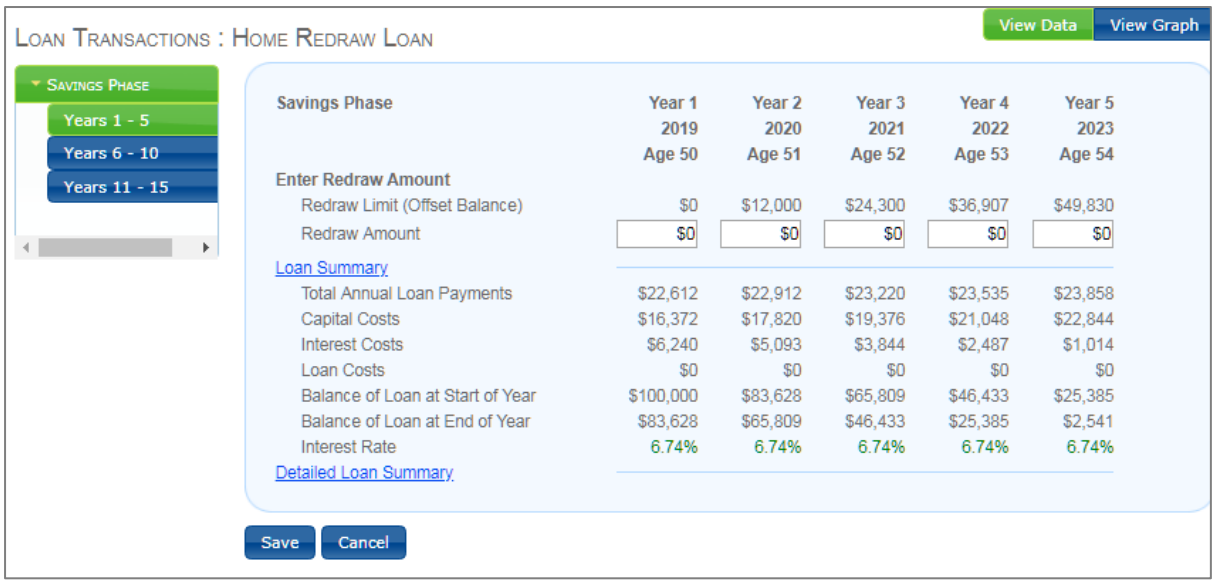
On the TAB ***Interest Rates***, you can include an **Introductory Rate**, and nominate the number of years for this lower rate.



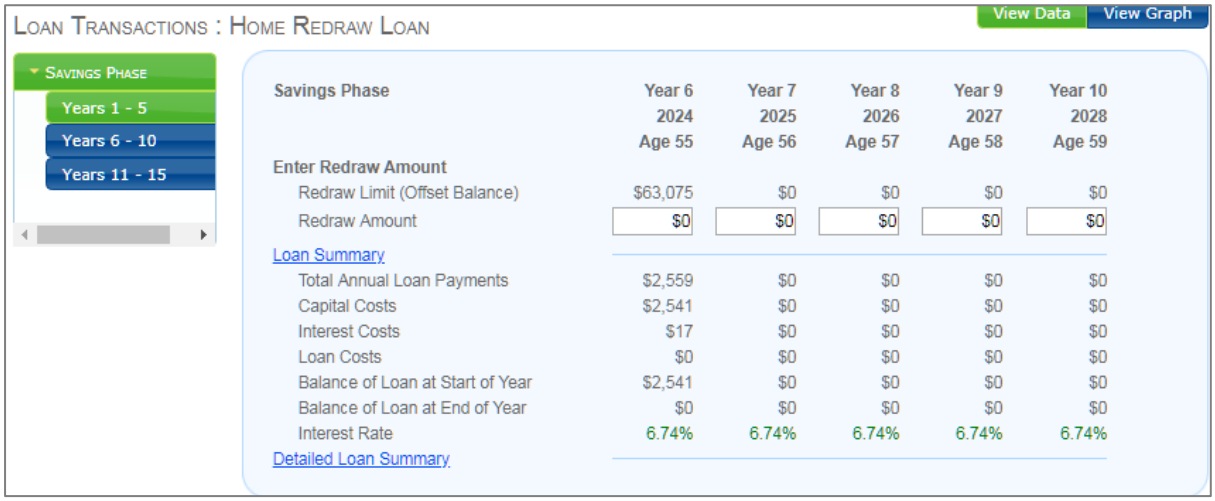
Redraw (Off-set Account)

Having a property ***Off-set Loan Account*** is beyond the scope of **Financial Mappers**. However, you can make an approximation of this account type by using the Redraw.

The rules of the ***Redraw*** are that you can redraw any **Additional Payments** you may have made to the loan. This means that your client can see the amount of these payments for each year. They can, of course, withdraw those funds at any time.

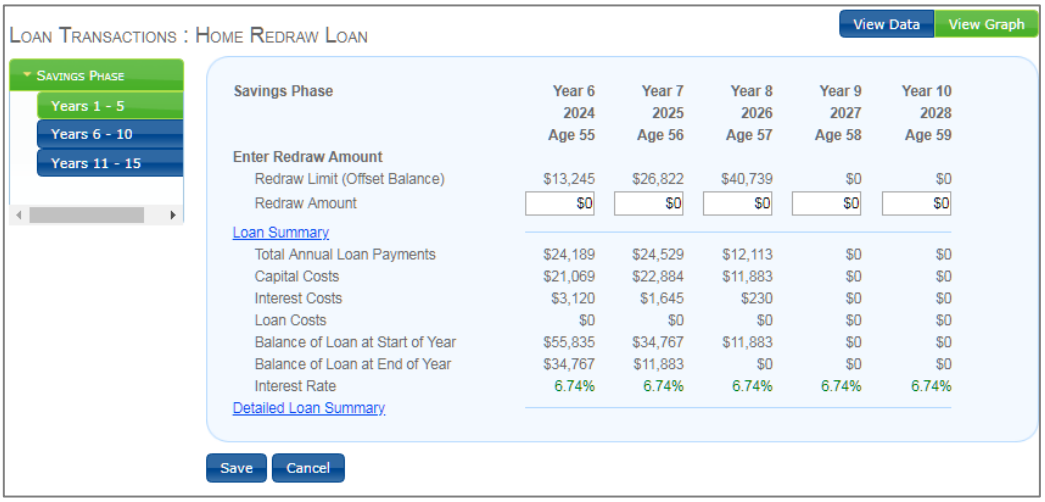


With those Additional Payments, the loan will be repaid in Year 6, but you can see there is $63,076 available to Redraw.



If the client redraws all the available fund, say $49,830 in Year 5, the length of the loan is now extended to Year 8. Note the negative Capital Costs, because this Capital has just been withdrawn.

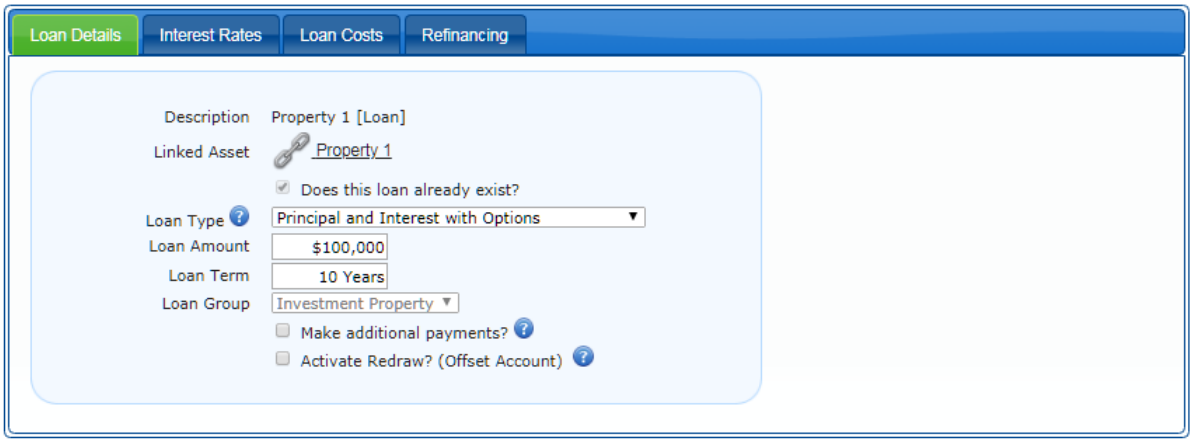
As the client has continued to make those **Additional Payments**, the Redraw is again increasing.



Refinance Loan

You may recall, that the plan includes an Extension and Kitchen Renovation. The total cost is $80,000 when the new kitchen appliances are purchased. These costs are going to be funded by refinancing the current loan.

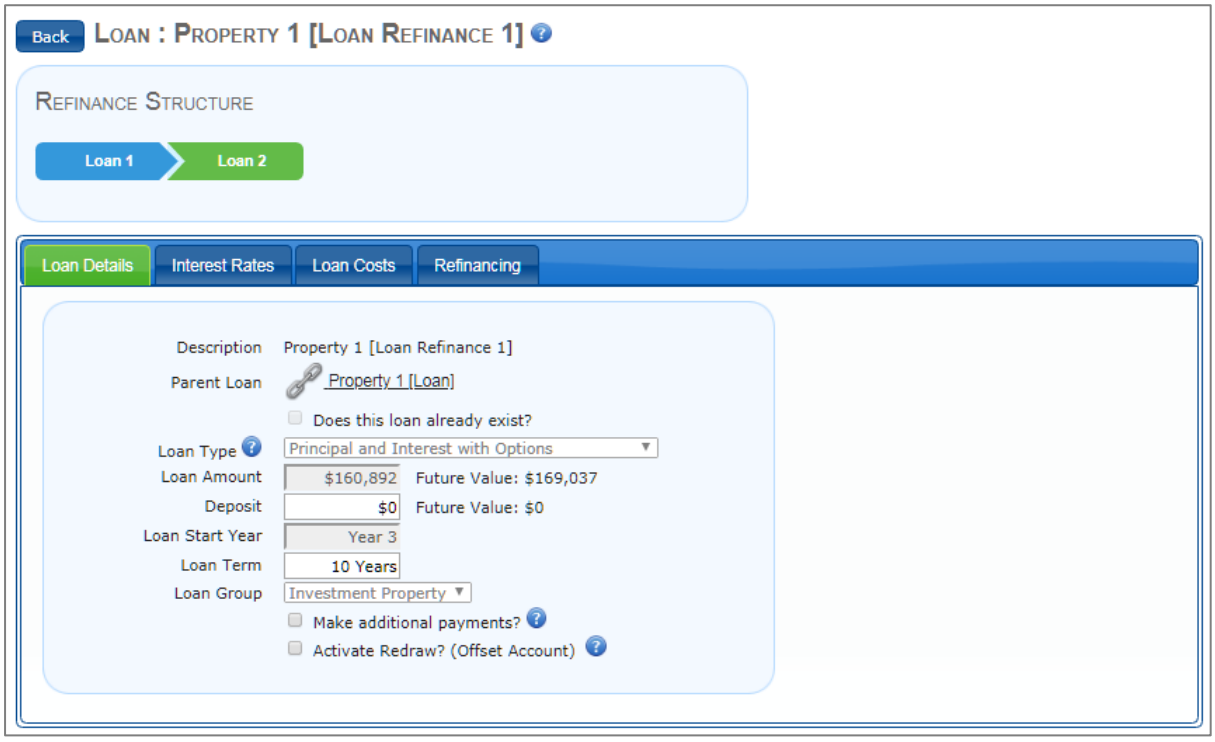
To create the new loan, click on the TAB ***Refinancing***.



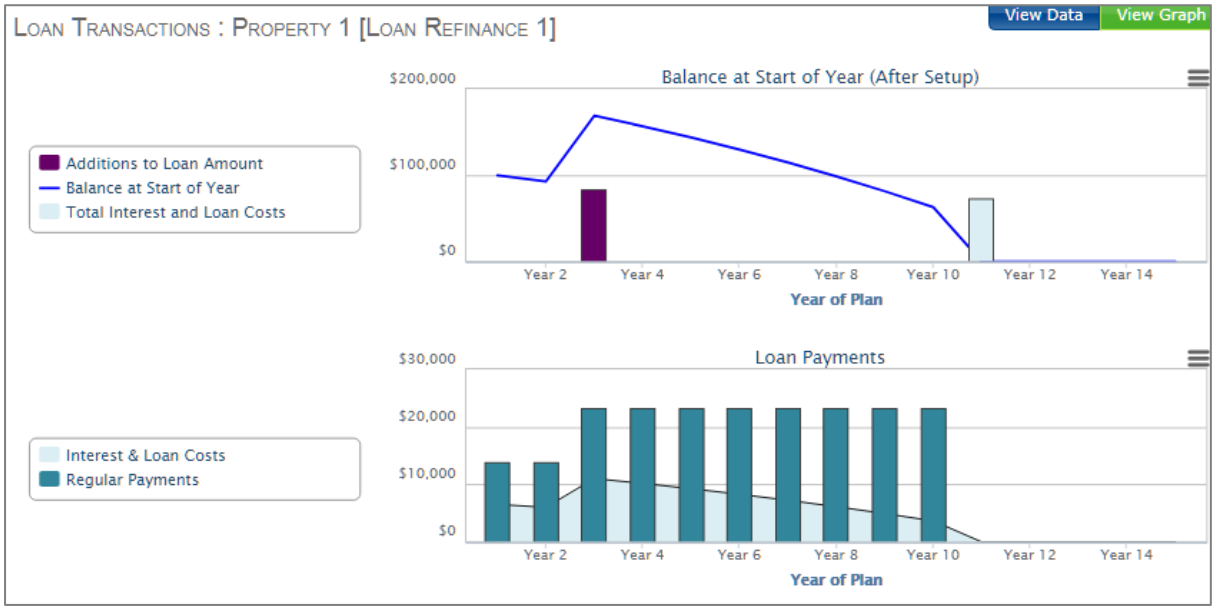
Tick the **Refinance Box**, and the enter the Year you want to commence the Refinance. Note that these dates are relevant to the loan. So in this case, the Refinance is 2-years after the loan was commenced. The **Additional Loan** amount is $80,000. No Deposit has been included. Where applicable, this allows the correct equity calculations to be made.

Once this information has been SAVED, you should click on the LINK, Property 1 [Loan Refinance 1], and make any further adjustments to this new loan.

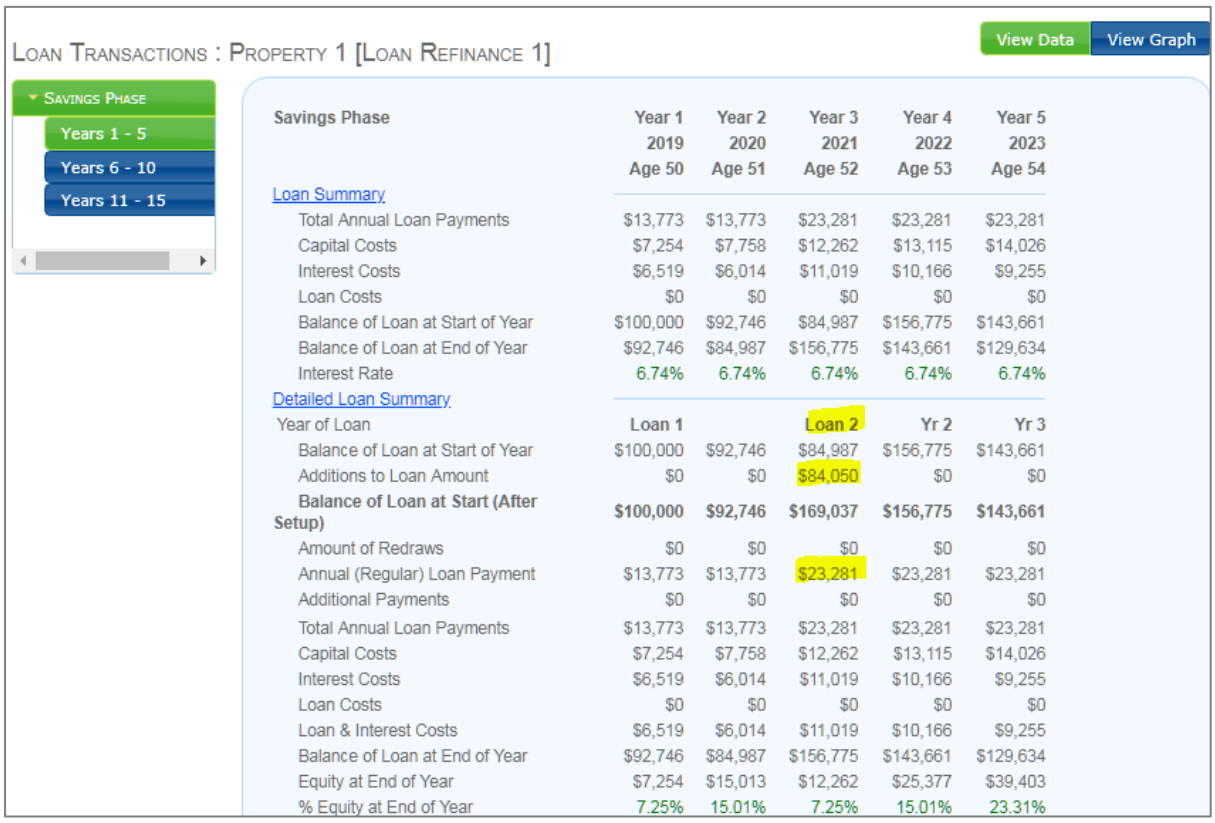
You now have two loans which you can toggle between using the chevrons. Note you can refinance the loan multiple times, if there is a need.



On the top graph, the purple column is the **Additional Loan Amount**. Note how the loan payments have increased with the new loan conditions.



The ***Detailed Loan Summary*** gives a complete review of the two loans. Note the last two rows, relating to Equity.



LOAN TRANSACTIONS : PROPERTY 1 [LOAN REFINANCE 1]

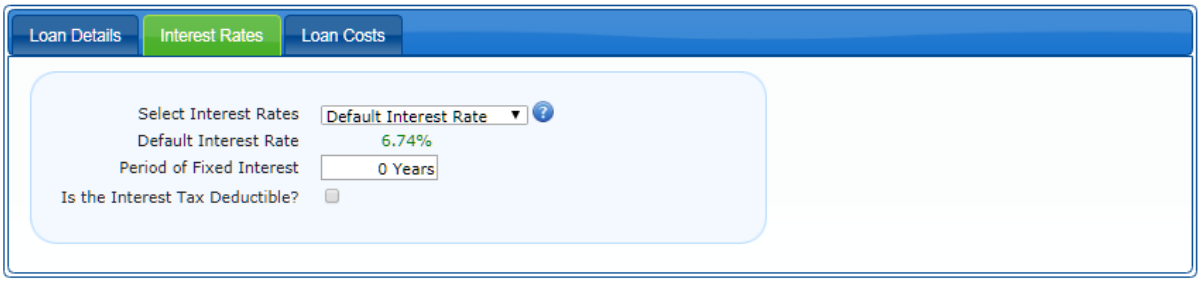
View Data | View Graph

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

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
Loan Summary					
Total Annual Loan Payments	$13,773	$13,773	$23,281	$23,281	$23,281
Capital Costs	$7,254	$7,758	$12,262	$13,115	$14,026
Interest Costs	$6,519	$6,014	$11,019	$10,166	$9,255
Loan Costs	$0	$0	$0	$0	$0
Balance of Loan at Start of Year	$100,000	$92,746	$84,987	$156,775	$143,661
Balance of Loan at End of Year	$92,746	$84,987	$156,775	$143,661	$129,634
Interest Rate	6.74%	6.74%	6.74%	6.74%	6.74%
Detailed Loan Summary					
Year of Loan	Loan 1		Loan 2	Yr 2	Yr 3
Balance of Loan at Start of Year	$100,000	$92,746	$84,987	$156,775	$143,661
Additions to Loan Amount	$0	$0	$84,050	$0	$0
Balance of Loan at Start (After Setup)	**$100,000**	**$92,746**	**$169,037**	**$156,775**	**$143,661**
Amount of Redraws	$0	$0	$0	$0	$0
Annual (Regular) Loan Payment	$13,773	$13,773	$23,281	$23,281	$23,281
Additional Payments	$0	$0	$0	$0	$0
Total Annual Loan Payments	$13,773	$13,773	$23,281	$23,281	$23,281
Capital Costs	$7,254	$7,758	$12,262	$13,115	$14,026
Interest Costs	$6,519	$6,014	$11,019	$10,166	$9,255
Loan Costs	$0	$0	$0	$0	$0
Loan & Interest Costs	$6,519	$6,014	$11,019	$10,166	$9,255
Balance of Loan at End of Year	$92,746	$84,987	$156,775	$143,661	$129,634
Equity at End of Year	$7,254	$15,013	$12,262	$25,377	$39,403
% Equity at End of Year	7.25%	15.01%	7.25%	15.01%	23.31%

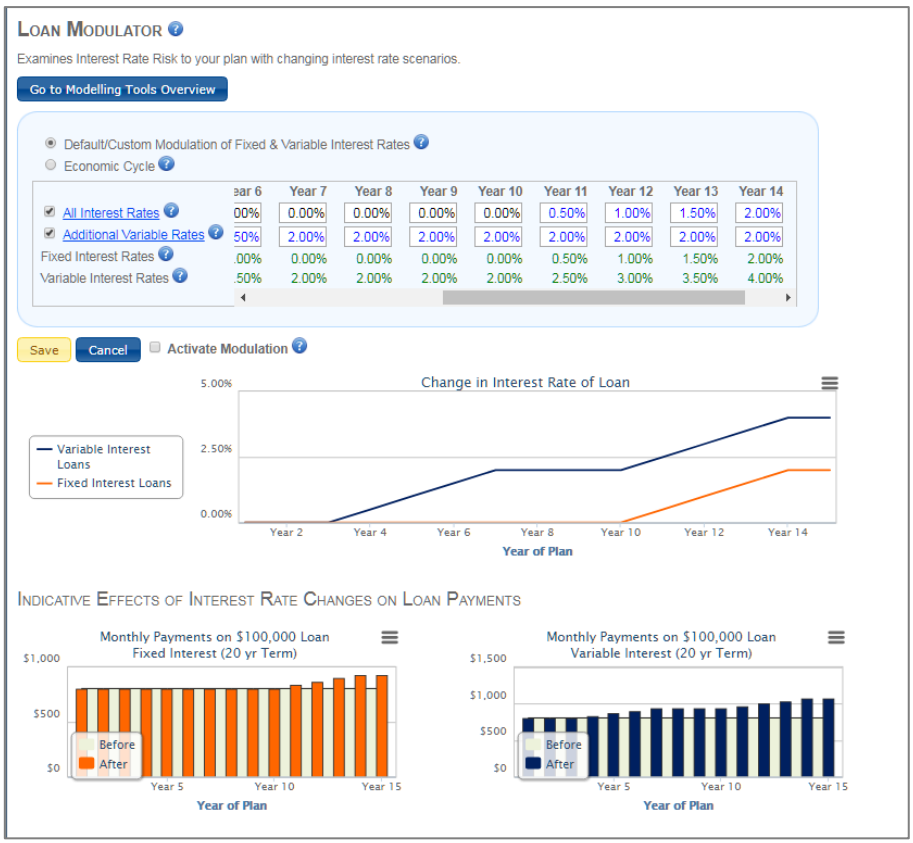
Interest Costs and Loan Costs

On the TAB, ***Interest Rates***, you can change the rate from **Default** to **Specified**. You can also nominate the time period the ***Interest Rate*** is **FIXED**. You can also Tick the box for **Tax Deductible** where appropriate.



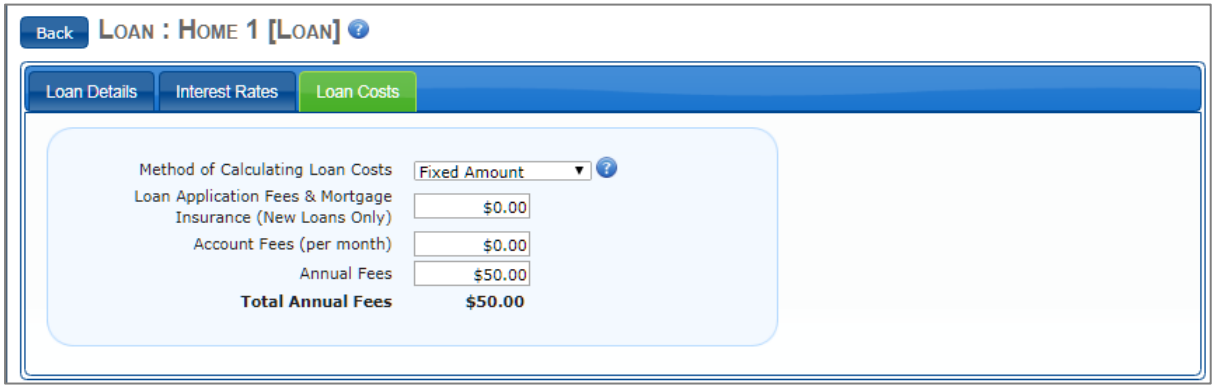
When you are using the ***Loan Modulator***, and the rate is listed as **Fixed**, the rate will not be changed for Variable Rates. This ***Loan Modulator*** allows you **to raise All Interest Rates**, Variable and Fixed. This option is included so that you can demonstrate to your client, a different outcome to your plan, should interest rates return to the long term rate of around 7%.

In addition the rate for **all Interest Rates**, you can also include a figure for **Variable Rates only**. In this example, the **Variable Interest Loans**, are starting to increase in year 3 and the **Fixed Interest Loans**, in Year 10. The two graphs at the bottom of the page demonstrate the change in Monthly Payments for a 20-year term.



On the TAB, ***Loan Costs***, the program defaults to **No Loan Costs**.
The options for ***Loan Costs*** are a **Percentage of the Loan** or a **Fixed Dollar Value**.

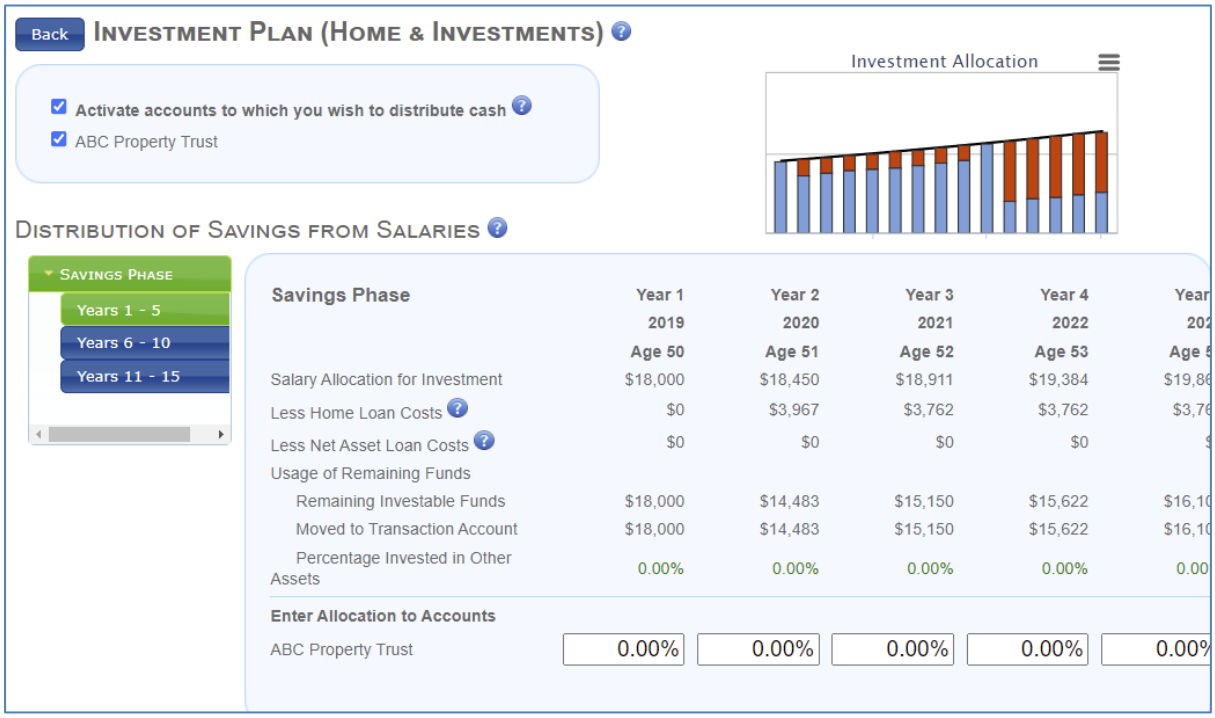
Where it is a new loan, you have the option of including **Loan Application Fees and Mortgage Insurance**.



Investment Plan

On the ***Investment Plan***, all **Home and Investment Loan Expenses** are included. The exception is **Additional Loan payments made annually**. The ***Loan Expenses*** are adjusted for any **Net Rental Income**.

In this example, the Red columns are the Loan Expenses. No allocation has been made to the Property Trust. The balance of funds is therefore transferred to the ***Transaction (Bank) Account.***



Sale of Real Estate

When ***Real Estate*** is sold, the balance of funds after Selling Costs and repayment of the Linked Loan, if applicable, are deposited into the ***Transaction Account*** at the End of the Year.

All Real Estate is **sold** and the End of the Year, and **purchased** at the Start of the Year.

Sale of Home

Home 1 is sold at the end of **Year 10**. These are the calculations to determine the Profit on Sale.

Sale of Property					
Sale Price	$0	$0	$0	$0	$1,545,766
Selling Costs	$0	$0	$0	$0	$61,831
Sale Price - Selling Costs	$0	$0	$0	$0	$1,483,935
Purchase Price + Purchase Costs	$0	$0	$0	$0	$651,250
Profit on Sale	$0	$0	$0	$0	$832,685
Loan attached to Home					
Detailed Loan Summary					
Balance of Loan at Start of Year	$390	$0	$0	$0	$0

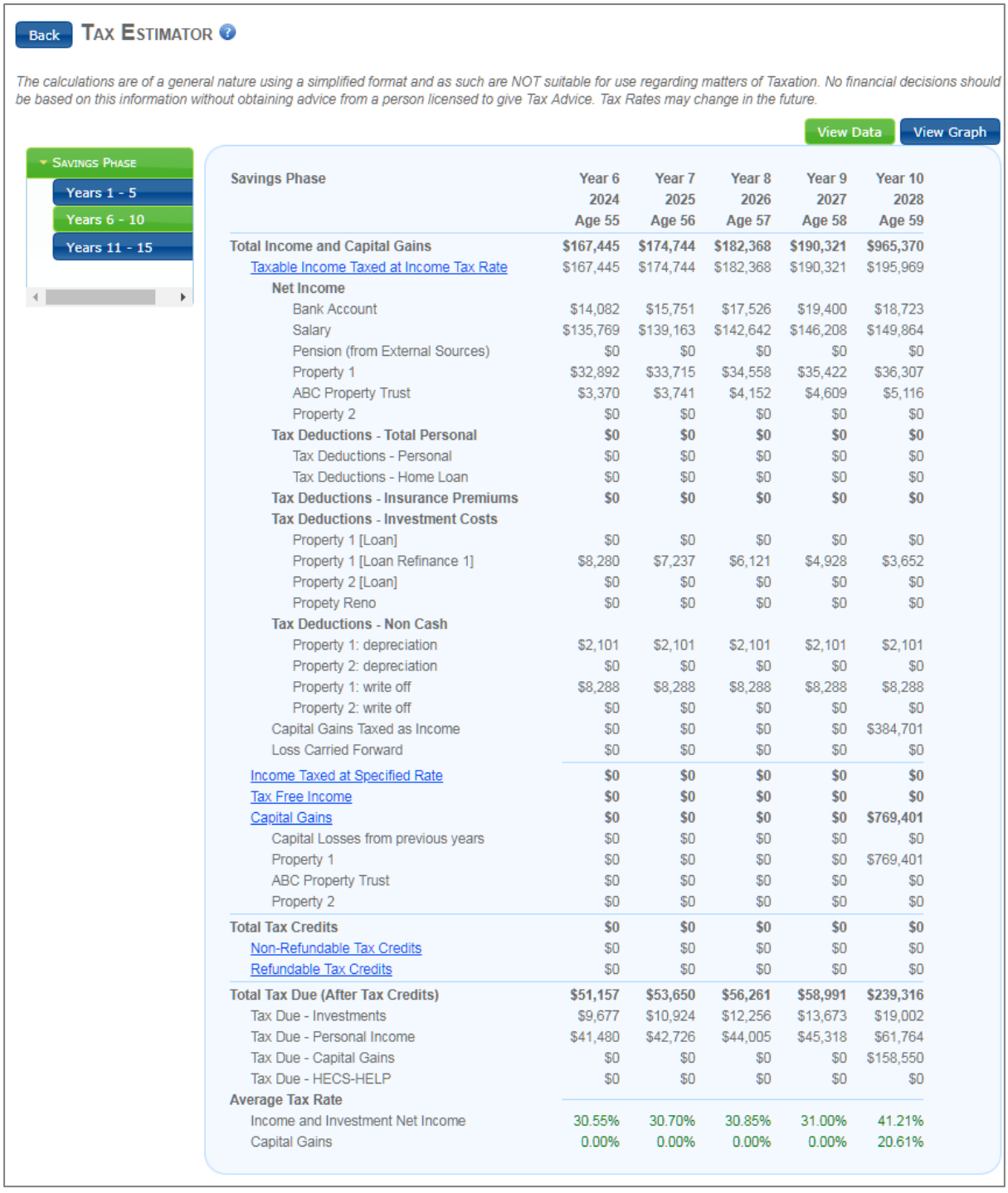
Sale of Investment Property

Property 1, is **sold** at the End of the Year 10. Note that the ***Capital Works Deduction*** (**Building Write-off**) is written back to calculate the ***Profit on Sale***. This is the value used in the ***Tax Estimator*** to calculate **Capital Gains Tax**.

Sale of Property					
Sale Price	$0	$0	$0	$0	$1,188,155
Selling Costs	$0	$0	$0	$0	$47,526
Sale Price - Selling Costs	$0	$0	$0	$0	$1,140,629
Purchase Price + Purchase Costs	$0	$0	$0	$0	$552,531
Capital Works Deduction	$0	$0	$0	$0	$181,304
Profit on Sale	$0	$0	$0	$0	$769,401

Tax Estimator

The ***Tax Estimator*** will list all the relevant information, including Interest Costs and Non-Cash Tax Deductions. This is the Data View of Years 6 – 10, where both Home 1 and Property 1 were sold in Year 10.



Back **TAX ESTIMATOR**

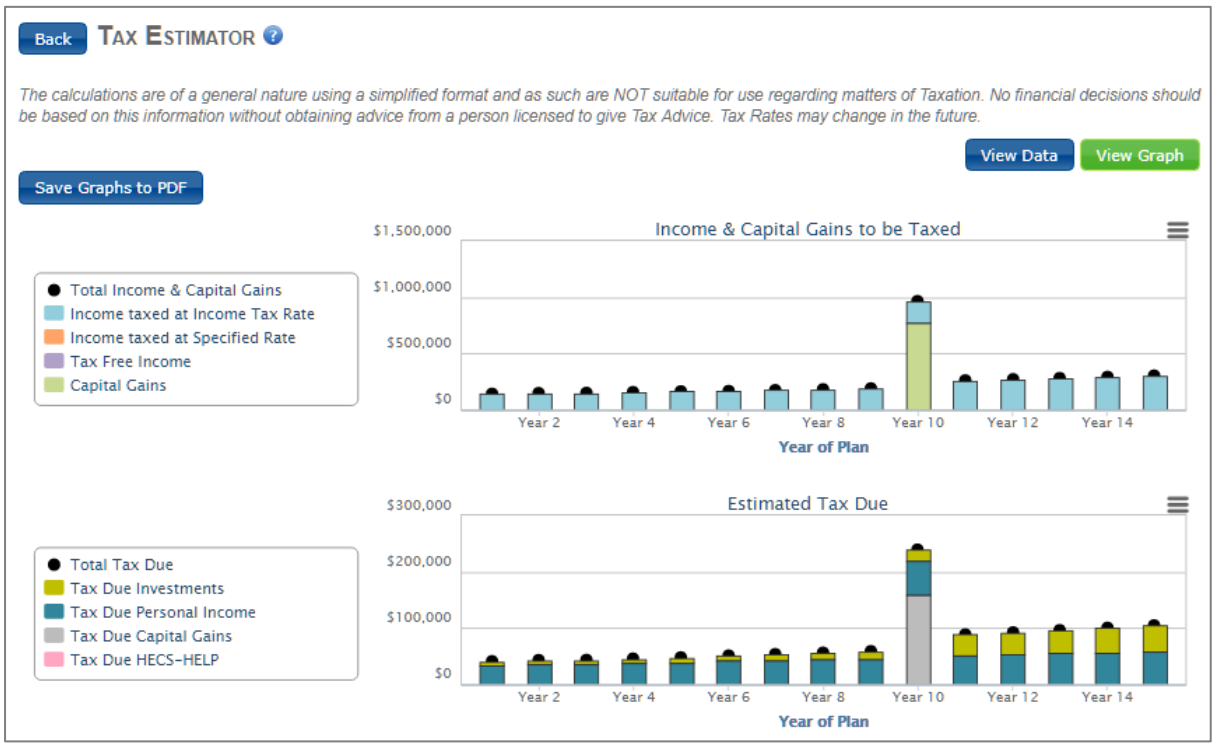
The calculations are of a general nature using a simplified format and as such are NOT suitable for use regarding matters of Taxation. No financial decisions should be based on this information without obtaining advice from a person licensed to give Tax Advice. Tax Rates may change in the future.

View Data | View Graph

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

Savings Phase	Year 6 2024 Age 55	Year 7 2025 Age 56	Year 8 2026 Age 57	Year 9 2027 Age 58	Year 10 2028 Age 59
Total Income and Capital Gains	**$167,445**	**$174,744**	**$182,368**	**$190,321**	**$965,370**
Taxable Income Taxed at Income Tax Rate	$167,445	$174,744	$182,368	$190,321	$195,969
Net Income					
Bank Account	$14,082	$15,751	$17,526	$19,400	$18,723
Salary	$135,769	$139,163	$142,642	$146,208	$149,864
Pension (from External Sources)	$0	$0	$0	$0	$0
Property 1	$32,892	$33,715	$34,558	$35,422	$36,307
ABC Property Trust	$3,370	$3,741	$4,152	$4,609	$5,116
Property 2	$0	$0	$0	$0	$0
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					
Property 1 [Loan]	$0	$0	$0	$0	$0
Property 1 [Loan Refinance 1]	$8,280	$7,237	$6,121	$4,928	$3,652
Property 2 [Loan]	$0	$0	$0	$0	$0
Propety Reno	$0	$0	$0	$0	$0
Tax Deductions - Non Cash					
Property 1: depreciation	$2,101	$2,101	$2,101	$2,101	$2,101
Property 2: depreciation	$0	$0	$0	$0	$0
Property 1: write off	$8,288	$8,288	$8,288	$8,288	$8,288
Property 2: write off	$0	$0	$0	$0	$0
Capital Gains Taxed as Income	$0	$0	$0	$0	$384,701
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**	**$769,401**
Capital Losses from previous years	$0	$0	$0	$0	$0
Property 1	$0	$0	$0	$0	$769,401
ABC Property Trust	$0	$0	$0	$0	$0
Property 2	$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)	**$51,157**	**$53,650**	**$56,261**	**$58,991**	**$239,316**
Tax Due - Investments	$9,677	$10,924	$12,256	$13,673	$19,002
Tax Due - Personal Income	$41,480	$42,726	$44,005	$45,318	$61,764
Tax Due - Capital Gains	$0	$0	$0	$0	$158,550
Tax Due - HECS-HELP	$0	$0	$0	$0	$0
Average Tax Rate					
Income and Investment Net Income	30.55%	30.70%	30.85%	31.00%	41.21%
Capital Gains	0.00%	0.00%	0.00%	0.00%	20.61%

This is the Graph View of the ***Tax Estimator***. This is available as a **SmartPanel** to include in your Reports.

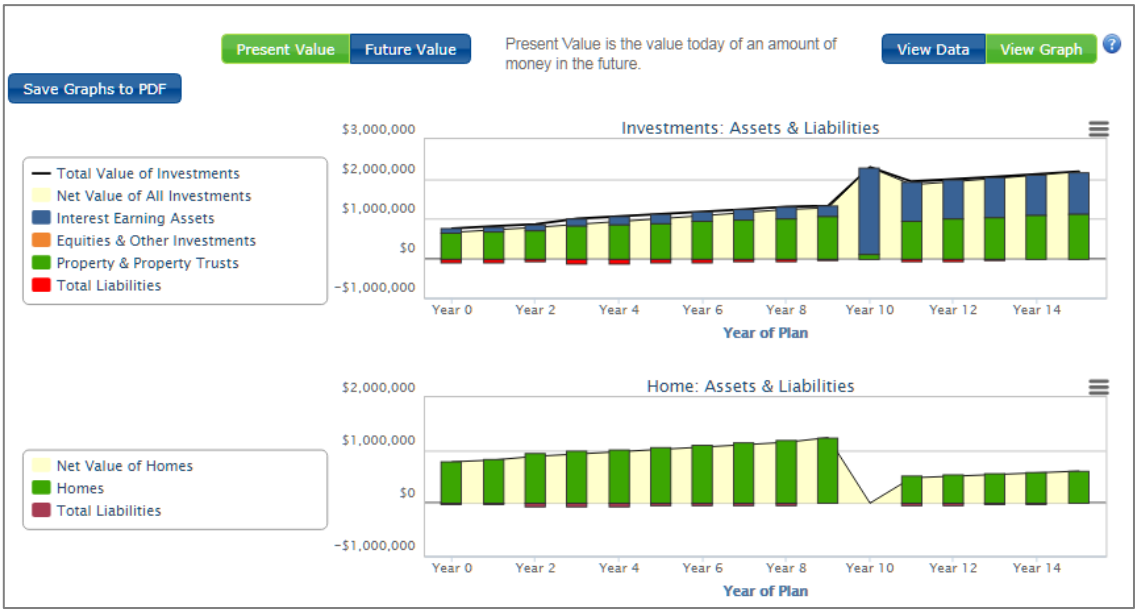


Plan Outcomes

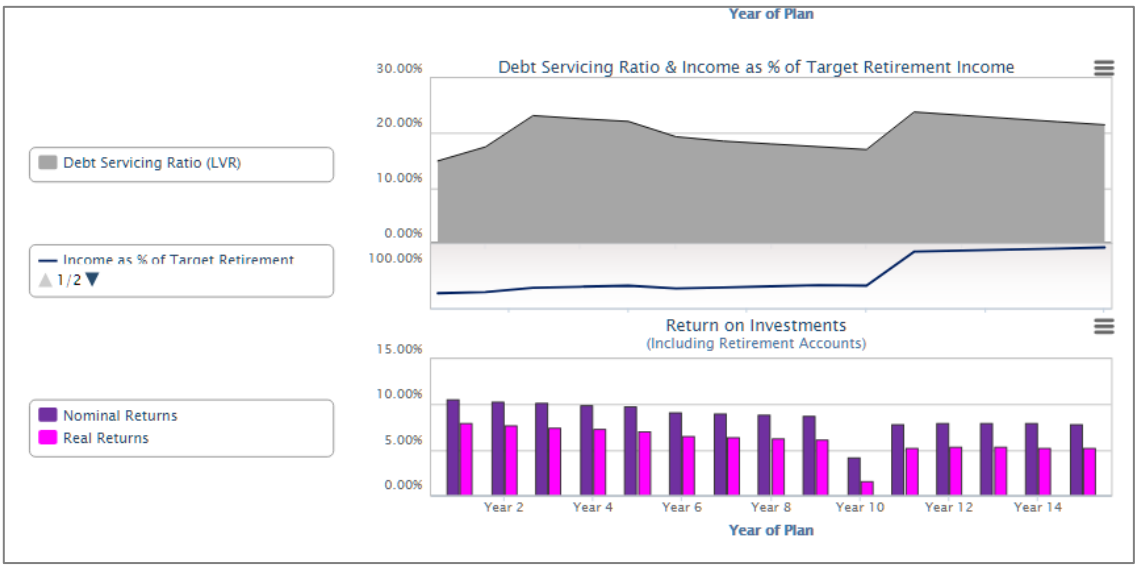
On the chevron, ***Reports***, **Plan Outcomes** can be accessed. The plan consists of the Transaction Account, Property Trust, Investment Properties and Homes

Look at Graph View in Year 10, where both the Home and Property were sold, and new properties purchased at the start of Year 11. The cash from both sales are sitting in the ***Transaction Account*** at the End of the Year 10, thus for a brief moment, the money to be used to purchase Home 2, is listed in the Investments.

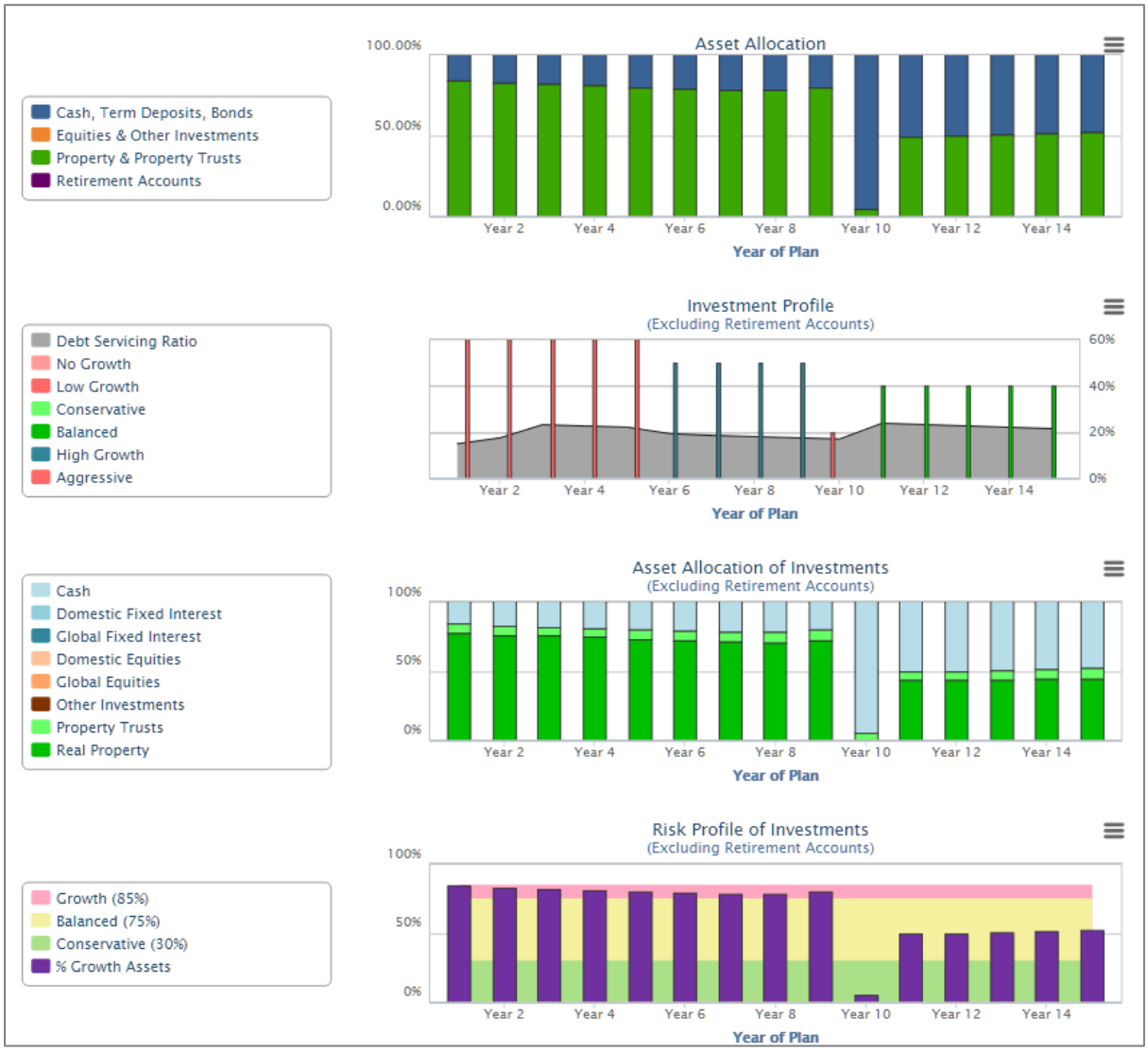
All information is in ***Present Value***.



Debt Servicing Ration and Return on Investments for all assets are calculated.



Asset Allocation, Investment Profile, Asset Allocation of Investments and Risk Profile (Percentage of Growth Assets) are all displayed.



Data View Years 1 – 5 Assets and Liabilities

Back PLAN OUTCOMES

Present Value | Future Value — Present Value is the value today of an amount of money in the future. — View Data | View Graph

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

Savings Phase Round to nearest thousand	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
Assets & Liabilities					
Investments (Net of Loans)	**$713,703**	**$775,280**	**$853,656**	**$924,116**	**$996,630**
Assets	**$804,187**	**$856,173**	**$999,237**	**$1,054,265**	**$1,111,208**
Bank Account	$126,626	$149,793	$179,595	$199,849	$220,430
Property 1	$623,415	$647,743	$756,143	$785,651	$816,310
ABC Property Trust	$54,146	$58,637	$63,499	$68,765	$74,467
Property 2	$0	$0	$0	$0	$0
Investment Loans	**$92,746**	**$84,987**	**$156,775**	**$143,661**	**$129,634**
Bank Overdraft	$0	$0	$0	$0	$0
Property 1 [Loan]	$90,484	$80,892	$0	$0	$0
Property 1 [Loan Refinance 1]	$0	$0	$145,581	$130,149	$114,578
Property 2 [Loan]	$0	$0	$0	$0	$0
Propety Reno	$0	$0	$0	$0	$0
Home (Net of Loans)	**$814,902**	**$885,471**	**$927,513**	**$971,087**	**$1,016,361**
Assets	**$852,000**	**$994,710**	**$1,059,366**	**$1,128,225**	**$1,201,560**
Home 1	$831,220	$946,779	$983,727	$1,022,116	$1,062,004
Home 2	$0	$0	$0	$0	$0
Home Loans	**$16,726**	**$64,412**	**$60,537**	**$56,327**	**$51,640**
Home 1 [Loan]	$16,318	$12,528	$8,624	$4,600	$345
Home 2 [Loan]	$0	$0	$0	$0	$0
Home Reno	$0	$48,780	$47,591	$46,430	$45,298

Data View Years 1 – 5 Income and Expenses

Income, Growth & Expenses					
Total Income	**$163,139**	**$165,208**	**$171,925**	**$173,924**	**$176,004**
Income - Investment					
Bank Account	$6,102	$7,507	$9,277	$10,500	$11,771
Home 1	$4,938	$4,999	$5,061	$5,123	$5,187
Property 1	$29,630	$29,995	$34,619	$35,047	$35,480
ABC Property Trust	$2,469	$2,707	$2,968	$3,253	$3,567
Home 2	$0	$0	$0	$0	$0
Property 2	$0	$0	$0	$0	$0
Income - Personal					
Salaries & Wages	$120,000	$120,000	$120,000	$120,000	$120,000
Pensions (External Sources)	$0	$0	$0	$0	$0
Drawdown from Pension Funds	$0	$0	$0	$0	$0
Drawdown from Investment Assets - Income	$0	$0	$0	$0	$0
Drawdown from Investment Assets - Capital	$0	$0	$0	$0	$0
Total Capital Growth	**$93,333**	**$103,526**	**$114,326**	**$120,438**	**$126,886**
Capital Growth - Investment	**$41,975**	**$44,305**	**$52,035**	**$54,917**	**$57,967**
Property 1	$38,519	$40,516	$47,880	$50,363	$52,974
ABC Property Trust	$3,457	$3,790	$4,155	$4,555	$4,993
Property 2	$0	$0	$0	$0	$0
Capital Growth - Home	**$51,358**	**$59,220**	**$62,291**	**$65,521**	**$68,918**
Home 1	$51,358	$59,220	$62,291	$65,521	$68,918
Home 2	$0	$0	$0	$0	$0
Total Expenses	**$23,057**	**$26,864**	**$36,362**	**$36,166**	**$36,084**
Investment Expenses - General					
Bank Acc - Fees	$0	$0	$0	$0	$0
Bank Acc - Overdraft Interest	$0	$0	$0	$0	$0
Property 1 - Rental Expenses	$4,444	$4,499	$5,193	$5,257	$5,322
Property 2 - Rental Expenses	$0	$0	$0	$0	$0
ABC Property Trust - Fees	$494	$541	$594	$651	$713
Investment Loan Costs					
Property 1 [Loan]	$0	$0	$0	$0	$0
Property 1 [Loan Refinance 1]	$0	$0	$0	$0	$0
Property 2 [Loan]	$0	$0	$0	$0	$0
Propety Reno	$0	$0	$0	$0	$0
Investment Loan Payments					
Property 1 [Loan]	$13,603	$13,435	$0	$0	$0
Property 1 [Loan Refinance 1]	$0	$0	$22,429	$22,153	$21,879
Property 2 [Loan]	$0	$0	$0	$0	$0
Propety Reno	$0	$0	$0	$0	$0
Home Loan Costs					
Home 1 [Loan]	$49	$49	$48	$48	$47
Home 2 [Loan]	$0	$0	$0	$0	$0
Home Reno	$0	$250	$49	$49	$48
Home Loan Payments					
Home 1 [Loan]	$4,467	$4,470	$4,474	$4,479	$4,588
Home 2 [Loan]	$0	$0	$0	$0	$0
Home Reno	$0	$3,619	$3,575	$3,531	$3,487
Taxation					
Total Tax Due	**$40,179**	**$41,084**	**$40,424**	**$41,418**	**$42,425**
Tax Due on Investment					
Tax Due on Capital Gains	$0	$0	$0	$0	$0
Tax Due on Investment Income	$6,382	$7,092	$6,573	$7,356	$8,156
Tax Due on Personal Income	$33,797	$33,992	$33,851	$34,062	$34,269

Data View Years 1 – 5 Statistics & Asset Allocation

Statistics					
Debt Servicing Ratio (DSR)	14.94%	17.49%	23.19%	22.61%	22.13%
Income as % of Target Retirement Income	38.68%	40.17%	45.58%	46.86%	48.17%
Nominal Investment Returns (Annual Rate)	10.61%	10.34%	10.13%	9.94%	9.76%
Real Investment Returns (Annual Rate)	7.91%	7.65%	7.45%	7.26%	7.09%
Asset Allocation - Summary					
Investment Profile					
Investments	Aggressive	Aggressive	Aggressive	Aggressive	Aggressive
Retirement Accounts					
Total	Aggressive	Aggressive	Aggressive	Aggressive	Aggressive
Risk Profile % Growth Assets					
Investments	84.25%	82.50%	82.03%	81.04%	80.16%
Retirement Accounts	0.00%	0.00%	0.00%	0.00%	0.00%
Total	84.25%	82.50%	82.03%	81.04%	80.16%
Cash, Term Deposits, Bonds	15.75%	17.50%	17.97%	18.96%	19.84%
Equities & Other Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Property & Property Trusts	84.25%	82.50%	82.03%	81.04%	80.16%
Retirement Accounts	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Allocation - Investments					
Cash	$126,626 15.75%	$149,793 17.50%	$179,595 17.97%	$199,849 18.96%	$220,430 19.84%
Domestic Fixed Interest	$0 0.00%	$0 0.00%	$0 0.00%	$0 0.00%	$0 0.00%
Global Fixed Interest	$0 0.00%	$0 0.00%	$0 0.00%	$0 0.00%	$0 0.00%
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	$54,146 6.73%	$58,637 6.85%	$63,499 6.35%	$68,765 6.52%	$74,467 6.70%
Real Property	$623,415 77.52%	$647,743 75.66%	$756,143 75.67%	$785,651 74.52%	$816,310 73.46%
Asset Allocation - Retirement					

Conversational SmartPanels

Using the report, ***Plan Map***, the following information was used in the **Conversational SmartPanels**.

Salaries

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 15:** $120,000

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

- **Years 1 to 15:** 15.00%

Home

Homes

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

Home: *Home 1*

Home 1 is an existing home with a value of $800,000 at the start of the plan. The purchase price including costs was $600,000.

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

You plan the following building improvements:

- **Year 2**: $80,000 (which is $82,000 in FV)

This home is sold at the end of Year 10. It is estimated that the profit after selling costs is $666,755 (which is $832,685 in FV).

Home: *Home 2*

Home 2 is a home purchased in Year 11 with a value of $500,000 and a deposit of $450,000.

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

There are no building improvements planned for this home.

At the end of the plan, this home is worth $605,478 (which is $876,913 in FV).

Loans

The following loans are assigned to your homes. If the home is sold, the loan is paid out at the same time.

Home Loan: *Home 1 [Loan]*

This is an existing loan with a value at the start of the plan of $20,000.

Home 1 [Loan] is a Principal and Interest loan with a term of 15 Years. It has an interest rate of 6.74% which is not fixed.

You plan to make additional payments totalling the following amounts each year:

- **Years 1 to 4:** $2,400
- **Year 5:** $2,500
- **Year 6:** $195

With these additional payments it is estimated you will save $6,482 (FV) in interest charges.

Home Loan: *Home 2 [Loan]*

This loan commences in Year 11 with a balance of $50,000.

Home 2 [Loan] is a Principal and Interest loan with a term of 5 Years. It has an interest rate of 6.74% which is not fixed.

You have not planned to make any additional payments.

Home Loan: *Home Reno*

This loan commences in Year 2 with a balance of $50,000.

Home Reno is an Interest Only loan with a term of 8 Years. It has an interest rate of 7.24% which is not fixed.

Notes

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

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

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

Interest Earning Accounts

Interest Earning Accounts

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

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

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

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

Transaction Account

The balance of the Transaction Account at the start of the plan is $100,000. The investment return is 5.37%. During the plan, the account is not overdrawn at the end of any years.

At the end of the plan, the balance is $1,056,273 (which is $1,529,798 in FV).

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: *ABC Property Trust*

ABC Property Trust is an existing managed fund with a value of $50,000 at the start of the plan.

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

Cash	0.00%
Domestic Fixed Interest	0.00%

Global Fixed Interest	0.00%
Defensive Assets	**0.00%**
Domestic Equities	0.00%
Global Equities	0.00%
Other Investments	0.00%
Property Trusts	100.00%
Growth Assets	**100.00%**

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

Dividends from this portfolio are:

- Reinvested during the Savings Phase.

The dividends are taxed as income.

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

At the end of the plan, this managed fund is worth $165,180 (which is $239,229 in FV).

Notes

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

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

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

Investment Property

Investment Properties

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

Investment Property: *Property 1*

Property 1 is an existing investment property with a value of $600,000 at the start of the plan. The purchase price including costs was $500,000.

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

You plan the following building improvements:

- **Year 3**: $80,000 (which is $84,050 in FV)

You plan the following capital purchases:

- **Year 3**: $20,000 (which is $21,013 in FV)

This investment property is sold at the end of Year 10. It is estimated that the profit after selling costs is $616,081 (which is $769,401 in FV).

Investment Property: *Property 2*

Property 2 is an investment property purchased in Year 11 with a value of $800,000 and a deposit of $700,000.

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

There are no building improvements planned for this investment property.

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

At the end of the plan, this investment property is worth $968,766 (which is $1,403,061 in FV).

Loans

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

Investment Property Loan: *Property 1 [Loan]*

This is an existing loan with a value at the start of the plan of $100,000.

Property 1 [Loan] is a Principal and Interest with Options loan with a term of 10 Years. It has an interest rate of 6.74% which is not fixed.

The loan is refinanced in Year 3, where the loan amount is increased by $80,000. The refinanced loan has a term of 10 Years and an interest rate of 6.74% which is not fixed.

You have not planned to make any additional payments.

Investment Property Loan: *Property 2 [Loan]*

This loan commences in Year 11 with a balance of $100,000.

Property 2 [Loan] is a Principal and Interest with Options loan with a term of 5 Years. It has an interest rate of 6.74% which is not fixed.

You have not planned to make any additional payments.

Investment Property Loan: *Propety Reno*

This loan commences in Year 1 with a balance of $0.

Propety Reno is a Principal and Interest loan with a term of 20 Years. It has an interest rate of 6.74% which is not fixed.

You have not planned to make any additional payments.

Notes

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

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

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

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