

# Plan Map

Potts Plan (2018)

Bob Potts and Jan Potts

## Disclosure Statement

This software is not intended to offer, or be a substitute for, financial advice. Its purpose is to provide a dynamic mathematical model that shows the cause and effect of various financial transactions which are based on the information provided by you and assumptions about future values. Where this report has been generated by a Financial Adviser, they will have taken into consideration the most appropriate advice for your personal financial situation.

Default assumptions used for returns on investments are based on the approximate average returns in Australia for the twenty (20) years from the year 2000. In the case of the capital growth for Shares and Real Estate, the software has used the average Capital Growth for both asset classes. The aim is to not give an advantage of one class over the other, because, over the very long term, the rates are likely to be fairly similar. In relation to Interest Rates on Loans, the average Variable Standard Home Loan rate has been used for both home and investment property loans. A margin of 1% has been added to Margin Loans for Shares, and a margin of 3% added to Personal Loans. Gross Rent is increased at the rate of Inflation. Actual Rents may not rise in value at the same rate as Inflation.

Please ensure the information that you provide is complete and accurate, otherwise, the projections may not be accurate. Before acting on the information consider the appropriateness of it having regard to your objectives, financial situation, and needs.

All assumptions made and forecasts produced using this software are based on past performance. Past performance is not a reliable indicator of future performance.

You should not rely solely on this software for the purpose 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 decision.

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# Table of Contents

Introduction

Salary & Retirement Income

Assets: Home, Investments & Retirement Accounts

Personal Debts, Saving for Lifestyle Items and Insurance

Cash Flow Summary - First Five Years

Assets and Liabilities - First Five Years

Estimated Values at End of Plan

# Introduction

This report is intended to guide you through all the major financial decisions that have been made during the length of the plan. Using the information provided, the report will estimate the outcome of the plan.

As all cash flow modelling is based on assumptions, regarding the future average returns of investments and loan interest rates, caution should be exercised.

**Past performance is not a reliable indicator of future performance.**

## Plan Objectives

My clients would like to save enough for their retirement so they can be a self-funded retiree with an income of \$150,000.

They would also like to upgrade their home in about 6 years and refurbish their Investment Property in Year 10.

## Main Strategy

Save 20% of my Gross Salary to fund retirement and purchase my home.

They would also like to upgrade their home in about 6 years and refurbish their Investment Property in Year 10.

## General Comments

I have discussed insurance with Jan and she has decided to consider this option at our meeting.

They expect an inheritance of \$100,000 in 10-15 years. I have allocated this money for Year 15.

## Milestones & Goals

The following milestones and goals are listed in the plan:

- **2018:** Buying a car (Jan)
- **2023:** Buying a house/unit (Joint)

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## Savings Phase

### Final outcome of your Savings Plan in Present Value

At the end of your 15 year savings plan, you will be 64 (Bob) and 64 (Jan) years old.

It is estimated that, in Net Present Value, your home will be worth \$733,208, your investments will be worth \$1,303,274 and your retirement funds will be worth \$1,526,488.

Your investments will be yielding a Real (After Inflation) Return of 3.08%.

## Retirement Phase

### Final outcome of your Retirement Plan in Present Value

At the end of your 15 year retirement plan, you will be 79 (Bob) and 79 (Jan) years old.

It is estimated that, in Net Present Value, your home will be worth \$1,302,008, your investments will be worth \$705,883 and your retirement funds will be worth \$700,855.

Your investments will be yielding a Real (After Inflation) Return of 4.68%.

# 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: *Bob's Salary* (Bob)

This salary is increased at the inflation rate.

The salary has been listed as:

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

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

- **Years 1 to 30:** 14.00%

### Salary: *Jan's Salary* (Jan)

This salary is increased at the inflation rate.

The salary has been listed as:

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

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

- **Years 1 to 30:** 14.00%

## Retirement Income

The drawdown for retirement income commences when Bob is Age 65 and Jan is 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:** \$200,000
- **Years 11 to 30:** \$180,000

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# Assets: Home, Investments & Retirement Accounts

This section will detail major changes for each account within an **Asset Type** held during the length of the plan. Where loans are associated with a class of asset, the details will be referred to in that account type.

## 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 owned jointly with a value of \$500,000 at the start of the plan. The purchase price including costs was \$300,000.

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

This home is sold at the end of Year 5. It is estimated that the profit after selling costs is \$300,702 (which is \$331,919 in FV).

### Home: *New House*

*New House* is a home purchased jointly in Year 6 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 start of the Retirement Phase, this home is worth \$733,208 (which is \$1,061,904 in FV).

At the end of the plan, this home is worth \$1,302,008 (which is \$2,731,049 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 have not planned to make any additional payments.

### Home Loan: *New House [Loan]*

This loan commences in Year 6 with a balance of \$50,000.

*New House [Loan]* is a Principal and Interest loan with a term of 10 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.

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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

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

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

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

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

### Transaction Account

The balance of the Transaction Account at the start of the plan is \$30,000. The investment return is 5.37%. 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 \$569,045 (which is \$824,147 in FV).

At the end of the plan, the balance is \$80,837 (which is \$169,562 in FV).

The following One Off Receipts (which are taxable) are received:

- Year 15: \$100,000

### Cash Account: *Emergency Cash*

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

The investment return is 4.50% and interest is reinvested. The interest is taxed as income.

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

- Years 1 to 15: 10.00%

At the start of the Retirement Phase, this cash account is worth \$79,568 (which is \$115,238 in FV). The Retirement Drawdown has not been activated.

At the end of the plan, this cash account is worth \$106,322 (which is \$223,017 in FV).

## Share Portfolios

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

### Share Portfolio: *Jan's Shares*

*Jan's Shares* is an existing share portfolio owned by Jan with a value of \$50,000 at the start of the plan.

The estimated income from dividends is 4.25% and the estimated capital growth rate is 6.50%, a total return of 10.75%.

This portfolio does not have a linked loan.

Dividends from this portfolio are:

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- Reinvested during the Savings Phase.
- Reinvested until Year 26, and then paid to the Transaction Account during the Retirement Phase.

The dividends are taxed as income.

Imputation credits for Australia have been activated and it is estimated that 70.00% of the fund will be eligible for these tax credits.

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

- Years 1 to 15: 20.00%

At the start of the Retirement Phase, this share portfolio is worth \$331,809 (which is \$480,558 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 share portfolio is worth \$250,687 (which is \$525,833 in FV).

## Loans

You have no share portfolio loans.

## 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.

## Managed Funds

This plan has 3 managed funds. Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value.

### Managed Fund: *Bond Trust*

*Bond Trust* is an existing managed fund owned jointly with a value of \$0 at the start of the plan.

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

Cash	0.00%
Domestic Fixed Interest	60.00%
Global Fixed Interest	40.00%
<b>Defensive Assets</b>	<b>100.00%</b>
Domestic Equities	0.00%
Global Equities	0.00%
Other Investments	0.00%
Property Trusts	0.00%

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Growth Assets	0.00%
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The estimated income from dividends is 5.00% and the estimated capital growth rate is 10.00%, a total return of 15.00%.

Dividends from this portfolio are:

- Reinvested during the Savings Phase.
- Reinvested during the Retirement Phase.

The dividends are taxed as income.

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

These purchases are made directly from the Transaction Account:

- Year 16: \$98,000

At the start of the Retirement Phase, this managed fund is worth \$0. The Retirement Drawdown commences in Year 1 of the Retirement Phase and the funds are drawn down over 15 Years.

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

## Managed Fund: Jan's Managed Funds

Jan's Managed Funds is an existing managed fund owned by Jan with a value of \$0 at the start of the plan.

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

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

The estimated income from dividends is 4.30% and the estimated capital growth rate is 6.69%, a total return of 10.99%.

Dividends from this portfolio are:

- Reinvested during the Savings Phase.
- Reinvested during the Retirement Phase.

The dividends are taxed as income.

Imputation credits for Australia have been activated and it is estimated that 40.00% of the fund will be eligible for these tax credits.

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

- Years 1 to 15: 40.00%

These purchases are made directly from the Transaction Account:

- Year 1: \$980

At the start of the Retirement Phase, this managed fund is worth \$322,852 (which is \$467,586 in FV). The Retirement Drawdown commences in Year

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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 \$268,036 (which is \$562,224 in FV).

## Managed Fund: *Property Trust*

*Property Trust* is an existing managed fund owned jointly with a value of \$0 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%
<b>Defensive Assets</b>	<b>0.00%</b>
Domestic Equities	0.00%
Global Equities	0.00%
Other Investments	0.00%
Property Trusts	100.00%
<b>Growth Assets</b>	<b>100.00%</b>

The estimated income from dividends is 5.00% and the estimated capital growth rate is 10.00%, a total return of 15.00%.

Dividends from this portfolio are:

- Reinvested during the Savings Phase.
- Reinvested during the Retirement Phase.

The dividends are taxed as income.

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

These purchases are made directly from the Transaction Account:

- **Year 16:** \$98,000

At the start of the Retirement Phase, this managed fund is worth \$0. The Retirement Drawdown commences in Year 1 of the Retirement Phase and the funds are drawn down over 15 Years.

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

## 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.

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## Investment Properties

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

### Investment Property: *Investment Property 1*

*Investment Property 1* is an existing investment property owned by Bob with a value of \$300,000 at the start of the plan. The purchase price including costs was \$250,000.

The estimated gross income is 5.00% p.a. with recurrent costs of 16.67% p.a. of the gross income. It is estimated that the value of the investment property will rise at 5.00% p.a.

You plan the following building improvements:

- **Year 10:** \$25,000 (which is \$31,222 in FV)

You plan the following capital purchases:

- **Year 10:** \$10,000 (which is \$12,489 in FV)

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

This investment property is sold at the end of Year 15. It is estimated that the profit after selling costs is \$542,558 (which is \$766,620 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: *Investment Property 1 [Loan]*

This is an existing loan with a value at the start of the plan of \$200,000.

*Investment Property 1 [Loan]* is a Principal and Interest with Options loan with a term of 20 Years. It has an interest rate of 6.74% which is not fixed.

The loan is refinanced in Year 10, where the loan amount is increased by \$20,000. The refinanced loan has a term of 6 Years and 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 9:** \$2,400

With these additional payments it is estimated you will save \$15,557 (FV) in interest charges.

## 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%.

## Annuities

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

Annuities are usually purchased in retirement to fund a regular income stream. Defined Benefit Pensions operate in a similar fashion and use the

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same calculations, but the cost is funded by your employer.

Following are the funds included in this plan.

## Annuity: *Com Pensions*

*Com Pensions* is an annuity commenced by Bob in Year 0 with a value of \$1,000,000. It is provided as a defined benefit pension from an external source.

This annuity is a lifetime annuity.

The first payment in the plan is estimated to be \$40,000. This reflects an investment return of 4.00%. The annual payments increase at the rate of inflation.

## Superannuation/Pension Funds

This plan has 3 superannuation/pension funds that are employer sponsored and are defined contribution funds. Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value.

### Super/Pension/KiwiSaver Fund: *Bob's Old Super*

*Bob's Old Super* is a fund for Bob. Employer contributions are not paid to this superannuation account.

At the start of the plan, the total value of the fund is \$20,000. The account balances are:

- Employer funded contributions: \$20,000
- Personal pre-tax contributions: \$0
- Personal after-tax contributions: \$0

The following investment profiles are selected:

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

At the start of your drawdown at Age 65, the balance of this super/pension/KiwiSaver fund is \$30,264.

The drawdown amount has been calculated to be drawn down over 25 Years.

At the end of the plan, this super/pension/KiwiSaver fund is worth \$14,435 (which is \$30,278 in FV).

### Super/Pension/KiwiSaver Fund: *Bob's Super*

*Bob's Super* is a fund for Bob. Employer contributions are paid to this superannuation account.

At the start of the plan, the total value of the fund is \$400,000. The account balances are:

- Employer funded contributions: \$400,000
- Personal pre-tax contributions: \$0
- Personal after-tax contributions: \$0

The following contributions are made from the bank account.

- Pre-tax contributions:
  - Years 1 to 10: \$5,000

The following investment profiles are selected:

Start Year	Investment Profile	% pa Return
Year 1	High Growth	7.00%

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Start Year	Investment Profile	% pa Return
Year 16	Conservative	6.50%

At the start of your drawdown at Age 59, the balance of this super/pension/KiwiSaver fund is \$676,675.

The drawdown amount has been calculated to be drawn down over 25 Years.

Additional drawdown amounts are planned as follows:

- **Year 10:** \$50,000

At the end of the plan, this super/pension/KiwiSaver fund is worth \$370,288 (which is \$776,703 in FV).

## Super/Pension/KiwiSaver Fund: *Jan's Super*

*Jan's Super* is a fund for Jan. Employer contributions are paid to this superannuation account.

At the start of the plan, the total value of the fund is \$300,000. The account balances are:

- Employer funded contributions: \$300,000
- Personal pre-tax contributions: \$0
- Personal after-tax contributions: \$0

The following investment profiles are selected:

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

At the start of your drawdown at Age 65, the balance of this super/pension/KiwiSaver fund is \$662,810.

The drawdown amount has been calculated to be drawn down over 25 Years.

At the end of the plan, this super/pension/KiwiSaver fund is worth \$316,132 (which is \$663,109 in FV).

## Pensions from External Sources

Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value. These values are general approximations only as the rules on pension entitlements are beyond the scope of this software.

The information in this section relates only to pensions from external sources, and not to anything calculated in the plan's retirement accounts, such as superannuation.

## Means Tested Pensions

It is anticipated that your means tested pension entitlements will be as follows:

- **Years 1 to 30:** None

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# Personal Debts, Saving for Lifestyle Items and Insurance

This section will examine the management of your personal debts, including Credit Card Debt.

It will report on your planned Savings for Lifestyle items such as cars, boats, and holidays.

Some Insurance coverage may be part of your Superannuation Account and the cost will not be deducted from your Personal Budget.

## Personal Loans

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

### Personal Loan: *Car Loan*

This is an existing loan with a value at the start of the plan of \$5,000. It is owned by Bob.

*Car Loan* is a Principal and Interest loan with a term of 2 Years. It has an interest rate of 9.74% which is not fixed.

You have not planned to make any additional payments.

## Credit Cards

This plan has no credit cards.

## Lifestyle Goals

Lifestyle Goals are savings for personal expenses which are deducted from the budget. This plan has 2 lifestyle goals. Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value.

### Lifestyle Goal: *Car Replacement*

You plan to start saving for your *Car Replacement* in Year 1. The total cost is \$30,000 and you will save \$6,000.00 per year for 5 Years. You plan to repeat the savings schedule 4 times.

### Lifestyle Goal: *Overseas Holiday*

You plan to start saving for your *Overseas Holiday* in Year 1. The total cost is \$20,000 and you will save \$2,000.00 per year for 10 Years. You plan to repeat the savings schedule 2 times.

## Insurance

Jan has no insurance listed in this plan.

### Life Insurance (Death & TPD): *ABC Life* (Bob)

Bob has *ABC Life* as Life Insurance (Death & TPD) with a value of \$200,000 and premiums of \$1,000. This cover is from Age 50 to Age 60.

The payments are made from superannuation.

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## Trauma Insurance: *ABC Life* (Bob)

Bob has *ABC Life* as Trauma Insurance with a value of \$50,000 and premiums of \$1,000. This cover is from Age 50 to Age 60.

The payments are made from the budget and are not tax deductible.

## Income Insurance: *ABC Life* (Bob)

Bob has *ABC Life* as Income Insurance with a value of \$60,000 and premiums of \$500. This cover is from Age 50 to Age 60.

The payments are made from the budget and are tax deductible.

# Cash Flow Summary - First Five Years

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
Future Value	2018	2019	2020	2021	2022
Age (Bob, Jan)	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
<b>Income</b>					
<b>Salary</b>					
Jan's Salary	\$140,000	\$143,500	\$147,088	\$150,765	\$154,534
Bob's Salary	\$160,000	\$164,000	\$168,100	\$172,303	\$176,610
<b>Pension Income</b>					
Drawdown: Bob's Super	\$0	\$0	\$0	\$0	\$0
Drawdown: Jan's Super	\$0	\$0	\$0	\$0	\$0
Drawdown: Bob's Old Super	\$0	\$0	\$0	\$0	\$0
Drawdown: Com Pensions	\$0	\$0	\$0	\$0	\$0
External Pension: Means Tested	\$0	\$0	\$0	\$0	\$0
<b>Investment Income</b>					
Bank Account	\$1,544	\$1,802	\$2,065	\$2,332	\$2,600
Emergency Cash	\$971	\$1,161	\$1,365	\$1,584	\$1,819
Jan's Shares	\$2,259	\$2,776	\$3,358	\$4,015	\$4,754
Jan's Managed Funds	\$238	\$680	\$1,185	\$1,756	\$2,403
Property Trust	\$0	\$0	\$0	\$0	\$0
Bond Trust	\$0	\$0	\$0	\$0	\$0
Investment Property 1	\$12,500	\$12,812	\$13,132	\$13,461	\$13,797
Home 1	\$0	\$0	\$0	\$0	\$0
New House	\$0	\$0	\$0	\$0	\$0
<b>Other Income</b>					
One-off Receipts	\$0	\$0	\$0	\$0	\$0
<b>Total Income</b>	<b>\$317,512</b>	<b>\$326,731</b>	<b>\$336,293</b>	<b>\$346,216</b>	<b>\$356,518</b>
<b>Expenditure</b>					
<b>Lifestyle Expenditure</b>					
Living Expenses	\$104,000	\$106,600	\$109,370	\$112,104	\$114,907
Lifestyle Goals	\$8,000	\$8,200	\$8,405	\$8,615	\$8,831
Personal Loans	\$2,762	\$2,762	\$0	\$0	\$0
Credit Cards	\$0	\$0	\$0	\$0	\$0
Insurance	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500

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Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
Future Value	2018	2019	2020	2021	2022
Age (Bob, Jan)	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
<b>Investment Expenditure</b>					
Bank Account Fees & Interest	\$0	\$0	\$0	\$0	\$0
Loan Payments: Investment Property 1 [Loan]	\$20,634	\$20,694	\$20,756	\$20,819	\$20,884
Loan Payments: Home 1 [Loan]	\$2,122	\$2,122	\$2,122	\$2,122	\$2,122
Loan Payments: New House [Loan]	\$0	\$0	\$0	\$0	\$0
One Off Expenses	\$0	\$0	\$0	\$0	\$0
<b>Superannuation Contributions</b>					
Personal Pre-Tax Contributions: Bob's Super	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519
<b>Tax Payments</b>					
Total Tax Due (Bob)	\$45,705	\$47,314	\$48,975	\$50,690	\$52,461
Total Tax Due (Jan)	\$43,115	\$44,474	\$45,892	\$47,374	\$48,923
<b>Total Expenditure</b>	<b>\$232,839</b>	<b>\$238,791</b>	<b>\$242,274</b>	<b>\$248,609</b>	<b>\$255,147</b>
<b>Surplus / (Deficit)</b>	<b>\$84,674</b>	<b>\$87,940</b>	<b>\$94,019</b>	<b>\$97,606</b>	<b>\$101,372</b>
Bank Account Balance (End of Year)	\$33,729	\$38,557	\$43,448	\$48,360	\$669,753
Budget: Unallocated Funds	\$54,257	\$55,363	\$59,154	\$60,314	\$61,504

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## Assets and Liabilities - First Five Years

Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
Future Value	2018	2019	2020	2021	2022
Age (Bob, Jan)	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
<b>Assets</b>					
<b>Investments</b>					
Bank Account	\$33,729	\$38,557	\$43,448	\$48,360	\$669,753
Emergency Cash	\$24,146	\$28,611	\$33,414	\$38,573	\$44,107
Jan's Shares	\$62,020	\$75,603	\$90,923	\$108,173	\$127,568
Jan's Managed Funds	\$14,143	\$29,156	\$46,219	\$65,550	\$87,389
Property Trust	\$0	\$0	\$0	\$0	\$0
Bond Trust	\$0	\$0	\$0	\$0	\$0
Investment Property 1	\$315,000	\$330,750	\$347,288	\$364,652	\$382,884
<b>Total Investments</b>	<b>\$449,037</b>	<b>\$502,677</b>	<b>\$561,291</b>	<b>\$625,307</b>	<b>\$1,311,701</b>
<b>Homes</b>					
Home 1	\$532,500	\$567,113	\$603,975	\$643,233	\$0
New House	\$0	\$0	\$0	\$0	\$0
<b>Total Homes</b>	<b>\$532,500</b>	<b>\$567,113</b>	<b>\$603,975</b>	<b>\$643,233</b>	<b>\$0</b>
<b>Retirement Accounts</b>					
Bob's Super	\$438,860	\$480,241	\$524,290	\$571,161	\$618,279
Jan's Super	\$327,635	\$357,042	\$388,323	\$421,587	\$457,617
Bob's Old Super	\$21,074	\$22,206	\$23,398	\$24,655	\$25,979
Com Pensions	\$0	\$0	\$0	\$0	\$0
<b>Total Retirement Accounts</b>	<b>\$787,569</b>	<b>\$859,489</b>	<b>\$936,012</b>	<b>\$1,017,403</b>	<b>\$1,101,874</b>
<b>Total Assets</b>	<b>\$1,769,106</b>	<b>\$1,929,278</b>	<b>\$2,101,277</b>	<b>\$2,285,944</b>	<b>\$2,413,576</b>
<b>Liabilities</b>					
<b>Personal</b>					
Personal Loans	\$2,621	\$0	\$0	\$0	\$0
Credit Cards	\$0	\$0	\$0	\$0	\$0
<b>Total Personal</b>	<b>\$2,621</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Investments</b>					
Bank Account Overdraft	\$0	\$0	\$0	\$0	\$0
Investment Property 1 [Loan]	\$192,620	\$184,666	\$176,095	\$166,863	\$156,922
<b>Total Investments</b>	<b>\$192,620</b>	<b>\$184,666</b>	<b>\$176,095</b>	<b>\$166,863</b>	<b>\$156,922</b>

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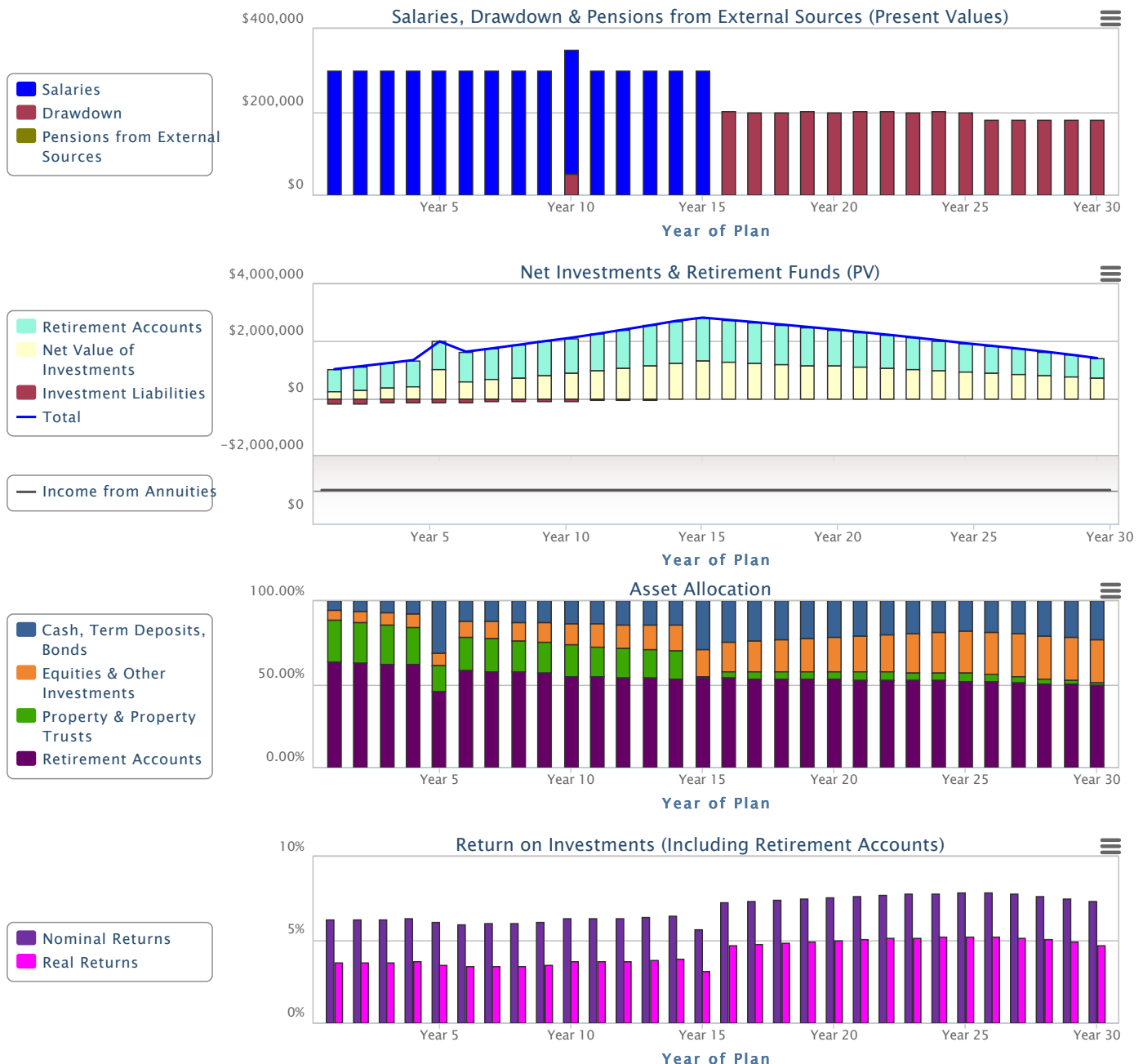
Savings Phase	Year 1	Year 2	Year 3	Year 4	Year 5
Future Value	2018	2019	2020	2021	2022
Age (Bob, Jan)	Age 50, 50	Age 51, 51	Age 52, 52	Age 53, 53	Age 54, 54
<b>Homes</b>					
Home 1 [Loan]	\$19,201	\$18,347	\$17,433	\$16,456	\$0
New House [Loan]	\$0	\$0	\$0	\$0	\$0
<b>Total Homes</b>	<b>\$19,201</b>	<b>\$18,347</b>	<b>\$17,433</b>	<b>\$16,456</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$214,443</b>	<b>\$203,013</b>	<b>\$193,528</b>	<b>\$183,318</b>	<b>\$156,922</b>
<b>Net Assets</b>					
Net Personal Assets <sup>1</sup>	-\$2,621	\$0	\$0	\$0	\$0
Net Investments	\$256,417	\$318,011	\$385,196	\$458,445	\$1,154,779
Net Homes	\$513,299	\$548,766	\$586,542	\$626,777	\$0
Net Retirement Accounts	\$787,569	\$859,489	\$936,012	\$1,017,403	\$1,101,874
<b>Total Net Assets</b>	<b>\$1,554,663</b>	<b>\$1,726,265</b>	<b>\$1,907,750</b>	<b>\$2,102,625</b>	<b>\$2,256,654</b>

<sup>1</sup> Personal Assets are not included, only loans.

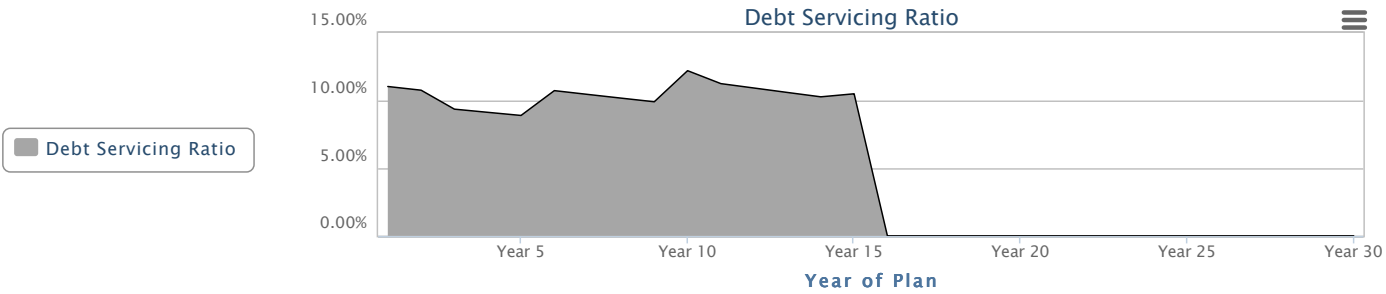
# Estimated Values at End of Plan

It is estimated that at the end of the plan, Bob Potts and Jan Potts will have the following Net Wealth:

- Home: \$1,302,008, which is \$2,731,049 (FV).
- Investments: \$705,883, which is \$1,480,637 (FV)
- Retirement Accounts: \$700,855 which is \$1,470,090 (FV)



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