

# 5-Year Loan Report

## Our 20/10 Yr Savings/Retirement Plan

John Citizen and Mary Citizen

## 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.

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## Debt Servicing Ratio (DSR)

The **Debt Servicing Ratio** in **Financial Mappers** calculates what percentage of your **After-Tax Income** is allocated to the repayment of loans. The Program will include two calculations, one with your **Regular** and **Additional Payments** in the calculation and the second without your planned Additional Payments.

**Other Debt Servicing Ratios:** Different organizations will use different formulae and if a ratio from another source, you need to know the formula used. For example, some ratios will use the **Pre-Tax Income** or **Minimum Payment Requirement**.

In your case, the **DSR** in the first year is 27.22%, including Additional Payments. That is, you are allocating 25.48% of your After-Tax Income to the repayment of debt, using both your regular payments only.

The report describes your level of Debt according to the DSR. In your case, the Debt Level in Year 1 is High.

The following is your Report on your **Debt Serving Ratio**:

	Year 1	Year 2	Year 3	Year 4	Year 5
Age (John, Mary)	Age 45, 45	Age 46, 46	Age 47, 47	Age 48, 48	Age 49, 49
DSR (Including Planned Additional Payments)					
Debt Serving Ratio (Incl. Credit Cards)	27.22%	25.99%	25.28%	22.53%	19.46%
Debt Levels	High	High	High	Moderate	Moderate
	25% - 29.9%	25% - 29.9%	25% - 29.9%	15% - 24.9%	15% - 24.9%
DSR (Excluding Planned Additional Payments)					
Debt Serving Ratio (Incl. Credit Cards)	25.48%	24.26%	23.56%	20.82%	17.74%
Debt Levels	High	Moderate	Moderate	Moderate	Moderate
	25% - 29.9%	15% - 24.9%	15% - 24.9%	15% - 24.9%	15% - 24.9%

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## Interest Rate Risk Assessment (Home & Investment Loans)

The aim of this section is to calculate the amount of additional money you will need if interest rates rise by your nominated **Increase in Interest Rates** for loans with variable interest. The program discounts the **Increase in Loan Payments** by any **Additional Payments** you have previously planned for any loans.

	Year 1	Year 2	Year 3	Year 4	Year 5
Age (John, Mary)	Age 45, 45	Age 46, 46	Age 47, 47	Age 48, 48	Age 49, 49
Current Loan Balances (Variable Loans Only)	\$450,000	\$435,252	\$419,387	\$402,323	\$383,975
Required Loan Payment Increase	\$6,658	\$6,658	\$6,658	\$6,658	\$6,658
Additional Payments (currently planned)	\$3,600	\$3,690	\$3,782	\$3,877	\$3,974
Net Annual Increase in Loan Payments	\$3,058	\$2,968	\$2,876	\$2,782	\$2,685
Net Monthly Increase in Loan Payments	\$255	\$247	\$240	\$232	\$224

**Caution:** This calculation is an **APPROXIMATION ONLY**, based on the assumption that your lender does not take into consideration any previous additional payments you have made or that you are in advance of your Loan Payment Schedule and the lender does not raise your compulsory payment. You need to ask your lender, what is their policy in relation to this matter.

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## Reducing Debt Levels (Using part of Optional Expenses)

If you paid 50% of your Optional Personal Budget Expenses to pay down debt, at the end of Year 5, the following is an approximation of the outcome:

- Your debt would be reduced by a further \$50,000.
- The interest saved would be further \$10,209.

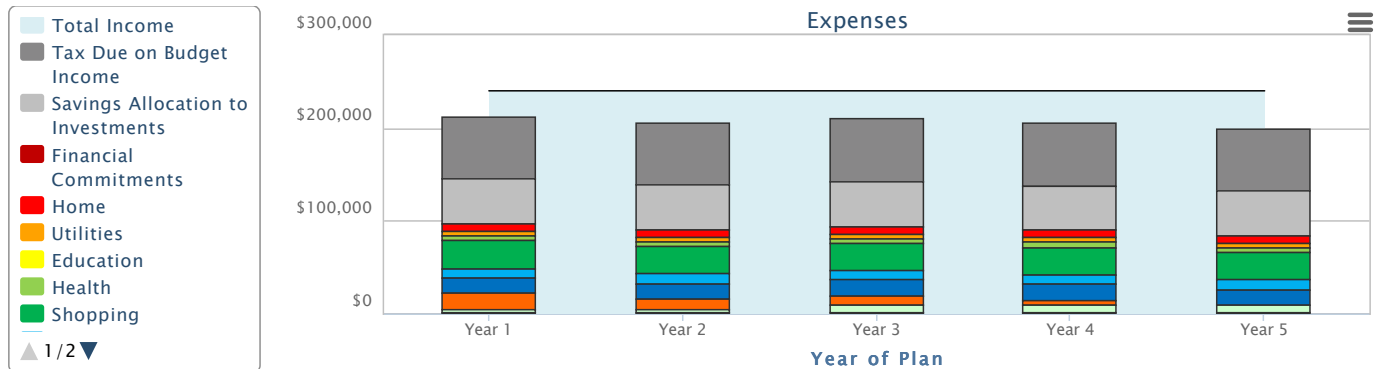
The following shows the outcome for each year:

	Year 1	Year 2	Year 3	Year 4	Year 5
Age (John, Mary)	Age 45, 45	Age 46, 46	Age 47, 47	Age 48, 48	Age 49, 49
Current Optional Spending	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Optional Spending (Personal Budget)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Reduction in Debt					
Additional Capital Payments	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Cumulative Capital Payments	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000
Savings in Interest					
Savings in Interest (Approximate)	\$693	\$1,379	\$2,054	\$2,713	\$3,370
Cumulative Savings in Interest	\$693	\$2,073	\$4,127	\$6,839	\$10,209

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## Personal Budget Expenses

	Year 1	Year 2	Year 3	Year 4	Year 5
Age (John, Mary)	Age 45, 45	Age 46, 46	Age 47, 47	Age 48, 48	Age 49, 49
Income	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
General Expenses	\$137,649	\$131,403	\$135,145	\$130,586	\$124,667
Tax Due on Budget Income	\$67,274	\$67,368	\$67,403	\$67,429	\$67,172
Savings Allocation to Investments	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000
Personal Loan Expenses	\$16,725	\$10,425	\$10,171	\$5,625	\$0
Lifestyle Goals	\$4,000	\$4,000	\$8,000	\$8,000	\$8,000
Insurance Premiums	\$1,650	\$1,610	\$1,570	\$1,532	\$1,495
Living Expenses	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Commitments	\$0	\$0	\$0	\$0	\$0
Home	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Utilities	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Education	\$0	\$0	\$0	\$0	\$0
Health	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Shopping	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Transport	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Entertainment	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000
Other	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0
<b>Unallocated Funds</b>	<b>\$27,351</b>	<b>\$33,597</b>	<b>\$29,855</b>	<b>\$34,414</b>	<b>\$40,333</b>



## Salary Savings

	Year 1	Year 2	Year 3	Year 4	Year 5
Age (John, Mary)	Age 45, 45	Age 46, 46	Age 47, 47	Age 48, 48	Age 49, 49
Salary (PV)	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
Loan Expenses as per Savings Plan	\$27,628	\$27,293	\$26,949	\$26,597	\$26,236
Loan Expenses as % of Salary	11.51%	11.37%	11.23%	11.08%	10.93%

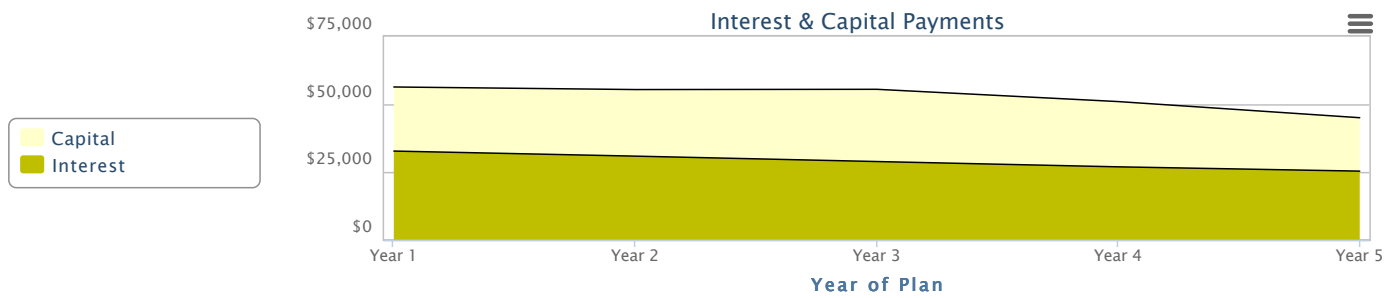
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## Loan Balances and Loan Repayment Schedules

		Year 1	Year 2	Year 3	Year 4	Year 5
Age (John, Mary)		Age 45, 45	Age 46, 46	Age 47, 47	Age 48, 48	Age 49, 49
<b>Loan Balance Start of Year (Including New Loans)</b>						
Total Loans		\$483,000	\$459,336	\$434,747	\$408,072	\$383,975
Car Loan (John)	P&I	\$12,000	\$8,381	\$4,394	\$0	\$0
Investment Property 1 [Loan] (Joint)	P&I with Options	\$250,000	\$243,870	\$237,313	\$230,301	\$222,802
Mary's Car Loan (Mary)	P&I	\$20,000	\$15,702	\$10,967	\$5,749	\$0
Our House [Loan] (Joint)	P&I with Options	\$200,000	\$191,383	\$182,073	\$172,021	\$161,173
NAB Credit Card (Joint)	Credit Card	\$1,000	\$0	\$0	\$0	\$0
<b>Bank Account</b>						
Bank Overdraft (Excluded from Calculations)		\$0	\$0	\$0	\$0	\$0
<b>Loan Payments (Regular)</b>						
Total Loans		\$52,753	\$51,714	\$51,714	\$47,085	\$41,028
Car Loan (John)	P&I	\$4,629	\$4,629	\$4,629	\$0	\$0
Investment Property 1 [Loan] (Joint)	P&I with Options	\$22,793	\$22,793	\$22,793	\$22,793	\$22,793
Mary's Car Loan (Mary)	P&I	\$6,057	\$6,057	\$6,057	\$6,057	\$0
Our House [Loan] (Joint)	P&I with Options	\$18,234	\$18,234	\$18,234	\$18,234	\$18,234
NAB Credit Card (Joint)	Credit Card	\$1,039	\$0	\$0	\$0	\$0
<b>Additional Loan Payments</b>						
Total Loans		\$3,600	\$3,690	\$3,782	\$3,877	\$3,974
Car Loan (John)	P&I	\$0	\$0	\$0	\$0	\$0
Investment Property 1 [Loan] (Joint)	P&I with Options	\$0	\$0	\$0	\$0	\$0
Mary's Car Loan (Mary)	P&I	\$0	\$0	\$0	\$0	\$0
Our House [Loan] (Joint)	P&I with Options	\$3,600	\$3,690	\$3,782	\$3,877	\$3,974

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## Interest Rates, Capital and Interest Payments



The following table displays your Capital and Interest Payments over the first 5 years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Age (John, Mary)	Age 45, 45	Age 46, 46	Age 47, 47	Age 48, 48	Age 49, 49
<b>Interest Rates</b>					
Average Interest Rate	6.93%	6.90%	6.85%	6.78%	6.74%
Car Loan (John)	9.74%	9.74%	9.74%	N/A	N/A
Investment Property 1 [Loan] (Joint)	6.74%	6.74%	6.74%	6.74%	6.74%
Mary's Car Loan (Mary)	9.74%	9.74%	9.74%	9.74%	N/A
Our House [Loan] (Joint)	6.74%	6.74%	6.74%	6.74%	6.74%
NAB Credit Card (Joint)	3.93%	N/A	N/A	N/A	N/A
<b>Capital Payments</b>					
Total Capital Payments	\$23,664	\$24,589	\$26,675	\$24,097	\$19,723
Car Loan (John)	\$3,619	\$3,987	\$4,394	\$0	\$0
Investment Property 1 [Loan] (Joint)	\$6,130	\$6,556	\$7,012	\$7,500	\$8,021
Mary's Car Loan (Mary)	\$4,298	\$4,735	\$5,218	\$5,749	\$0
Our House [Loan] (Joint)	\$8,617	\$9,309	\$10,052	\$10,848	\$11,702
NAB Credit Card (Joint)	\$1,000	\$0	\$0	\$0	\$0
<b>Interest Payments</b>					
Total Interest Payments	\$32,689	\$30,815	\$28,821	\$26,864	\$25,278
Car Loan (John)	\$1,010	\$641	\$235	\$0	\$0
Investment Property 1 [Loan] (Joint)	\$16,663	\$16,237	\$15,781	\$15,293	\$14,772
Mary's Car Loan (Mary)	\$1,760	\$1,322	\$839	\$308	\$0
Our House [Loan] (Joint)	\$13,217	\$12,615	\$11,965	\$11,263	\$10,506
NAB Credit Card (Joint)	\$39	\$0	\$0	\$0	\$0

## Planned Loan Management for New Loans and Refinanced Loans

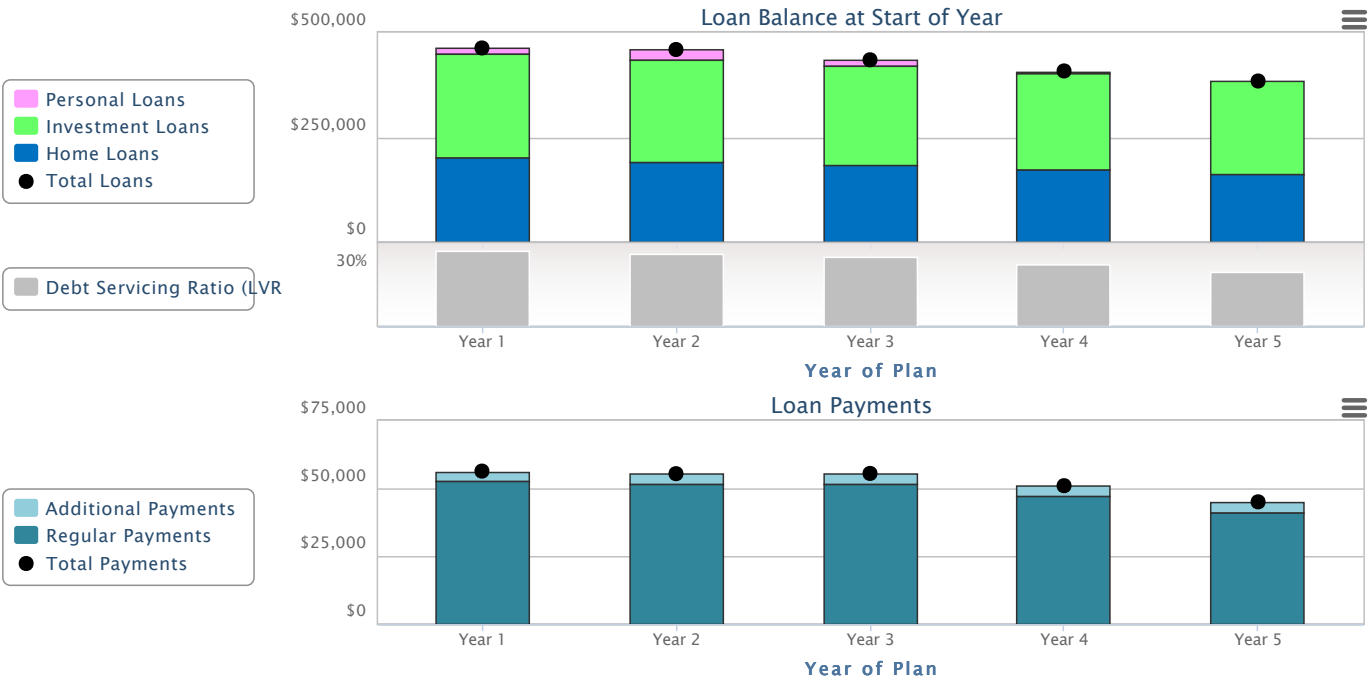
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	Year 1	Year 2	Year 3	Year 4	Year 5
Age (John, Mary)	Age 45, 45	Age 46, 46	Age 47, 47	Age 48, 48	Age 49, 49
<b>New Loans</b>					
Investment Property	\$250,000	\$0	\$0	\$0	\$0
Home Loan	\$0	\$0	\$0	\$0	\$0
Share Portfolio	\$0	\$0	\$0	\$0	\$0
Unlinked Loan	\$0	\$0	\$0	\$0	\$0
Personal Loan	\$20,000	\$0	\$0	\$0	\$0
<b>Refinanced Loan (Including Additional Loan Amount)</b>					
Investment Property	\$0	\$0	\$0	\$0	\$0
Home	\$0	\$0	\$0	\$0	\$0
Share Portfolio	\$0	\$0	\$0	\$0	\$0
Unlinked Loan	\$0	\$0	\$0	\$0	\$0
<b>Refinanced Loan - Additional Loan Amount</b>					
Investment Property	\$0	\$0	\$0	\$0	\$0
Home	\$0	\$0	\$0	\$0	\$0
Share Portfolio	\$0	\$0	\$0	\$0	\$0
Unlinked Loan	\$0	\$0	\$0	\$0	\$0

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Graphs



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