Contents

Introduction

This document will assist you where you require additional information. The other source of information is in the Help Manual of Advice Online.

Videos will be uploaded as time permits.

Making a Plan

Making a plan with *Advice Online* is a very simple process. This is because, the adviser works in collaboration with the client. The client will complete the *Fact Find* and this is imported into the plan. For each Advice Episode there can be only one plan.

Once the adviser is notified the client has completed the Fact Find, the adviser will review the objectives of their plan and the advice required.

Create the Plan

With the information from the ***Fact Find*** imported into the Plan, the adviser then starts to add to the plan.

For example, the client may have indicated they want to sell their current home and purchase a new one.

If the adviser is recommending the creation of new accounts, say an *Emergency Cash Account* or new *Managed Fund*, these should be created first. If the adviser is recommending the purchase of real estate at the start of the plan, these accounts should be created, with the details of the loans included. These loan costs will be included in the *Investment Plan.*

In the *Fact Find*, the client will have indicated how much in dollar value you want to invest after their current commitments to home and investment loans. These funds can then be allocated to the nominated accounts. The quickest way to allocate these funds is by the use of the **Investment Plan**, where allocations can be nominated by percentage. The advantage of this method is that as the plan develops and if more loans are created, the funds available for other investments will be re-calculated, according to the percentage nominated. The other option is to nominate the dollar value in the account. This may be preferable for the *Superannuation Account*. Thes funds are withdrawn directly from the Transaction Account.

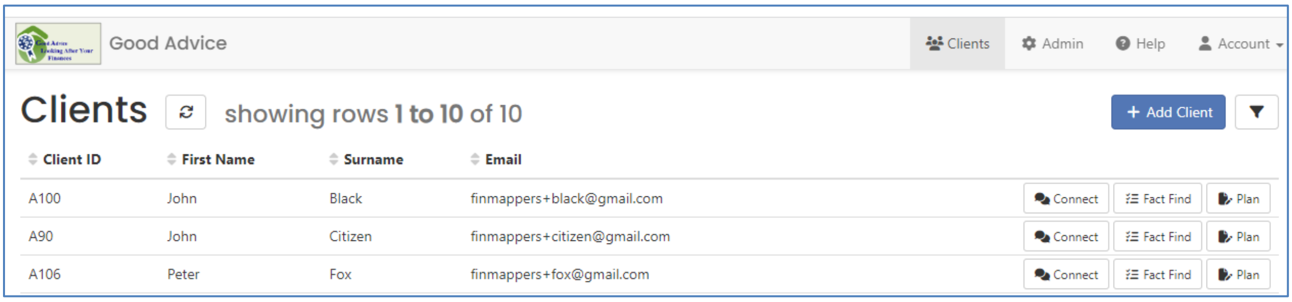
Advice

The main advice is written on the menu ***SOA***.

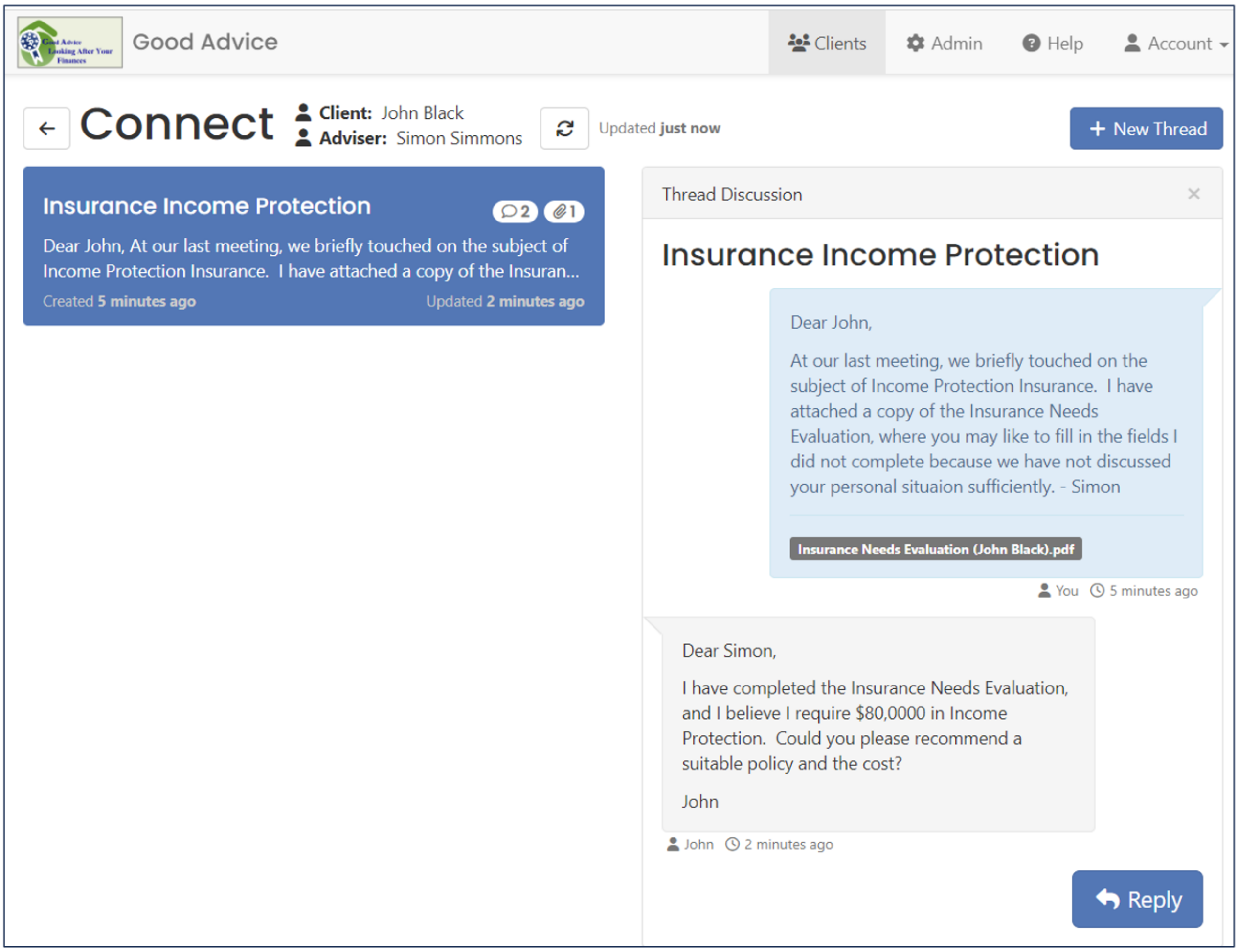
All clients must have their own account. They can access the reports, use the Dashboard and view the Plan Details, but not make changes. They can also generate reports in the software and those company reports made visible to the client. It is recommended that all reports are made visible to the client.

The adviser and client can share information in to Connect Portal by clicking on the button ***Connect.***

This is also available in the adviser's Client List.



The adviser can upload information, including the report to the ***Connect Portal***. Here is a conversation about Income Protection insurance, that was not included in the original advice.



Notes on Reports:

The software provides, one Template report called **Advice Record** (versions for Savings, Retirement & Lifetime). The company can edit these reports or create their, however, it is recommended you have only one report for each of the Plan Types. This is because all the reports generated by the company will be in the section Advice Documents and you only want to list one advice document for the client.

Refer to the document Report Builder to learn how to customise your reports.

Advice Online has created a set of interactive reports that may also be downloaded as PDFs to save in the Connect Portal. The aim is to keep the Advice Record short, but provide the client with a full interactive digital experience for those who want more information about the plan the adviser has created for them.

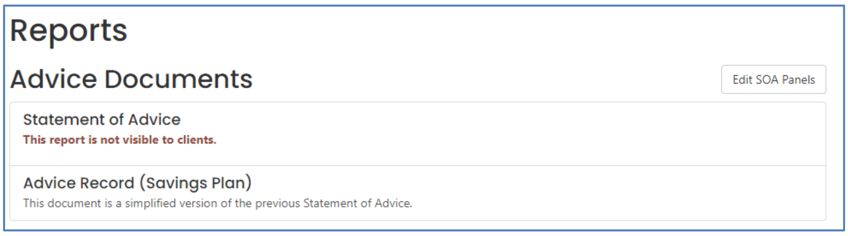
*Remember that the goal of this project is to reduce the complexity of the SOA and make the SOA more comprehensible for the client. The name will likely be changed to **Advice Record**.*

Advice Online – Additional Resources

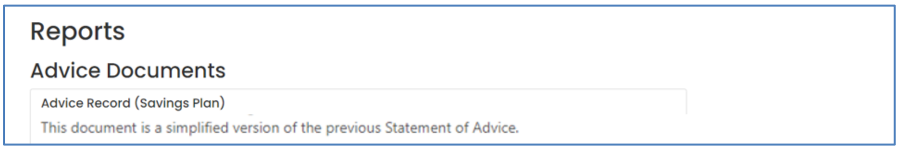
Due to current regulatory requirements, you may have two documents – one for the digital delivery and one for the hard copy to be signed. This second copy can be uploaded to the ***Connect Portal***. This is where all information is passed between the client and the adviser.

It you decide to create more than one Advice Document, you can make that document "Not Visible to Client". Where appropriated you would generate the report and upload it to the Connect Portal. Do remember you should make one Advice Document visible to the client.

This is the adviser's view:

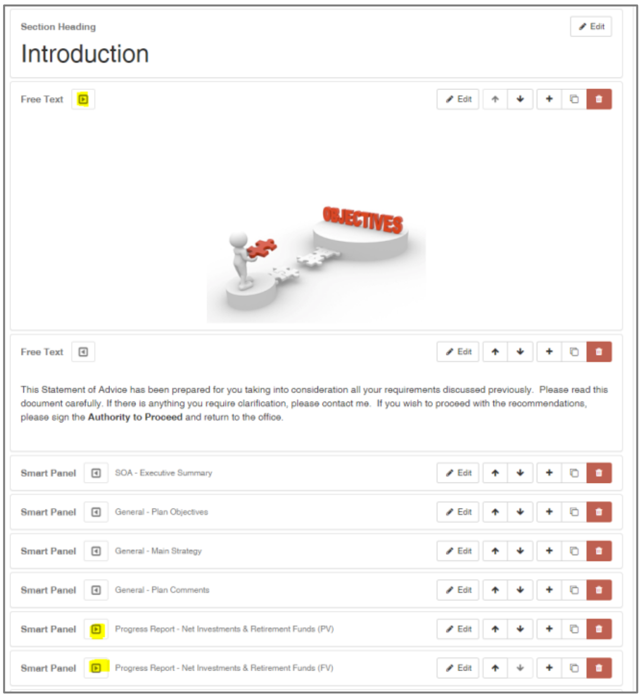


This is the client's view:



When you create the report, you need to indicate where the information is to be displayed – left or right side of the screen. When the report is generated as a PDF, the information will be displayed in the order.

In the section, *Introduction* these are the panels, with those displayed on the right, highlighted:



The *Report Builder* allows to you add text, images, tables and SmartPanels. You will also be able to add thumbnails with links to educational material from either ASIC or your own.

Text to Speech

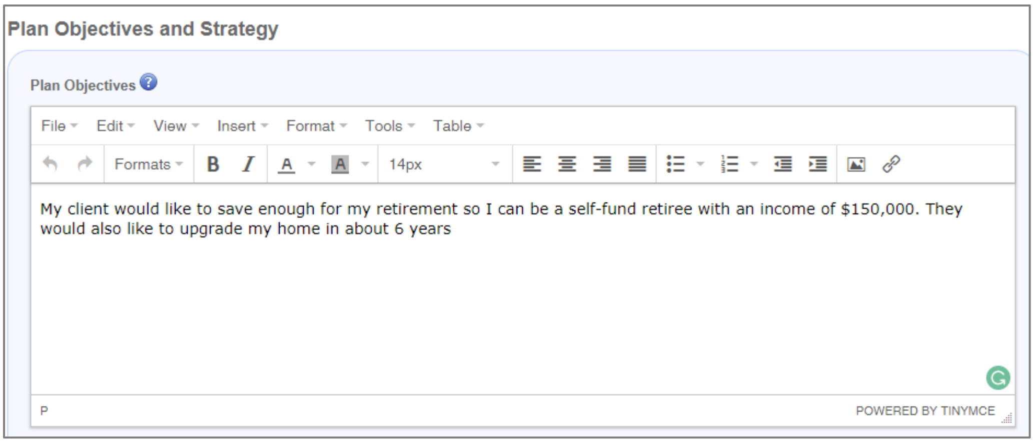
An important feature is the **Speech to Text** option for the information on the left-hand side. This will allow the client to listen to your advice, while using their mouse to scroll over the graphs on the right-hand side, where applicable.

With this in mind, care needs to be taken with the text written. Generally, the voice seems to recognize letters such as APL, but does not recognize SOA, and pronounces it as a word, so maybe, SOA should not be used in the text section.

The buttons for **Read Aloud** and **Stop Reading** are located in the top right-hand section of the Text section. When writing text sections, it is a good idea to drop the text one line to give a better layout. Also, if the text extends across the page, the text will overlay on these icons.

Menu - Objectives

Each panel can be formatted. Note that the name of each panel is automatically added to the SmartPanel, unlike the SOA Editor panels.



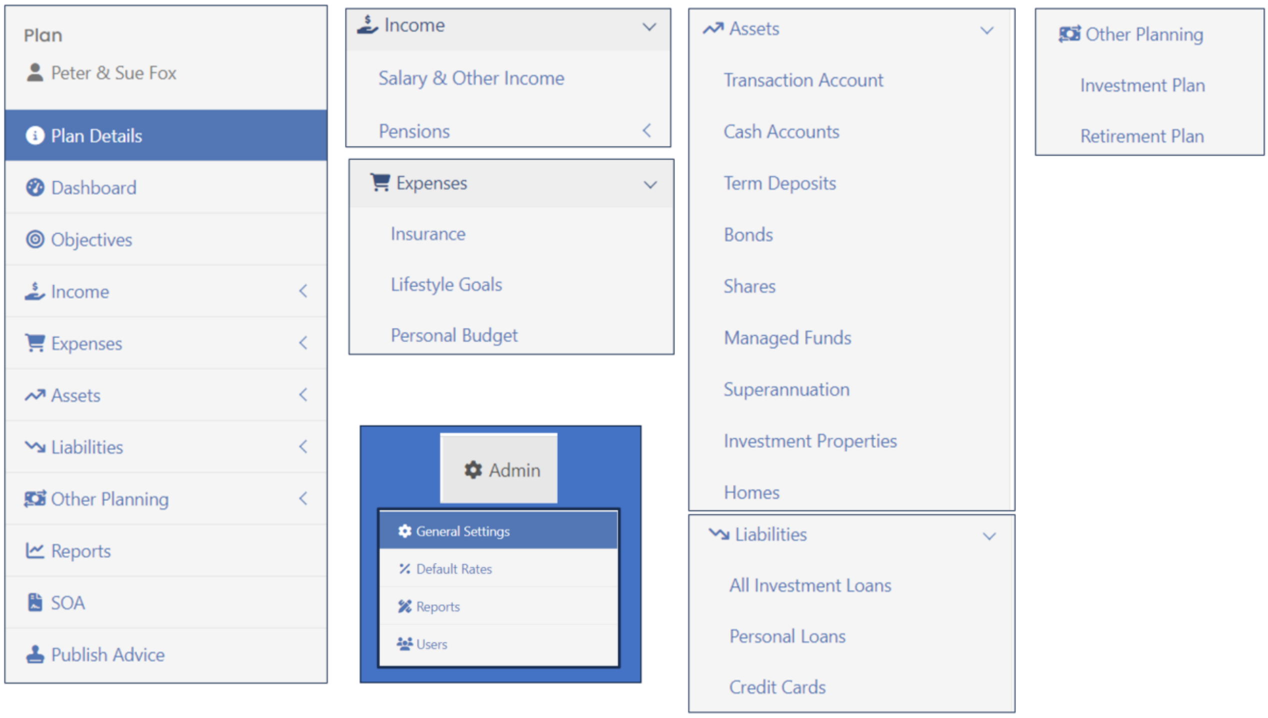
The panels are Plan Objectives, Main Strategy, Additional Comments and a list of the Milestones and Goals which should be imported from the Fact Find.

Accounts

Advice Online provides the following account types.

Each of these accounts can be expanded to select more options.

Advice Online – Additional Resources



As *Advice Online* is designed to provide simple advice to those who cannot afford full-service advice. However, all the traditional account types and loans are provided. The SMSF and Annuities are not included in the accounts. However, Pensions from External Sources, including the Means-Tested Age Pension are included. If one wants to include an annuity, the income could be displayed in the section "Other Income Streams" and the Annuity, if applicable could be purchased as a one-off expense in the Transaction Account.

Notes on Plan

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

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

Note on Special Rule for Calculating Dollar Value Account Costs

Advice Online has a ***Special Rule***, regarding the calculation of **Dollar Value Account Costs**.

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

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

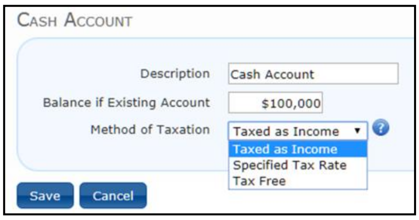
Taxation

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

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

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

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



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

Special Note on Specified Tax Rate

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

Advice Online – Additional Resources

In the **Tax Estimator**, the total tax on Salary, Investments, and Superannuation are calculated.

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

Back **TAX ESTIMATOR**

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

View Data | View Graph

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

RETIREMENT PHASE

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

Investment Plan

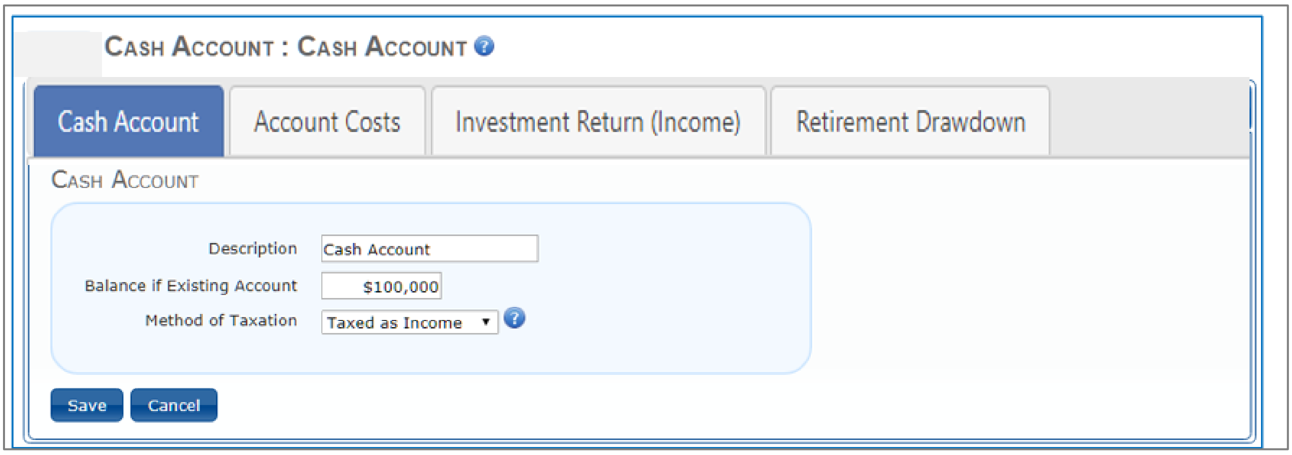
Each of the accounts **Ticked** have a 20% allocation from the Salary. There is no allocation to the Bond Account. The remaining 40% if transferred to the **Transaction Account**.

Cash Accounts

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

Savings for personal items such as a car or holiday should not be included in this account. They are best saved for in the **Lifestyle Goals**.

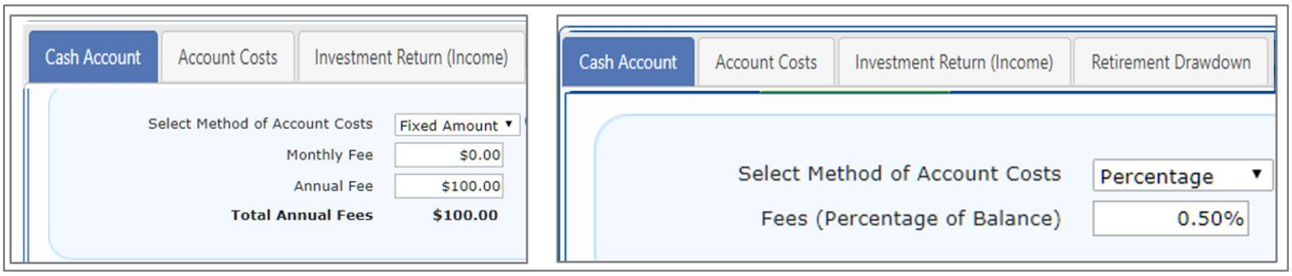
If the account has an existing balance, in this case, $100,000 that value is entered. Note that on the TAB, **Cash Account**, you can nominate *the Method of Taxation*.



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

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

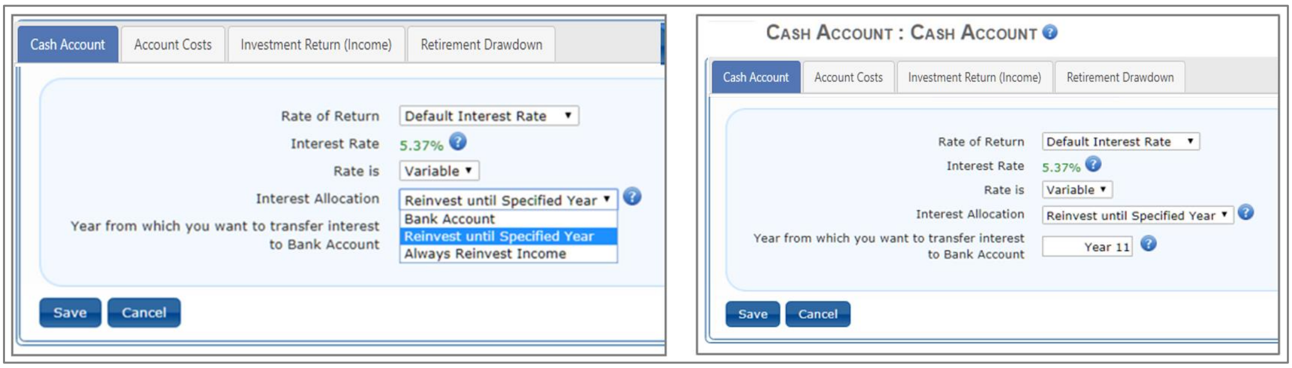
Where the **Percentage of Fund** is selected, the calculations are made on the Value of the Fund, after Annual Banks, including Drawdown.



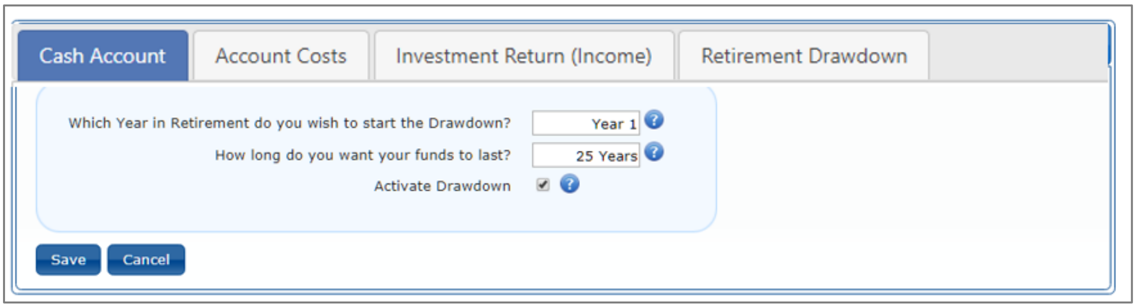
On the TAB, **Investment Return**, the Default Rate is 5.18%. This is the Average 90-Day Bank Bill plus 1% for the 20-year period from 2000.

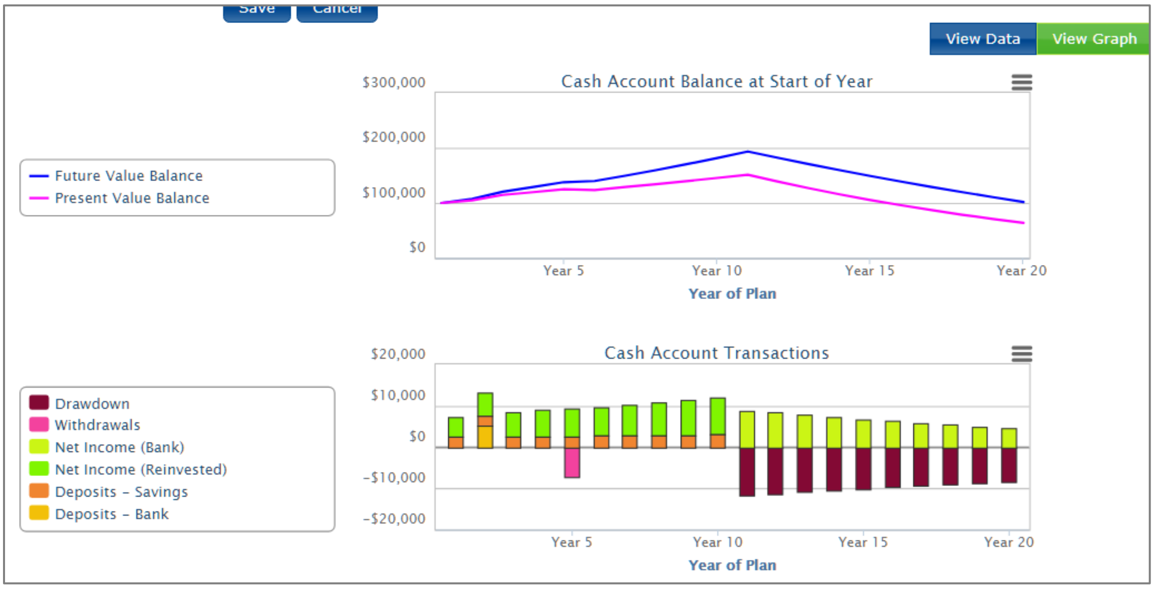
Income from the Cash Account may be transferred to the *Bank Account*. If the option to *Reinvest* is selected, you can nominate a year in which you which to transfer income to the *Bank Account*. If you wish to continue reinvesting, enter the Year 51, which is outside the maximum length of the plan.

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



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





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

Years 1 - 5 Savings Phase

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

Years 1 – 5 Retirement Phase

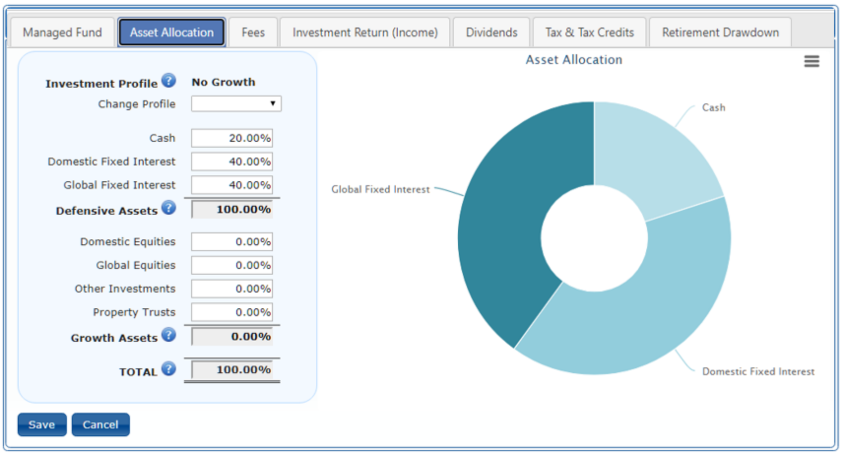
Retirement Phase	Year 1 2029 Age 65	Year 2 2030 Age 66	Year 3 2031 Age 67	Year 4 2032 Age 68	Year 5 2033 Age 69
Transactions					
Start Balance	$200,863	$188,675	$176,927	$165,600	$154,683
Deposit from Bank Account	$0	$0	$0	$0	$0
Deposit from Salary Savings	$0	$0	$0	$0	$0
Income Reinvested	$0	$0	$0	$0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

Managed Funds – Defensive Assets

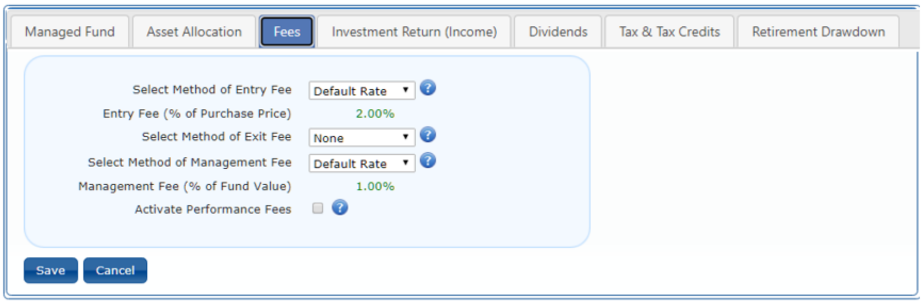
Another alternative is to have a **Managed Fund** to hold your *Interest Earning Assets*. They could also be included in a Multi-sector Fund.

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

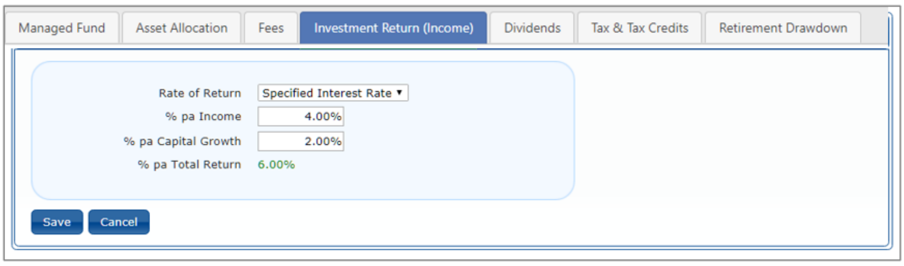
The following **Asset Allocation** has been selected.



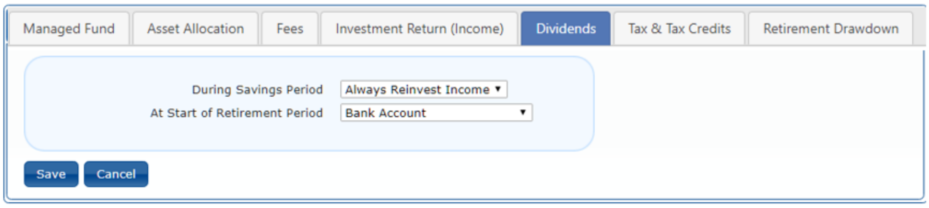
The *Default Rates* for the **Fees** have not been changed, however, these are most likely to be excessive for his type of fund.



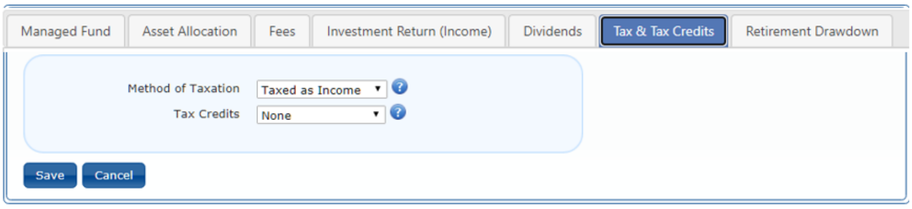
The **Investment Return** has been changed from the Default Rates.



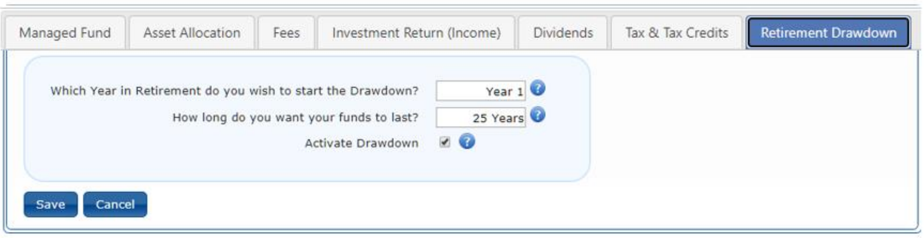
The **Dividends** have been *Reinvested* for the Savings Phase and transferred to the *Bank Account* for the Retirement Phase.



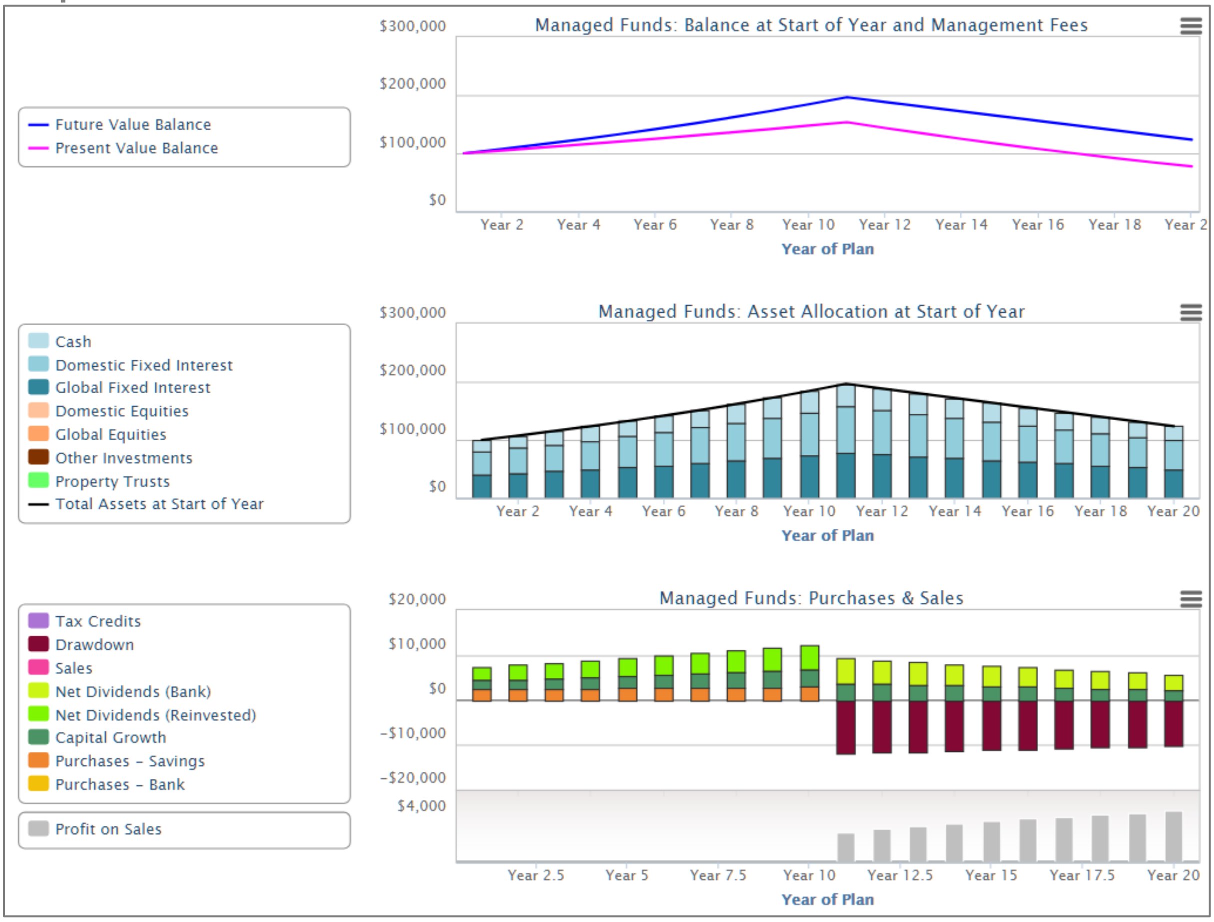
There will be no **Tax Credits** for this account.



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



Graph View



Future Value Balance
Present Value Balance
Managed Funds: Balance at Start of Year and Management Fees
$300,000
$200,000
$100,000
$0
Year 2
Year 4
Year 6
Year 8
Year 10
Year 12
Year 14
Year 16
Year 18
Year of Plan
Cash
Domestic Fixed Interest
Global Fixed Interest
Domestic Equities
Global Equities
Other Investments
Property Trusts
Total Assets at Start of Year
Managed Funds: Asset Allocation at Start of Year
Year 20
Tax Credits
Drawdown
Sales
Net Dividends (Bank)
Net Dividends (Reinvested)
Capital Growth
Purchases – Savings
Purchases – Bank
Profit on Sales
Managed Funds: Purchases & Sales
$20,000
$10,000
-$10,000
-$20,000
$4,000
Year 2.5
Year 5
Year 7.5
Year 12.5
Year 15
Year 17.5

Advice Online – Additional Resources

Data View Years 1 – 5 Savings Phase

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

Data View Years 1 – 5 Retirement Phase

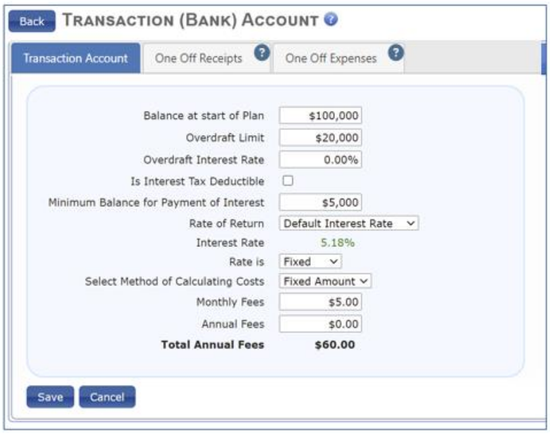
Retirement Phase	Year 1 2029 Age 65	Year 2 2030 Age 66	Year 3 2031 Age 67	Year 4 2032 Age 68	Year 5 2033 Age 69
Transactions					
Start Balance	$196,526	$188,293	$180,100	$171,941	$163,819
Start of Year					
Purchases	$0	$0	$0	$0	$0
Drawdown	$11,925	$11,724	$11,530	$11,334	$11,144
Monthly Transactions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

Transaction Account

The Transaction Account is the account through which all transactions flow.

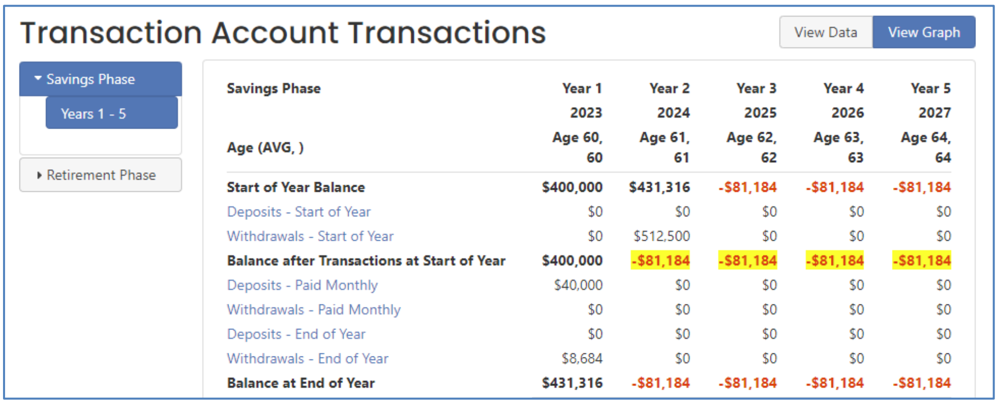
In addition, the Transaction Account can include:

- One-Off Receipts
- One-Off Withdrawals
- One-Off Expenses



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

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



Transaction Account Transactions

View Data | View Graph

Savings Phase
Years 1 - 5
Retirement Phase

Savings Phase	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027
Age (AVG,)	Age 60, 60	Age 61, 61	Age 62, 62	Age 63, 63	Age 64, 64
Start of Year Balance	$400,000	$431,316	-$81,184	-$81,184	-$81,184
Deposits - Start of Year	$0	$0	$0	$0	$0
Withdrawals - Start of Year	$0	$512,500	$0	$0	$0
Balance after Transactions at Start of Year	$400,000	-$81,184	-$81,184	-$81,184	-$81,184
Deposits - Paid Monthly	$40,000	$0	$0	$0	$0
Withdrawals - Paid Monthly	$0	$0	$0	$0	$0
Deposits - End of Year	$0	$0	$0	$0	$0
Withdrawals - End of Year	$8,684	$0	$0	$0	$0
Balance at End of Year	$431,316	-$81,184	-$81,184	-$81,184	-$81,184

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

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

Rate of Return: You will notice in this example the **Specified Rate** is listed, although the value of the **Default Rate** (5.18%) is being displayed. The reason is that, in this example the Interest Rate was imported from the ***Fact Find***. Any interest rates, for either investment returns or interest charges on loans, are always listed as **Specified** when imported from the Fact Find. Normally when you create an account, this Rate of Return, is the *Default Rate*.

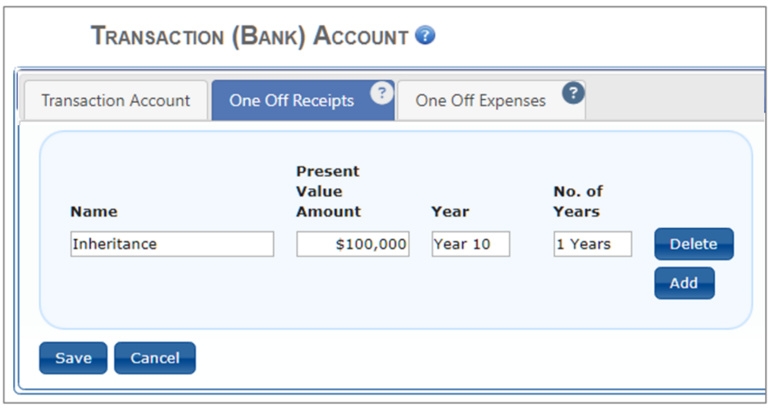
Method of Calculating Costs: The account defaults to the option of *None*. However, you can chose a *Fixed Dollar Value*. This expense is included in the **Withdrawals - Paid Monthly.**

One-Off Receipts and Expenses

One-Off Receipts

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

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



One-Off Withdrawals

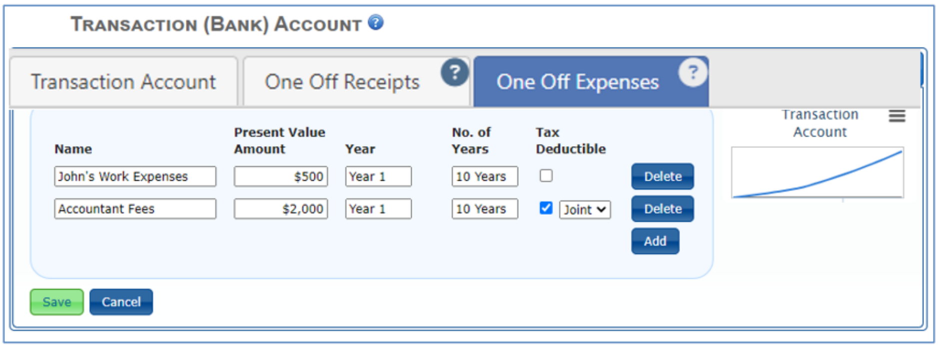
One-Off Withdrawals allows funds to be removed from the plan without assigning the expense to an account. In this case, the user plans to withdraw funds to purchase a caravan. These funds are withdrawn at the start of the year, while One-Off Expenses are withdrawn at the end of the year.

One-Off Expenses

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

Examples of other expenses are:

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



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

Methodology of Bank Account

The methodology of the *Bank Account* is the same for all accounts.
In general:

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

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

TRANSACTION (BANK) ACCOUNT TRANSACTIONS

View Data | View Graph

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

Retirement Phase

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

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

TRANSACTION (BANK) ACCOUNT TRANSACTIONS

View Data | View Graph

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

Retirement Phase

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

Tax Due on Income (Personal and Investment) and Capital Gains Tax are deducted at the end of the year.

Cash Flow Summary

From the ***Reports*** Menu, you can access the **Cash Flow Summary**. This report has no graphs, just a 10-year table of data. These tables can be for the Savings or Retirement Phase and in either PV or FV. A similar report is available for **Assets & Liabilities**.

Income

Cash Flow Summary

Future Value | Present Value

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

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

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

Expenses

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

Conversational SmartPanels

The following are examples of Conversational SmartPanels:

Interest Earning Accounts

Note that in Advice Online there are no TDs and Bonds.

Interest Earning Accounts

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

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

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

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

Transaction Account

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

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

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

Cash Account: *Emergency Cash*

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

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

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

- **Years 1 to 15:** 10.00%

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

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

Retirement Income

Retirement Income

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

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

The plan has allocated the following retirement income:

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

Salaries

Salaries

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

Salary: *Salary A* (John)

This salary is increased at the inflation rate.

The salary has been listed as:

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

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

- **Years 1 to 15:** 14.00%
- **Years 16 to 30:** 0.00%

Salary: *Salary B* (Betty)

This salary is increased at the inflation rate.

The salary has been listed as:

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

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

- **Years 1 to 15:** 14.00%
- **Years 16 to 30:** 0.00%

Advice Online – Additional Resources

Shares & Managed Funds

Notes on Plan

For demonstration purposes, screenshots will be from a 20-year Plan for a single person with one Share Portfolio Account ($300,000) and one Managed Fund ($300,000). In addition, there will be $100,000 in the Bank Account.

John, Citizen has is aged 55 and has a Salary of $120,000 of which he is saving 10%. John will retire at age 65, thus you will have a plan displaying 10-years each of the Savings and Retirement Phases. John intends to take 5-year Interest Only Margin Loan, in Year 1, to borrow $50,000 to purchase Shares. 10% of the Share Portfolio will be sold at the end of Year 5, to repay the Margin Loan.

Special Note on the Share Portfolio

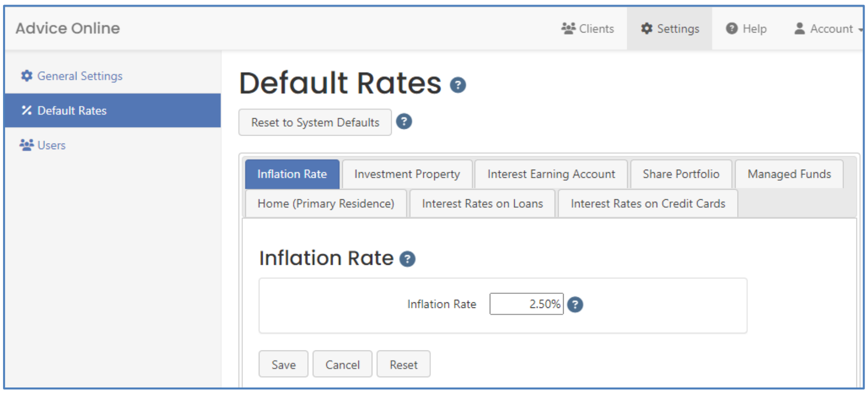
I am often asked if you can maintain a live-feed of current Shares. The answer is NO.

Advice Online is Cash Flow Modeling Software and as such, it is not appropriate to list actual shares. You can't say that in five or even twenty years you are going to buy sell BHP shares. But you can model the likely outcomes if you plan to either buy, say $20,000 worth of shares or sell a similar value of shares. The actual share names are not relevant.

It is important to list an approximate ***Purchase Price*** of the current portfolio so that ***Captial Gains Tax*** can be calculated when the shares are sold.

Default Rates

With *Advice Online*, the ***Administrator*** is responsible for setting the **Default Rates**.
Default Rates are found in **Settings**.



These Default Rates cannot be changed, except by that person. All users on the Platform, including clients, have the same Default Rates.

Therefore, you may find that when using your platform, you will have different Default Rates to these documents.

When required, there is the option to use **Specified Rates**.

Capital Growth for Shares and Property

The *Advice Online* **Default Rates** have been derived from the 20-year average investment returns from the Year 2000. During this time the ***Capital Growth*** for **Shares** was 5.47% and **Established Housing** 6.71%. During this time, the GFC had a significant impact on share prices.

When selecting the Default Rates for Shares and Real Estate, it was felt that *Advice Online* should be neutral, but adviser's can make their own choices. If one looks at the very, very long term, there is little difference in the rates of capital growth, however, the properties of each account are significantly different.

It was decided to be fair that the combined average of **Shares** and **Property**, should be averaged to give the same **Capital Growth of 6.12%**. This is the average of the two rates.

Income from Shares and Property

These figures are quite arbitrary given the various types of shares and property one can purchase. Again it was decided to give the income the same value.

The Default ***Dividend Rate*** for **Shares** is 4.25%

The Default ***Net Return*** for **Property** is approximately 4.25%. The Gross Return is 5% with Recurring Costs of 15%, giving the net return of 4.25%

Income and Capital Growth from Managed Funds

The methodology used to determine the Income and Capital Growth for **Managed Funds** was to assume that the typical fund had the following allocation:

- 20% Defensive Assets
- 80% Growth Assets

This calculation resulted in an Income of 4.48% and Capital Growth of 6.12%, a Total Return of 10.99%. (Real Return after 2.5% Inflation Rate of 7.9%)

However, there will be many times, when the Managed Fund will have a completely different composition of assets, and you must decide what is an appropriate rate of Investment Return.

In *Advice Online* the Default Rates for Shares, have been used the account **Managed Funds .**

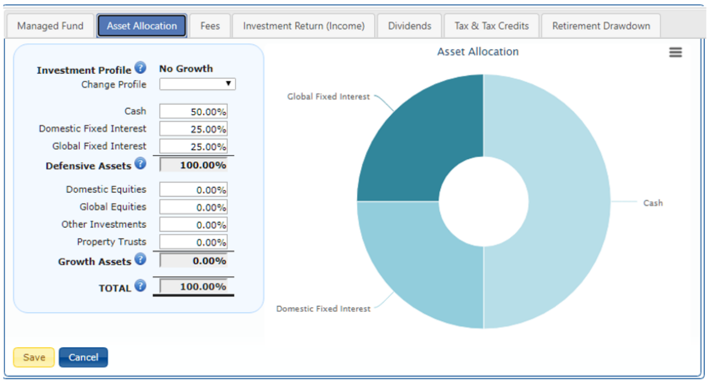
Asset Allocation

The program assumes that a **Share Account** consists of *Domestic Equities.*

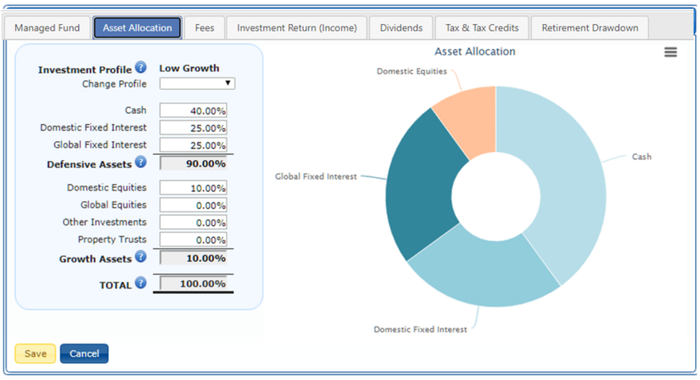
The **Asset Allocation** has a set of Default allocations, however, you can over-type this allocation to design a fit which matches the actual funds held by your client, or funds you are recommending to your client. The following is a display of the allocation for each ***Investment Profile***, starting with **No Growth**.

(*High Growth has been selected for the example*)

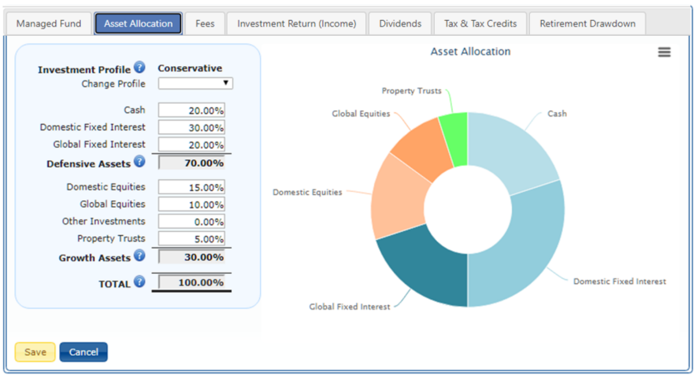
No Growth



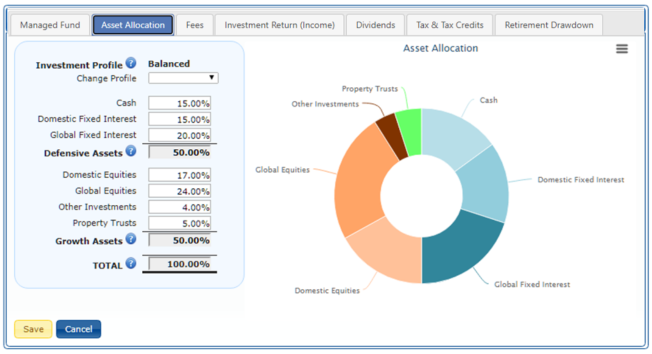
Low Growth



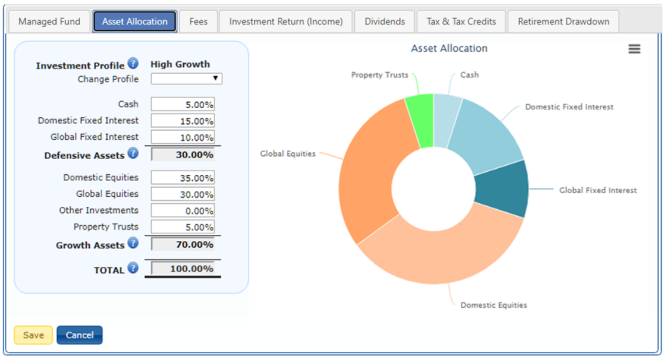
Conservative



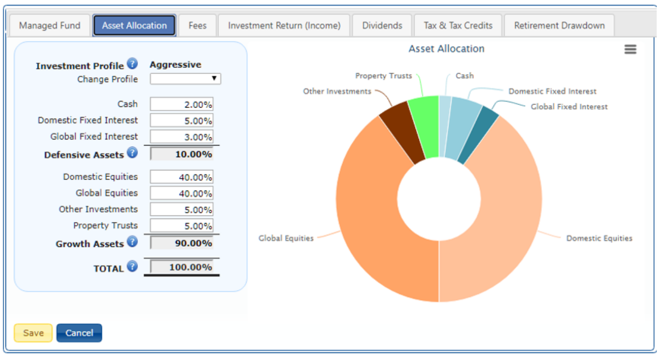
Balanced



High Growth (Selected for Example)

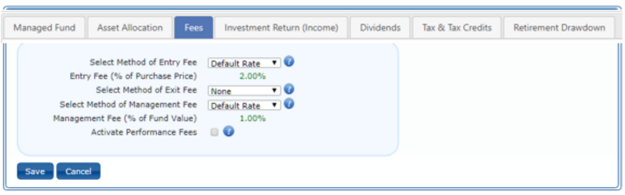


Aggressive

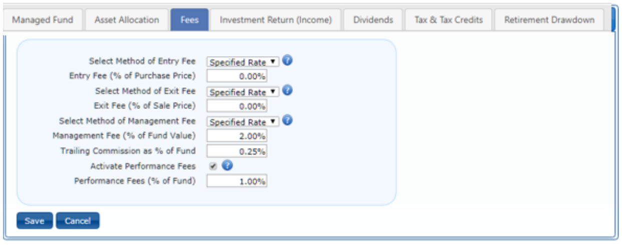


Fees

The Fees default to the following. Note that you can activate a Performance Fee with Default Rates. This allows you to easily toggle between results with and without a Performance Fee



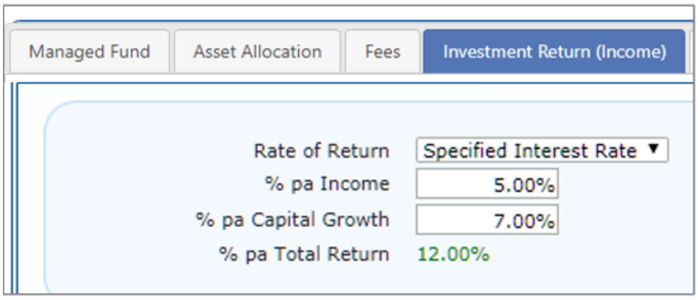
When the ***Specified Rate*** for **Management Fees** is selected, you can include the **Trailing Commission** as a % of the Fund. Note that his value is included in the Total Management Fee, but is displayed in the graph when included.



Investment Returns

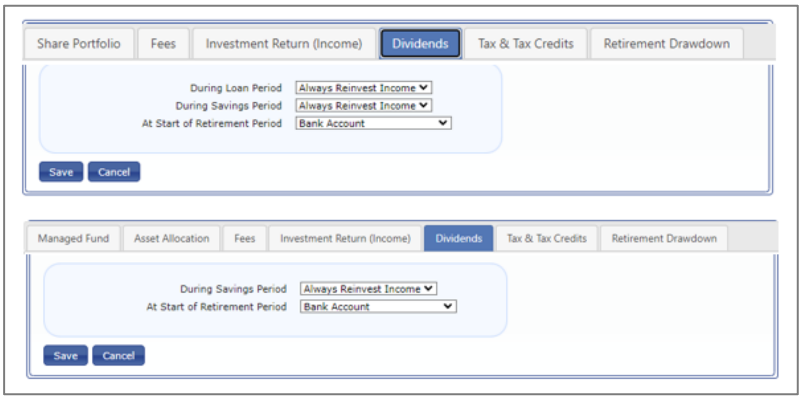
Returns for *Shares* are used as the Default in *Advice Online*.

Because the **Multi-Sector Funds** used in this demonstration is a *High Growth Fund*. The Specified Rate of 5% Income and 7% Capital Growth has been nominated.



Dividends

For both Shares and Managed Funds, the dividends will be reinvested in the Savings Phase and deposited in the Transaction Account for the Retirement Phase.

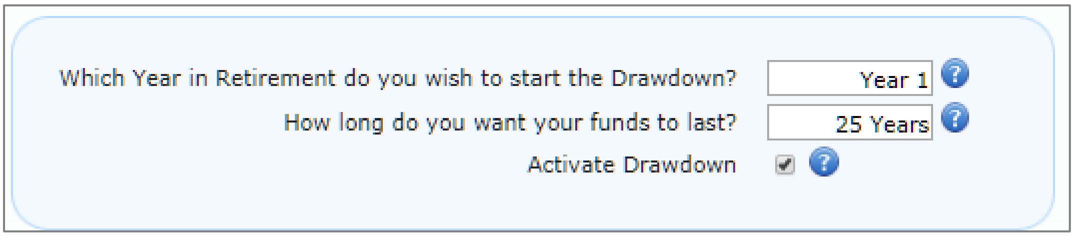


The options for allocation of dividends are:

- Savings Period
    - Bank Account
    - Always Reinvest
- Retirement Period
    - Bank Account
    - Always Reinvest
    - Reinvest until a Specified Year

Drawdown

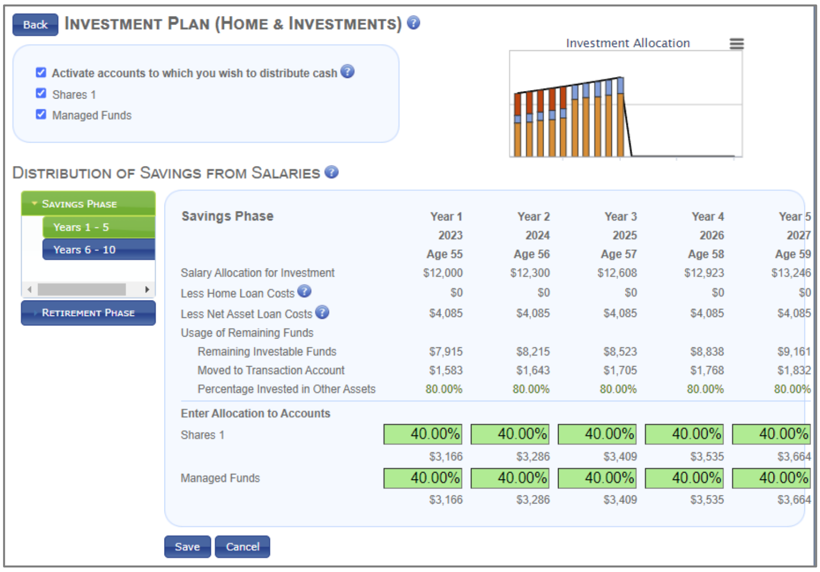
The Drawdown is the same as the other accounts. In both cases, the Drawdown has been activated to draw down the funds over 25-years, commencing in Year 1.



Loans

The Share Portfolio Loan is a 5-Year Interest Only Loan. At the end of Year 5, 10% of the Share Portfolio will be sold to repay the Margin Loan.

In the **Investment Plan**, an allocation can be made with 40% to both Shares and Managed Funds.



Back **INVESTMENT PLAN (HOME & INVESTMENTS)**

- [x] Activate accounts to which you wish to distribute cash
- [x] Shares 1
- [x] Managed Funds

DISTRIBUTION OF SAVINGS FROM SALARIES

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

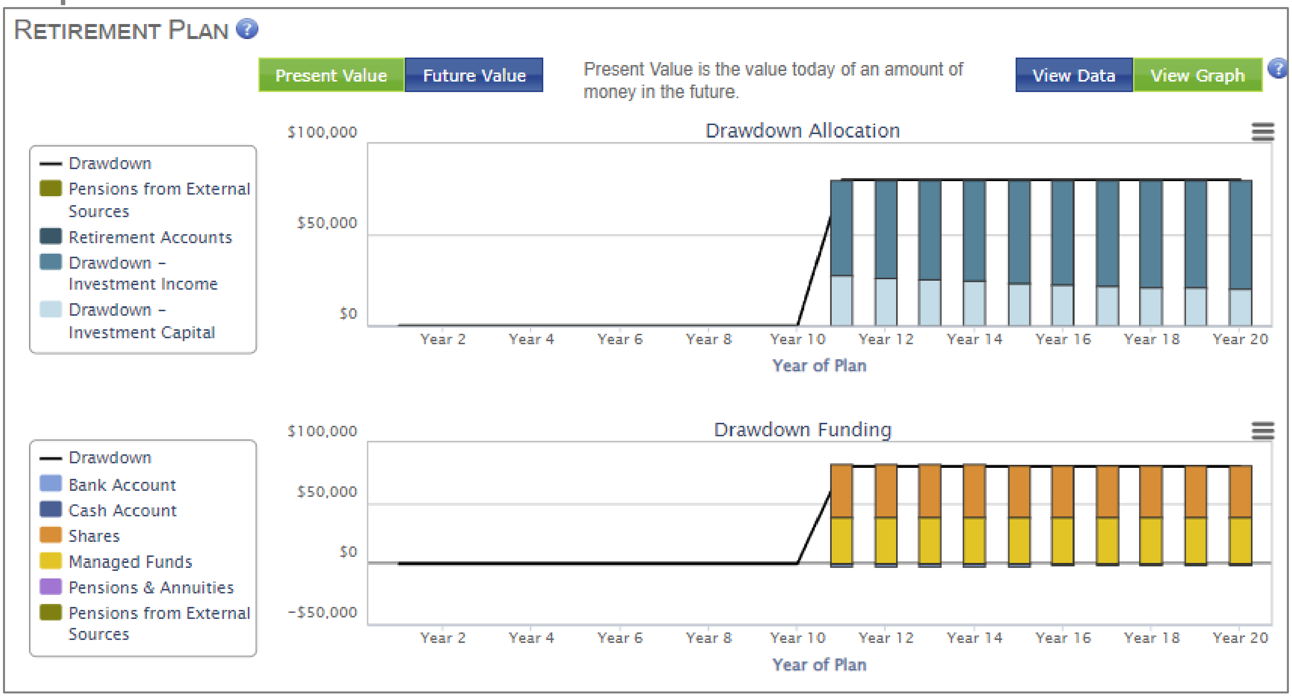
Savings Phase	Year 1 2023 Age 55	Year 2 2024 Age 56	Year 3 2025 Age 57	Year 4 2026 Age 58	Year 5 2027 Age 59
Salary Allocation for Investment	$12,000	$12,300	$12,608	$12,923	$13,246
Less Home Loan Costs	$0	$0	$0	$0	$0
Less Net Asset Loan Costs	$4,085	$4,085	$4,085	$4,085	$4,085
Usage of Remaining Funds					
Remaining Investable Funds	$7,915	$8,215	$8,523	$8,838	$9,161
Moved to Transaction Account	$1,583	$1,643	$1,705	$1,768	$1,832
Percentage Invested in Other Assets	80.00%	80.00%	80.00%	80.00%	80.00%
Enter Allocation to Accounts					
Shares 1	40.00%	40.00%	40.00%	40.00%	40.00%
	$3,166	$3,286	$3,409	$3,535	$3,664
Managed Funds	40.00%	40.00%	40.00%	40.00%	40.00%
	$3,166	$3,286	$3,409	$3,535	$3,664

Save Cancel

Retirement Income

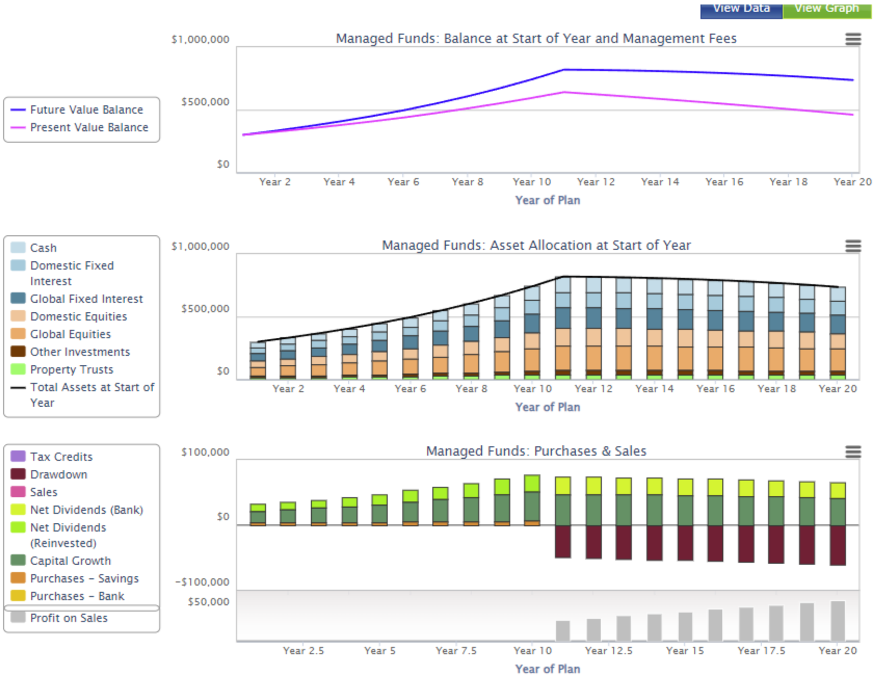
In the **Retirement Income**, $80,000 for 10-years has been nominated.

Graph View



Multi-Sector Managed Fund

Graph View



Conversational Smart Panel

Shares

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: *Shares 1*

Shares 1 is an existing share portfolio with a value of $300,000 at the start of the plan.

The estimated income from dividends is 4.25% and the estimated capital growth rate is 6.12%, a total return of 10.37%.

This portfolio has a linked loan.

Dividends from this portfolio are:

- Reinvested during the loan period.
- Reinvested during the Savings Phase.
- 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 60.00% 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 10:** 40.00%

These purchases are made from the creation of a Loan Account:

- **Year 1:** $49,750

At the start of the Retirement Phase, this share portfolio is worth $711,944 (which is $911,348 in FV). The Retirement Drawdown commences in Year 1 of the Reitrement Phase and the funds are drawn down over 25 Years.

In addition to the sale of shares for the drawdown in retirement, the following shares are sold:

- **Year 5:** 10% which is $59,406 (FV)

At the end of the plan, this share portfolio is worth $486,455 (which is $797,114 in FV).

Loans

The following loans are assigned to your share portfolios.

Share Portfolio Loan: *Shares 1 [Loan]*

This loan commences in Year 1 with a balance of $50,000.

Shares 1 [Loan] is an Interest Only loan with a term of 5 Years. It has an interest rate of 8.17% which is not fixed.

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

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: *Managed Funds*

Managed Funds is an existing managed fund with a value of $300,000 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%
Defensive Assets	**50.00%**
Domestic Equities	17.00%
Global Equities	24.00%
Other Investments	4.00%
Property Trusts	5.00%
Growth Assets	**50.00%**

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.
- 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 30.00% 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 10:** 40.00%

At the start of the Retirement Phase, this managed fund is worth $722,717 (which is $925,139 in FV). The Retirement Drawdown commences in Year 1 of the Reitrement Phase and the funds are drawn down over 25 Years.

At the end of the plan, this managed fund is worth $536,329 (which is $878,837 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.

Advice Online – Additional Resources

Real Estate

In *Advice Online,* **Real Estate** is divided into 2 types (Home & Investment Property). In addition, you can use **Property Trusts**, for those who do not wish to own Real Investment Property.

As the real property accounts are quite similar, they will be discussed in parallel. Sometimes the property may be a part investment and part personal use.

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 will be sold. The plan is to use the funds to a Property Trust.

John Citizen is aged 50 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.

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 i**s not subject to *Capital Gains Tax*.

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, Gross 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.

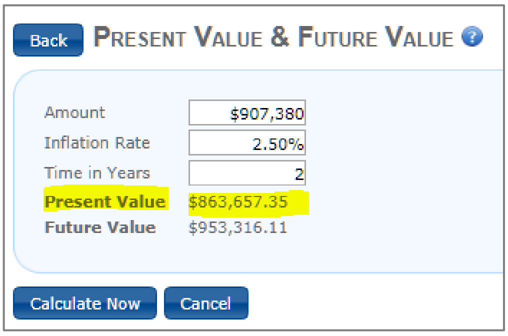
Capital Purchase & Depreciation

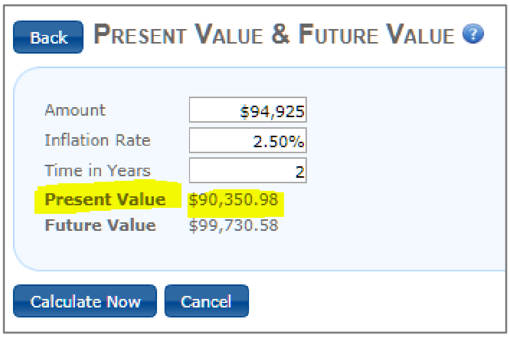
The **Home** has no provision for *Capital Purchases* and *Depreciation*.

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

Handy Quick Cals for Present and Future Values

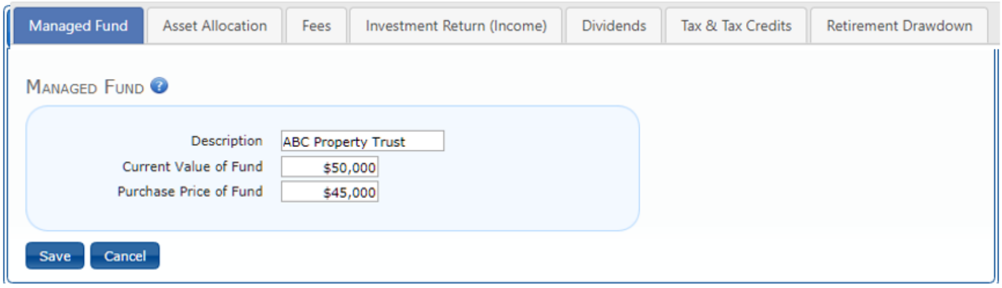
Present Value Amounts which can be calculated using the ***Handy Quick Cals***, **Future Value and Present Value**.



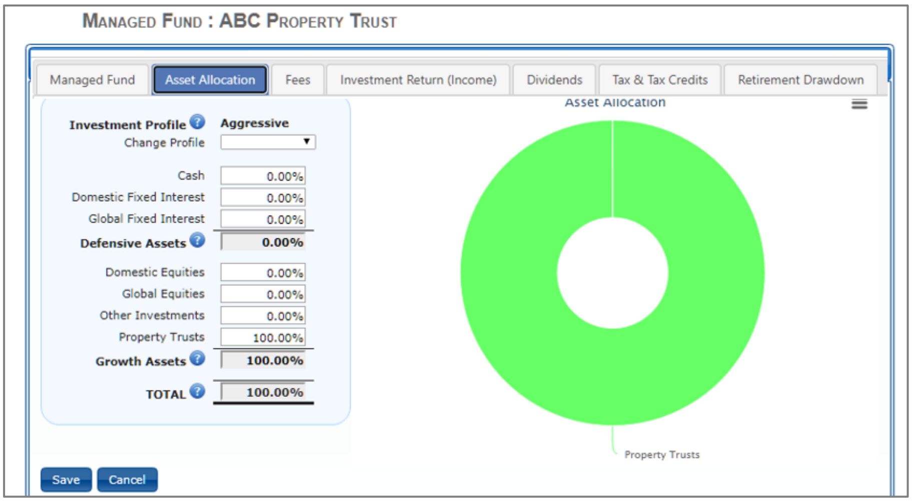


Property Trust

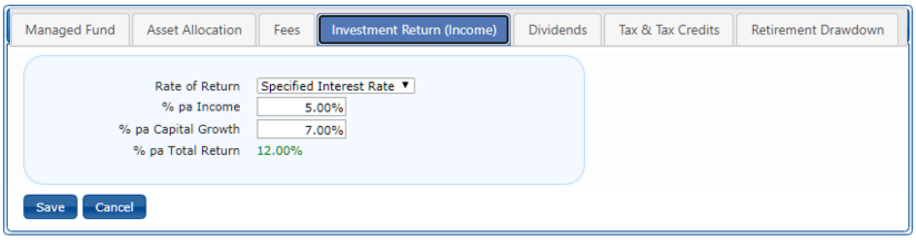
Some clients prefer not to invest in Real property. For those, you have the option of using the **Managed Funds Account** and select *100% Property Trust*. In the **Asset Allocation** in the report ***Plan Outcomes***, this asset will be included in the category of Real Property & Property Trusts.
No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



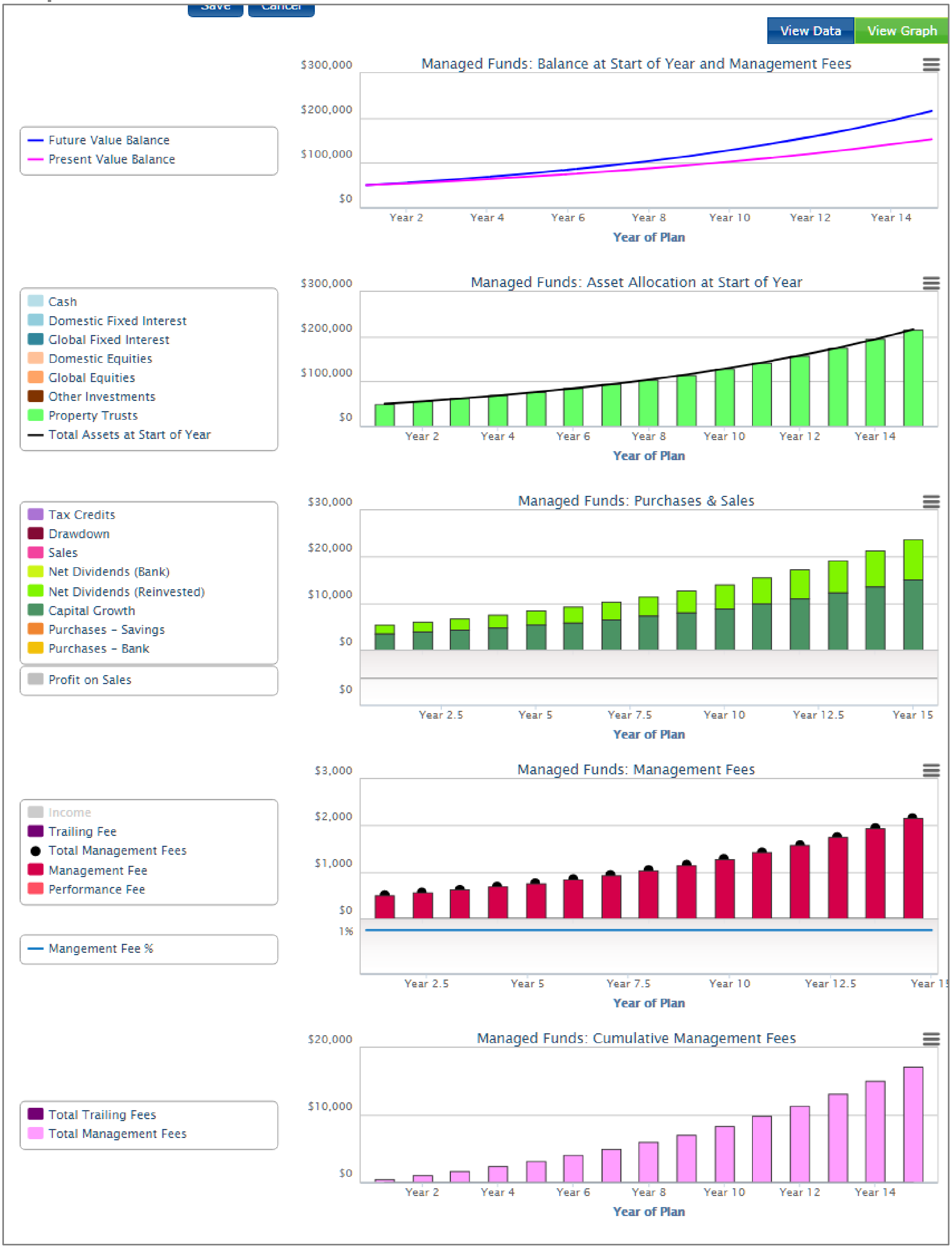
The **Asset Allocation** will be 100% Property Trust



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



Graph View


Save
Cancel
View Data
View Graph
Managed Funds: Balance at Start of Year and Management Fees
Future Value Balance
Present Value Balance
$300,000
$200,000
$100,000
$0
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
Tax Credits
Drawdown
Sales
Net Dividends (Bank)
Net Dividends (Reinvested)
Capital Growth
Purchases - Savings
Purchases - Bank
Profit on Sales
$30,000
$20,000
$10,000
$0
Year 2.5
Year 5
Year 7.5
Year 10
Year 12.5
Year 15
Managed Funds: Management Fees
Income
Trailing Fee
Total Management Fees
Management Fee
Performance Fee
Mangement Fee %
$3,000
$2,000
$1,000
$0
1%
Managed Funds: Cumulative Management Fees
Total Trailing Fees
Total Management Fees
$20,000
$10,000
$0

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

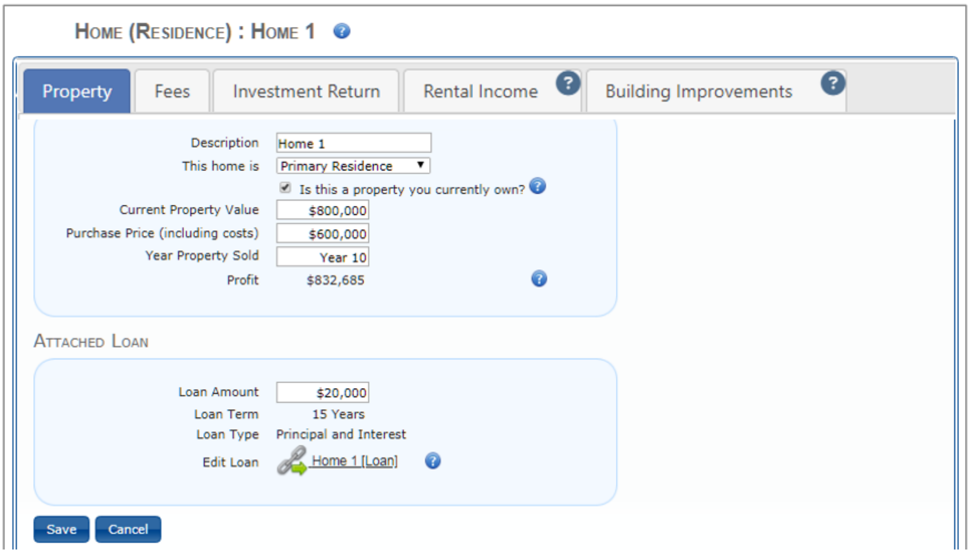
View Data View Graph

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

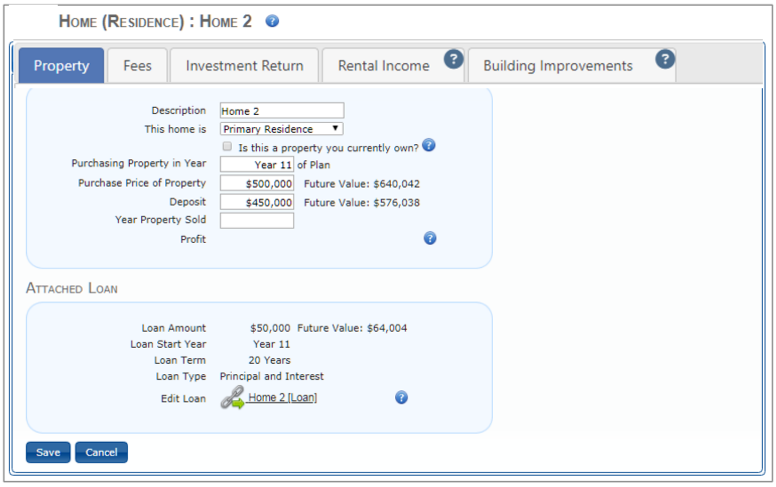
Property – Account Details

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.

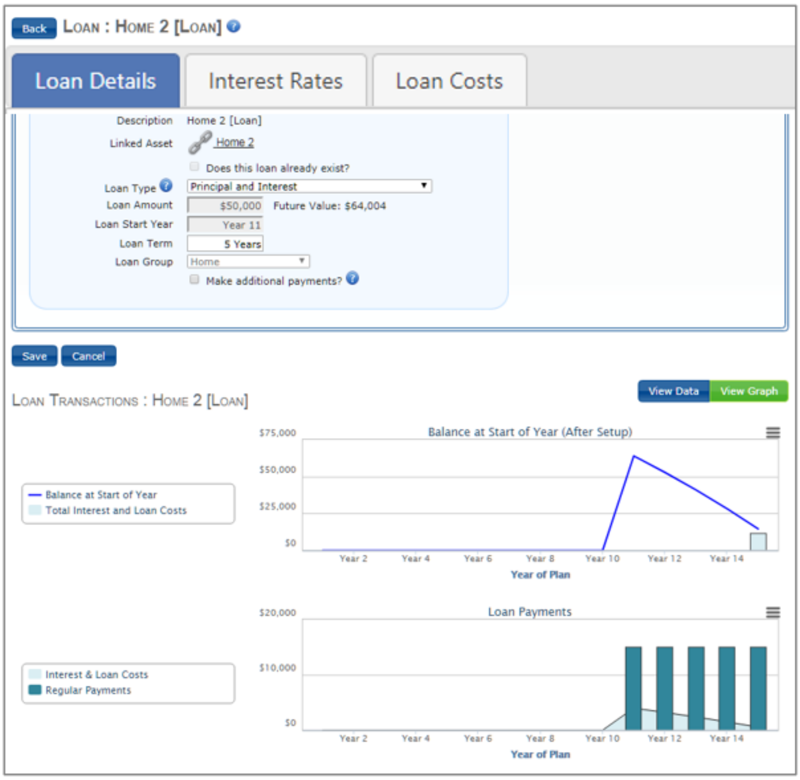
In this case, the Home is currently owned and it is planned to **sell the property** at the End of Year 10. Note that when the account is first created, the Loan details default to a 20-year Principal & Interest Loan with no loan costs. To change the specific details of the loan, you must click on the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

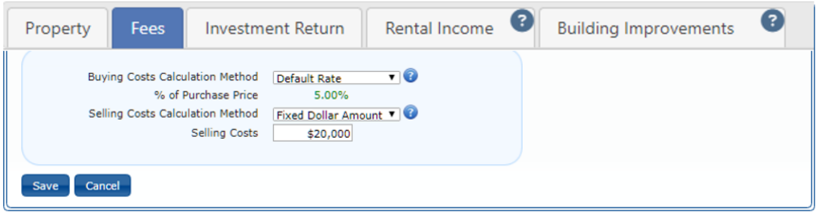


Fees – Buying & Selling Costs

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

The options for both fee types are:

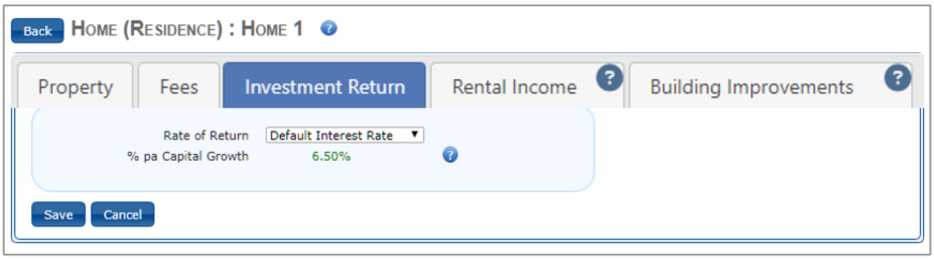
- Default Rate (%)
- Specified Rate (%)
- Fixed Dollar Amount ($ indexed)



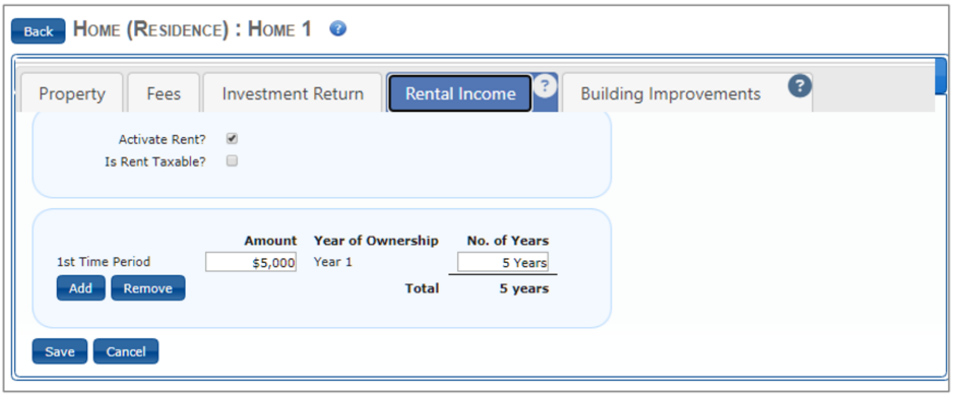
Investment Return

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*.

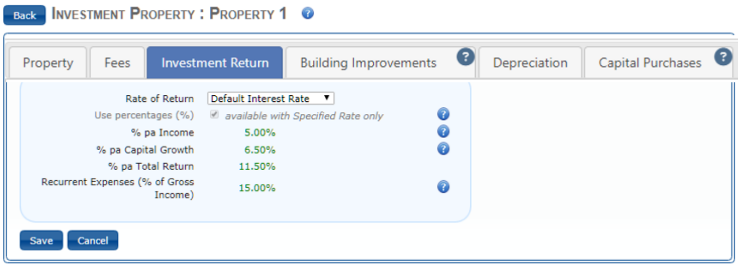


There is a second TAB, **Rental Income**, where this option is required. The Rental income can be nominated for various periods and you may <u>select whether or not the income is Taxable</u>.

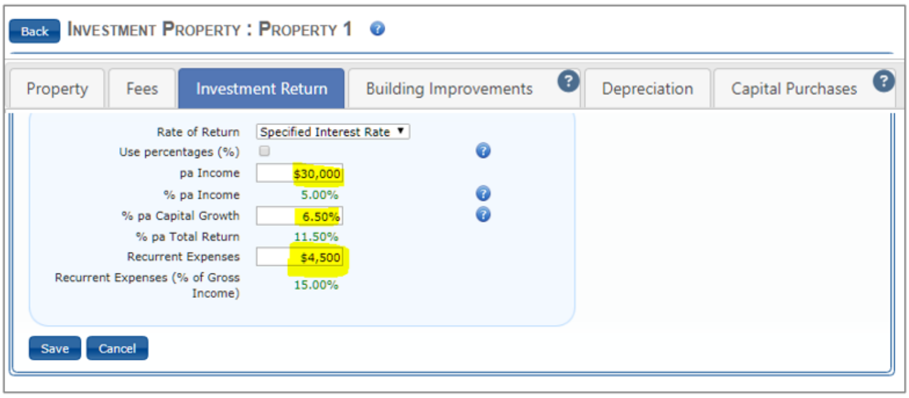


Investment Return – Investment Property

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, thereafter. The *Recurrent Expenses* are calculated as the nominated percentage of the *Gross Income* in each year.

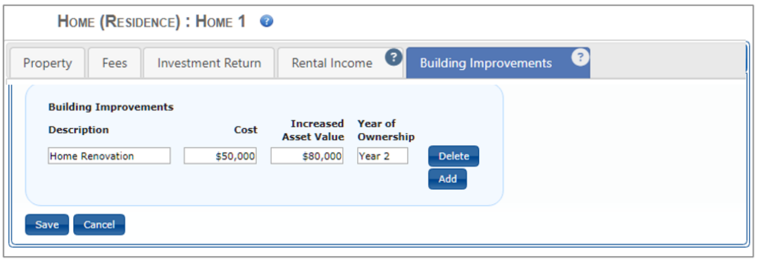
Income & Recurrent Expenses					
Gross Income	$30,000	$30,750	$35,934	$36,832	$37,753
Expenses (Tax Deductible)	$4,500	$4,613	$5,390	$5,525	$5,663
Net Rent	$25,500	$26,138	$30,544	$31,307	$32,090
Net Rent (%)	4.25%	4.09%	3.99%	3.84%	3.70%
Cumulative Net Rent	$25,500	$51,638	$82,181	$113,489	$145,579

Building Improvements & Building Write-off

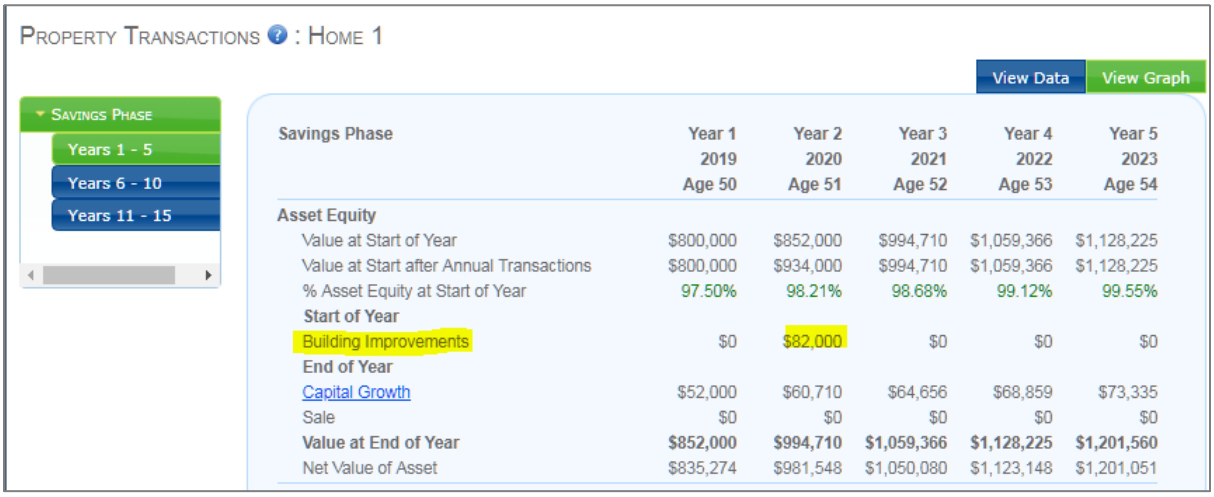
Both types of property can have **Building Improvements**, however, only the Investment Property can have a *Building Write-off*.

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 **Bank Account** at the <u>Start of the Year</u>. 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 Bank Account and will be discussed in the ***Loans Section*** of this document.



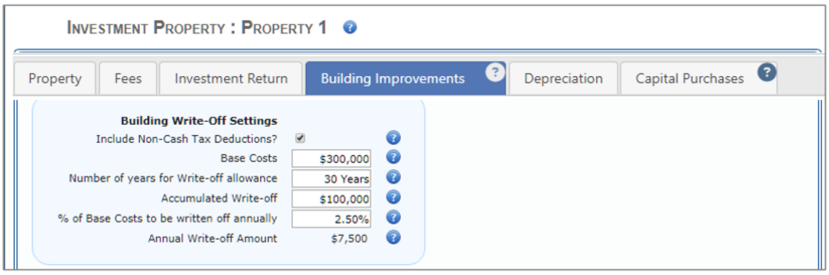
The **Building Improvement** is listed as the indexed *Increased Value*, and the value of the home is adjusted accordingly.



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
Asset Equity					
Value at Start of Year	$800,000	$852,000	$994,710	$1,059,366	$1,128,225
Value at Start after Annual Transactions	$800,000	$934,000	$994,710	$1,059,366	$1,128,225
% Asset Equity at Start of Year	97.50%	98.21%	98.68%	99.12%	99.55%
Start of Year					
Building Improvements	$0	$82,000	$0	$0	$0
End of Year					
Capital Growth	$52,000	$60,710	$64,656	$68,859	$73,335
Sale	$0	$0	$0	$0	$0
Value at End of Year	**$852,000**	**$994,710**	**$1,059,366**	**$1,128,225**	**$1,201,560**
Net Value of Asset	$835,274	$981,548	$1,050,080	$1,123,148	$1,201,051

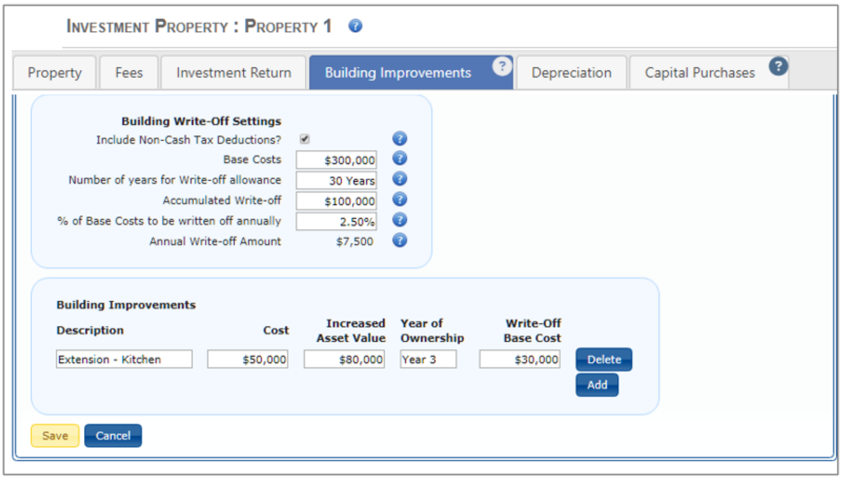
Building Improvements – Building Write-off

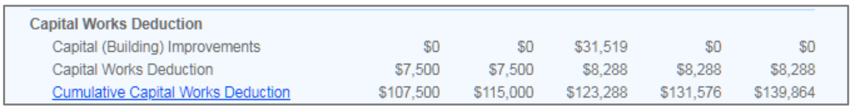
For ***Investment Property***, a current **Building Write-off Settings** can be entered. This is where last year's tax return may come in handy.



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.



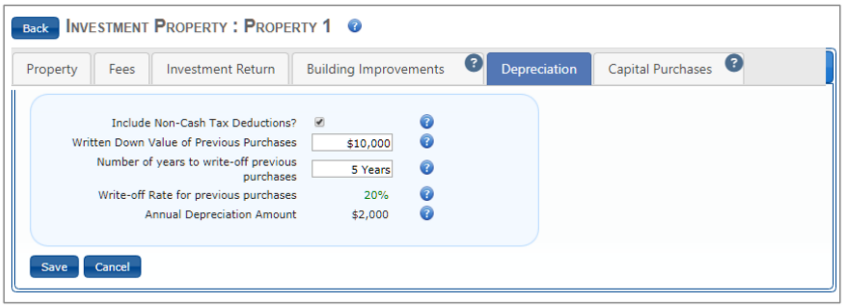


Capital Works Deduction					
Capital (Building) Improvements	$0	$0	$31,519	$0	$0
Capital Works Deduction	$7,500	$7,500	$8,288	$8,288	$8,288
Cumulative Capital Works Deduction	$107,500	$115,000	$123,288	$131,576	$139,864

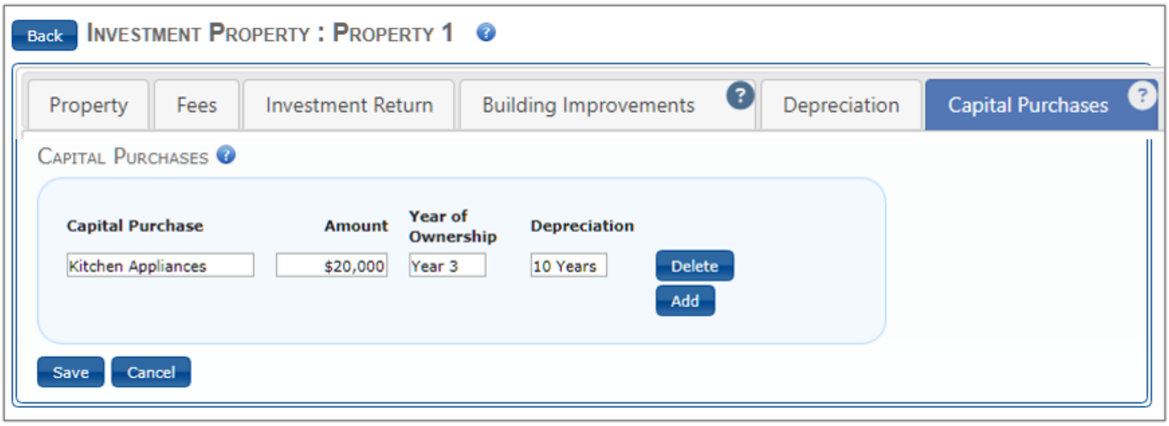
Depreciation & Capital Purchases

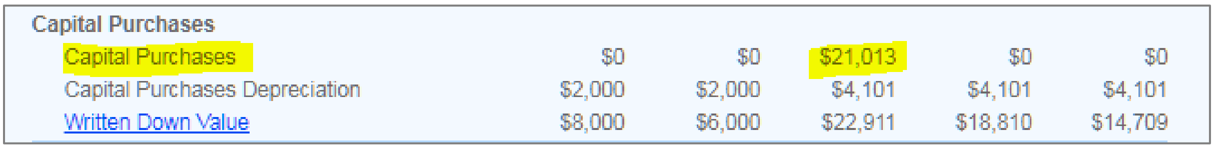
With the ***Investment Property*** and not the Home, **Depreciation** and **Capital Purchases** can be included.

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 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 *Bank Account*.





Capital Purchases					
Capital Purchases	$0	$0	$21,013	$0	$0
Capital Purchases Depreciation	$2,000	$2,000	$4,101	$4,101	$4,101
Written Down Value	$8,000	$6,000	$22,911	$18,810	$14,709

Loans

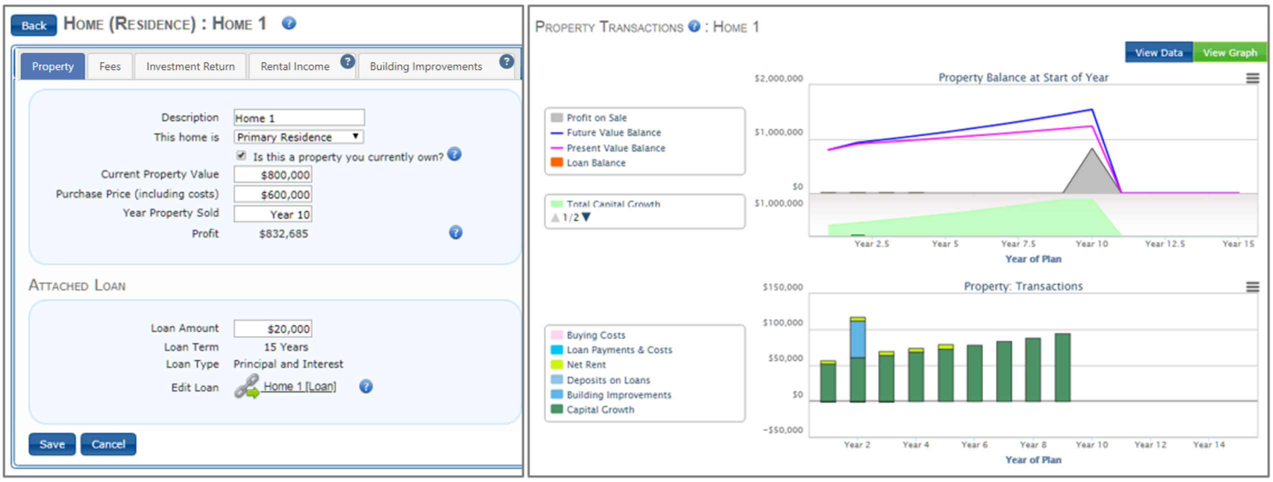
Advice Online has a substantial array of loan features. It has been designed to minimize data entry, so for long term modeling, you may leave them at the default entries. You can click between the 4-loan types, and all the other data, previously entered, such as the interest rate, loan costs, etc will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

Linked and Unlinked Loan

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

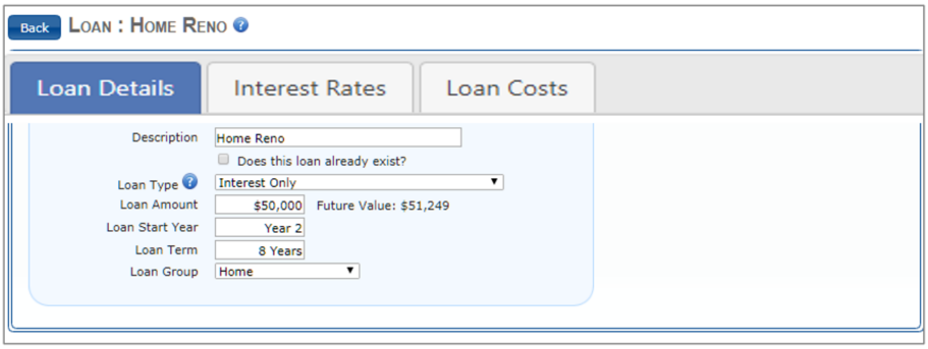
For assets, whether a Home, Investment Property or Share Portfolio you can have one loan linked to that asset. If the asset is sold, then the **Linked Loan** will be repaid at the time of sale. If equity calculations have been activated, then these calculations will apply to the Linked Loan only. If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

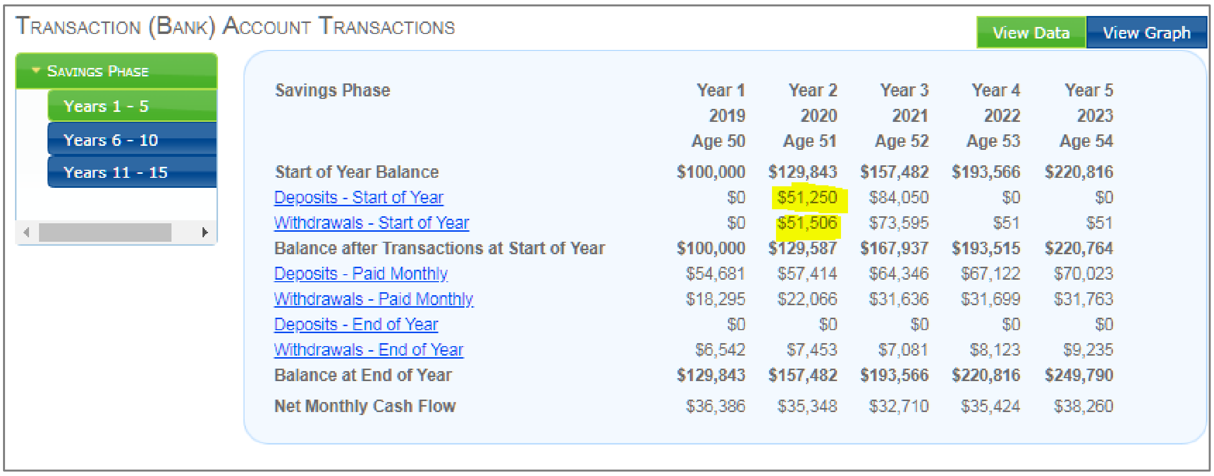


If you recall, a ***Building Renovation*** was undertaken in **Year 2**. Look at the **<u>Property Bank Graph</u>** above.

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



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



TRANSACTION (BANK) ACCOUNT TRANSACTIONS

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
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

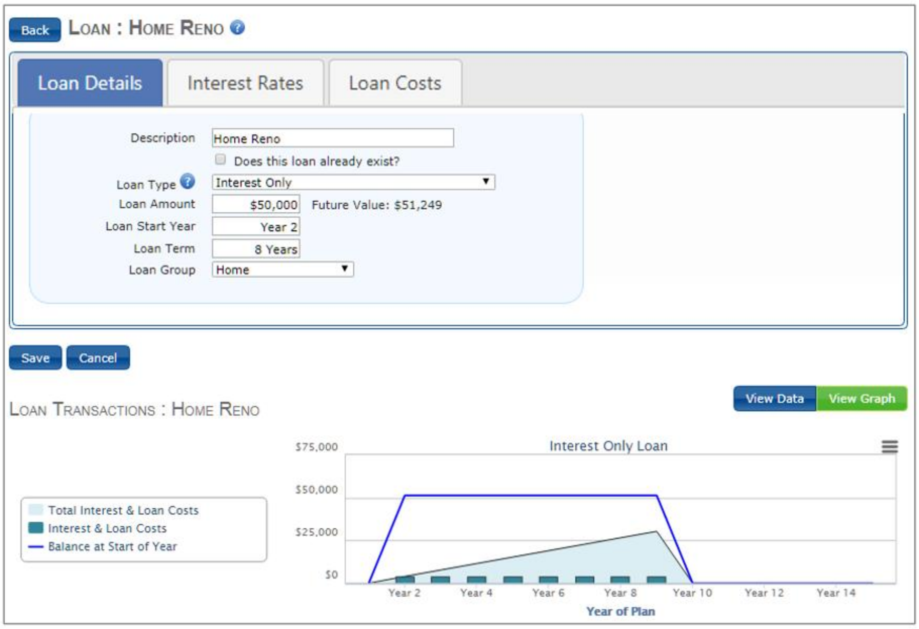
Loan Types

In *Advice Online*, there are 4-Loan Types which may be used:

- Interest Only
- Principal & Interest
- Interest Only followed by Principal and Interest
- Principal and Interest with Options to include:
    - 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.



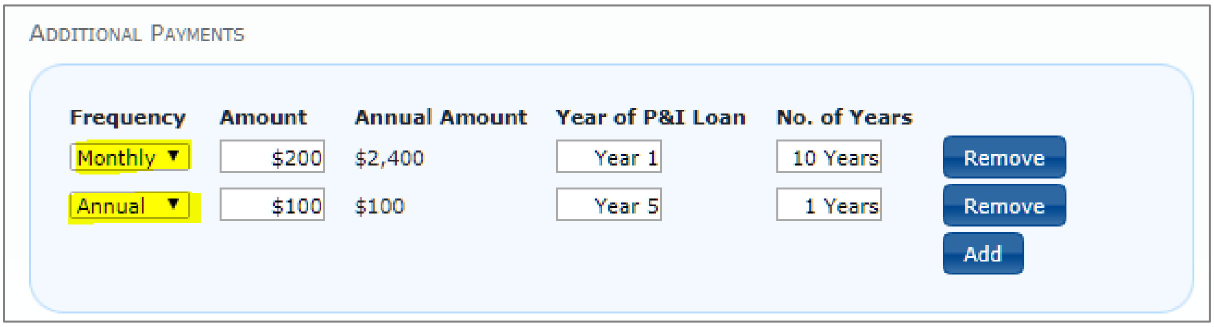
Savings Phase	Year 1 2019 Age 50	Year 2 2020 Age 51	Year 3 2021 Age 52	Year 4 2022 Age 53	Year 5 2023 Age 54
Loan Summary					
Total Annual Loan Payments	$0	$3,711	$3,711	$3,711	$3,711
Capital Costs	$0	$0	$0	$0	$0
Interest Costs	$0	$3,711	$3,711	$3,711	$3,711
Loan Costs	$0	$256	$51	$51	$51
Balance of 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 Interest Loans

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 ***Bank Account*** in the section for **Monthly Payments**.

Annual Payments are deducted from the ***Bank Account*** as an Annual Bank 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**.



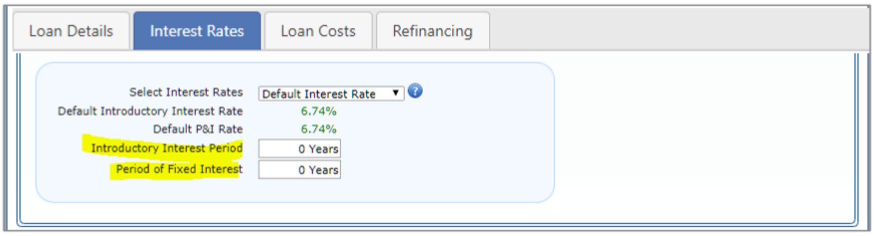
The first graph shows the loan balance with and without **Additional Payments**. The column at the end of the green line displays the **Total Interest and Loan Costs**, with and without **Additional Payments**. The second graph displays the additional payments in pale blue.

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%

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

Introductory Interest Rate

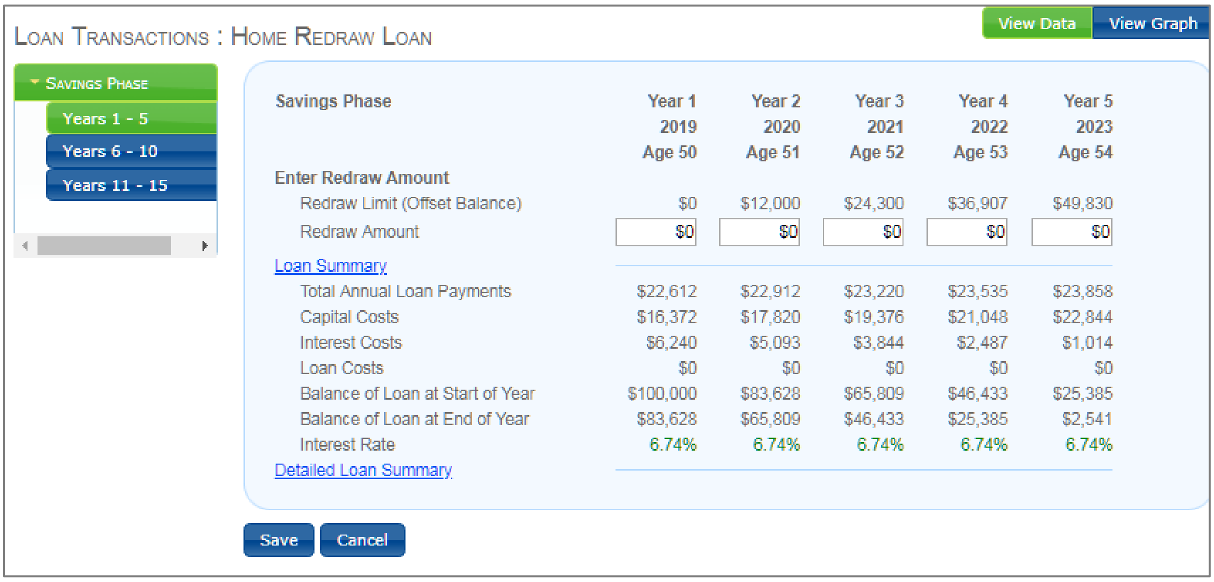
On the TAB ***Interest Rates***, you can include an **Introductory Rate**, and nominate the number of years for this lower rate.



Redraw (Off-set Account)

Having a property ***Off-set Loan Account*** is beyond the scope of *Advice Online*. 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.


LOAN TRANSACTIONS : HOME REDRAW LOAN

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
Enter Redraw Amount					
Redraw Limit (Offset Balance)	$0	$12,000	$24,300	$36,907	$49,830
Redraw Amount	$0	$0	$0	$0	$0
Loan Summary					
Total Annual Loan Payments	$22,612	$22,912	$23,220	$23,535	$23,858
Capital Costs	$16,372	$17,820	$19,376	$21,048	$22,844
Interest Costs	$6,240	$5,093	$3,844	$2,487	$1,014
Loan Costs	$0	$0	$0	$0	$0
Balance of Loan at Start of Year	$100,000	$83,628	$65,809	$46,433	$25,385
Balance of Loan at End of Year	$83,628	$65,809	$46,433	$25,385	$2,541
Interest Rate	6.74%	6.74%	6.74%	6.74%	6.74%
Detailed Loan Summary					

Save | Cancel

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


LOAN TRANSACTIONS : HOME REDRAW LOAN

View Data | View Graph

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

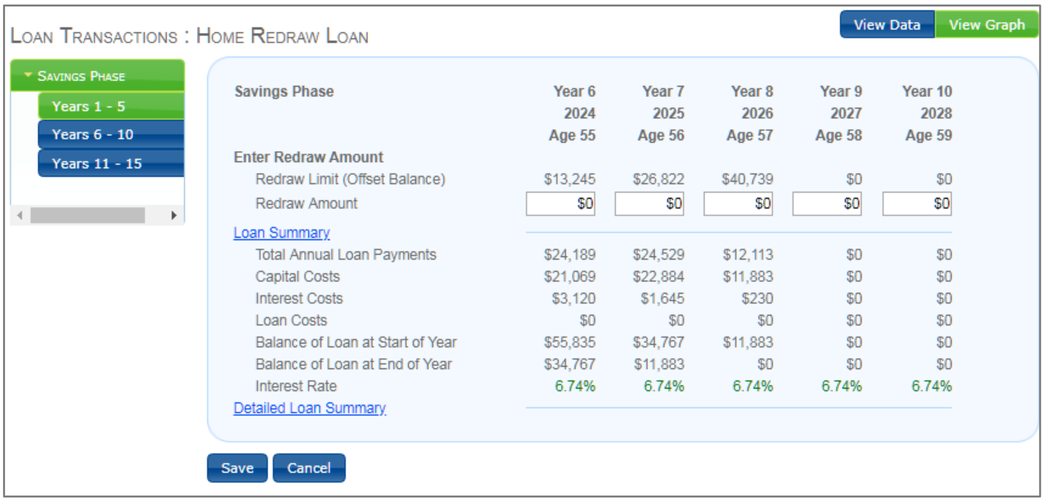
Savings Phase	Year 6 2024 Age 55	Year 7 2025 Age 56	Year 8 2026 Age 57	Year 9 2027 Age 58	Year 10 2028 Age 59
Enter Redraw Amount					
Redraw Limit (Offset Balance)	$63,075	$0	$0	$0	$0
Redraw Amount	$0	$0	$0	$0	$0
Loan Summary					
Total Annual Loan Payments	$2,559	$0	$0	$0	$0
Capital Costs	$2,541	$0	$0	$0	$0
Interest Costs	$17	$0	$0	$0	$0
Loan Costs	$0	$0	$0	$0	$0
Balance of Loan at Start of Year	$2,541	$0	$0	$0	$0
Balance of Loan at End of Year	$0	$0	$0	$0	$0
Interest Rate	6.74%	6.74%	6.74%	6.74%	6.74%
Detailed Loan Summary					

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.

Loan Transactions : Home Redraw 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
Enter Redraw Amount					
Redraw Limit (Offset Balance)	$0	$12,000	$24,300	$36,907	$49,830
Redraw Amount	$0	$0	$0	$0	$49,830
Loan Summary					
Total Annual Loan Payments	$22,612	$22,912	$23,220	$23,535	$23,858
Capital Costs	$16,372	$17,820	$19,376	$21,048	-$30,450
Interest Costs	$6,240	$5,093	$3,844	$2,487	$4,478
Loan Costs	$0	$0	$0	$0	$0
Balance of Loan at Start of Year	$100,000	$83,628	$65,809	$46,433	$25,385
Balance of Loan at End of Year	$83,628	$65,809	$46,433	$25,385	$55,835
Interest Rate	6.74%	6.74%	6.74%	6.74%	6.74%

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



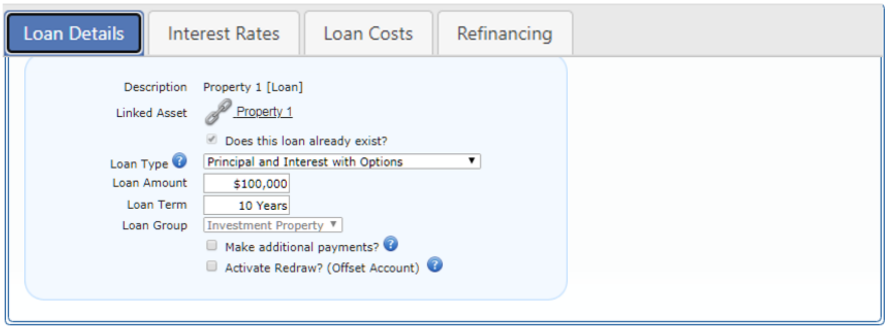
Loan Transactions : Home Redraw Loan

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
Enter Redraw Amount					
Redraw Limit (Offset Balance)	$13,245	$26,822	$40,739	$0	$0
Redraw Amount	$0	$0	$0	$0	$0
Loan Summary					
Total Annual Loan Payments	$24,189	$24,529	$12,113	$0	$0
Capital Costs	$21,069	$22,884	$11,883	$0	$0
Interest Costs	$3,120	$1,645	$230	$0	$0
Loan Costs	$0	$0	$0	$0	$0
Balance of Loan at Start of Year	$55,835	$34,767	$11,883	$0	$0
Balance of Loan at End of Year	$34,767	$11,883	$0	$0	$0
Interest Rate	6.74%	6.74%	6.74%	6.74%	6.74%

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.

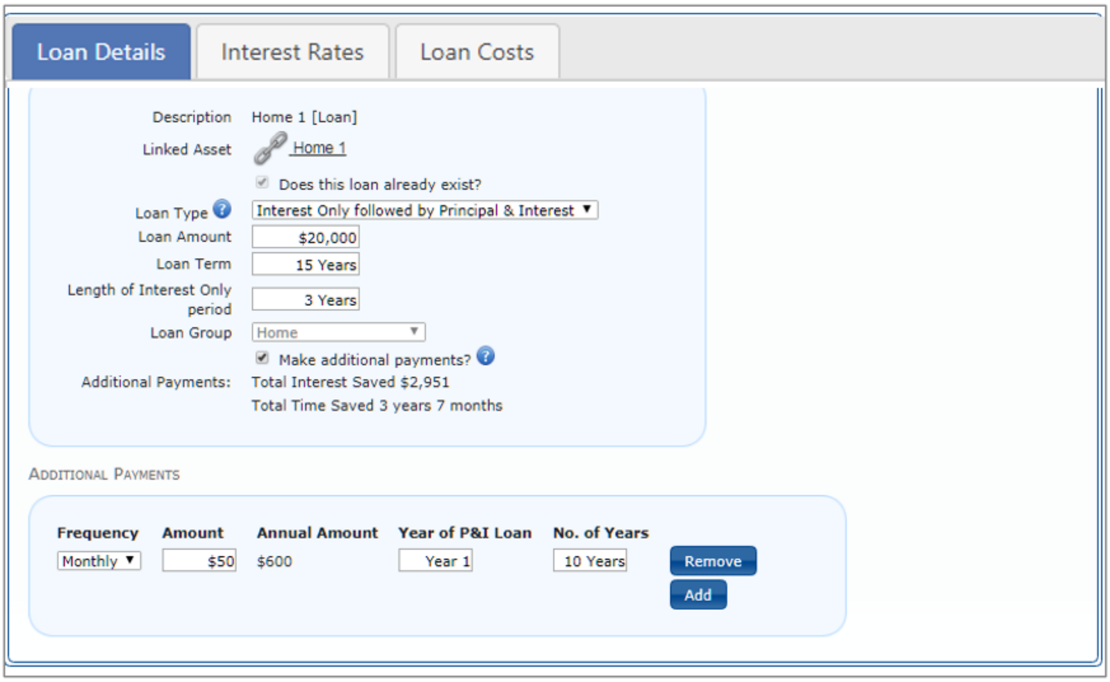
Once this information has been SAVED, you should click on the LINK, Property 1 [Loan Refinance 1], and make any further adjustments to this new loan.

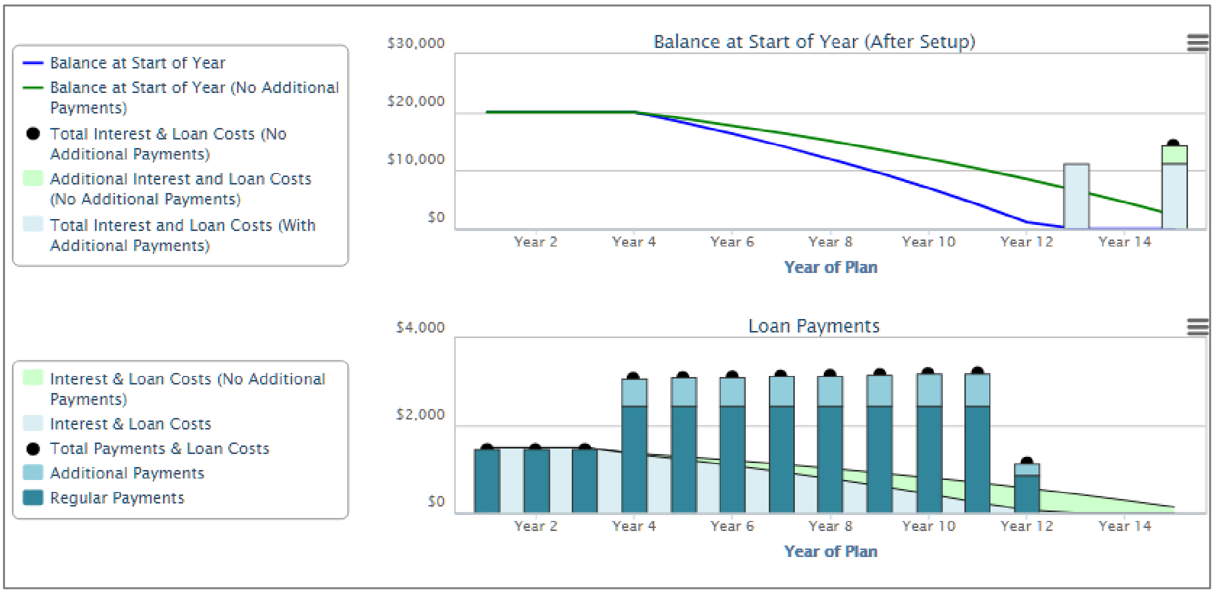
Interest Only Loan Followed by a Principal and Interest Loan

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.

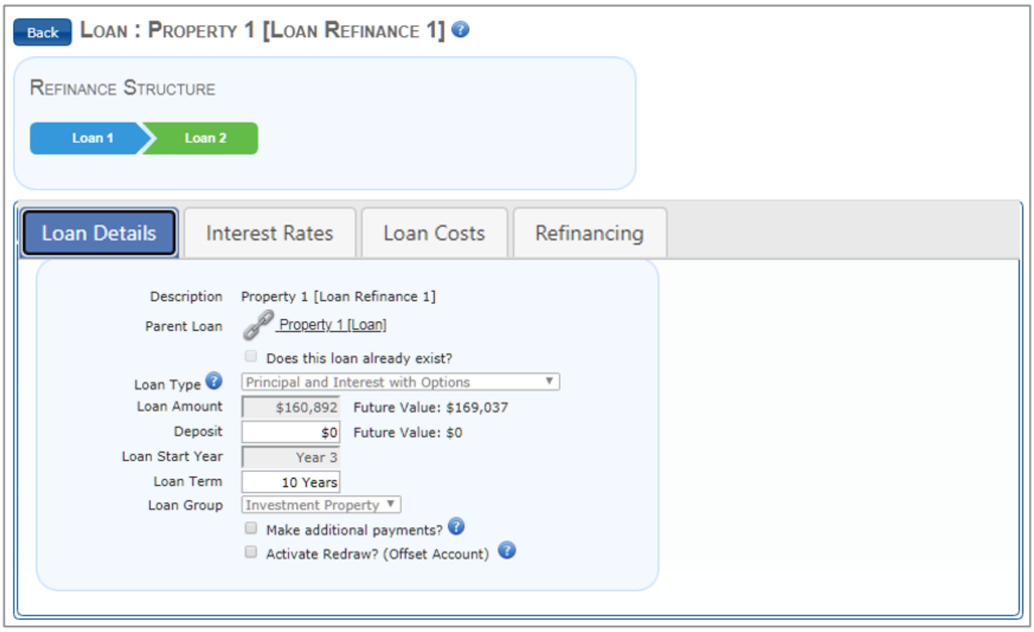
This is an example of such a loan, but it has not been used in the plan.



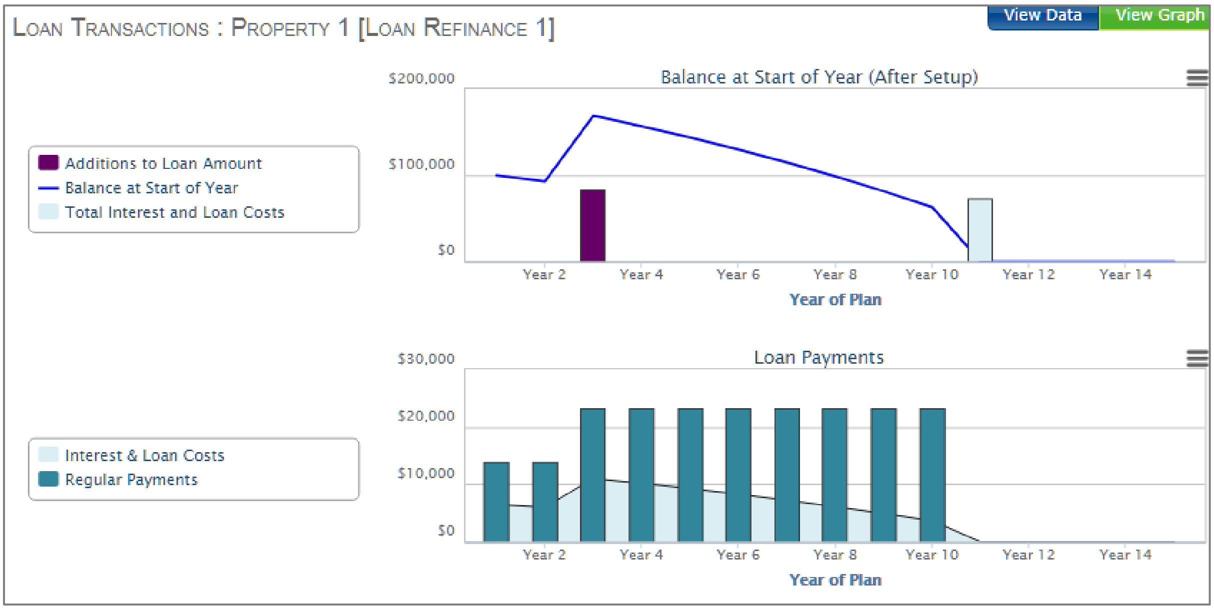

Balance at Start of Year
Balance at Start of Year (No Additional Payments)
Total Interest & Loan Costs (No Additional Payments)
Additional Interest and Loan Costs (No Additional Payments)
Total Interest and Loan Costs (With Additional Payments)
Balance at Start of Year (After Setup)
$30,000
$20,000
$10,000
$0
Year 2
Year 4
Year 6
Year 8
Year 10
Year 12
Year 14
Year of Plan
Interest & Loan Costs (No Additional Payments)
Interest & Loan Costs
Total Payments & Loan Costs
Additional Payments
Regular Payments
Loan Payments
$4,000
$2,000
$0
Year 2
Year 4
Year 6
Year 8
Year 10
Year 12
Year 14
Year of Plan

Advice Online – Additional Resources

You now have two loans which you can toggle between using the Menus. 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.



Advice Online – Additional Resources

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]

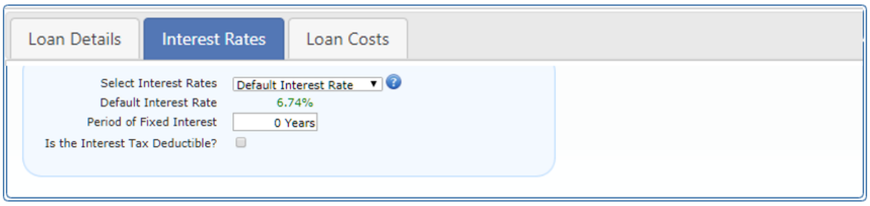
View Data | View Graph

- 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

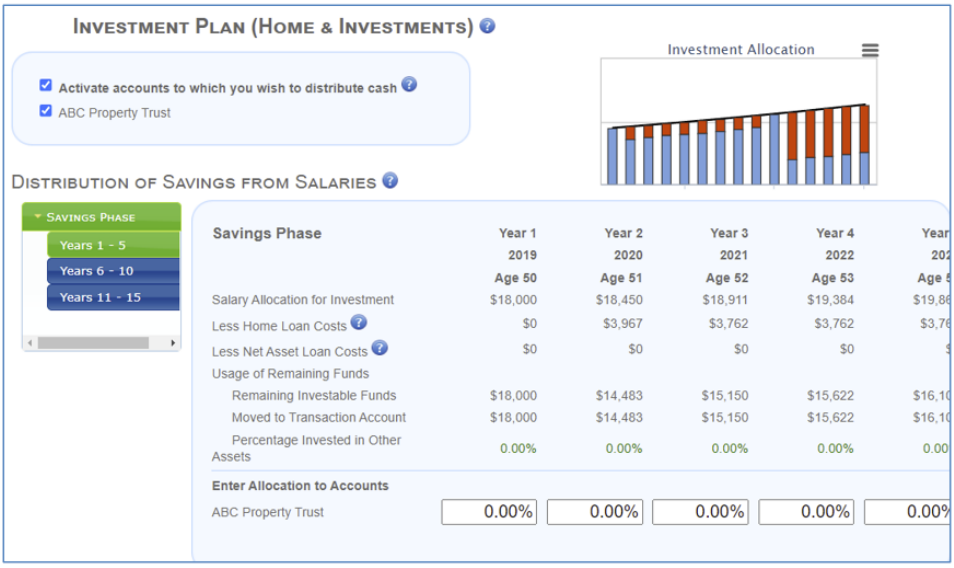
On the TAB**, Interest Rates**, you can change the rate from *Default* to *Specified*. You can also Tick the box for *Tax Deductible* where appropriate.



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 **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 **Bank 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%

Advice Online – Additional Resources

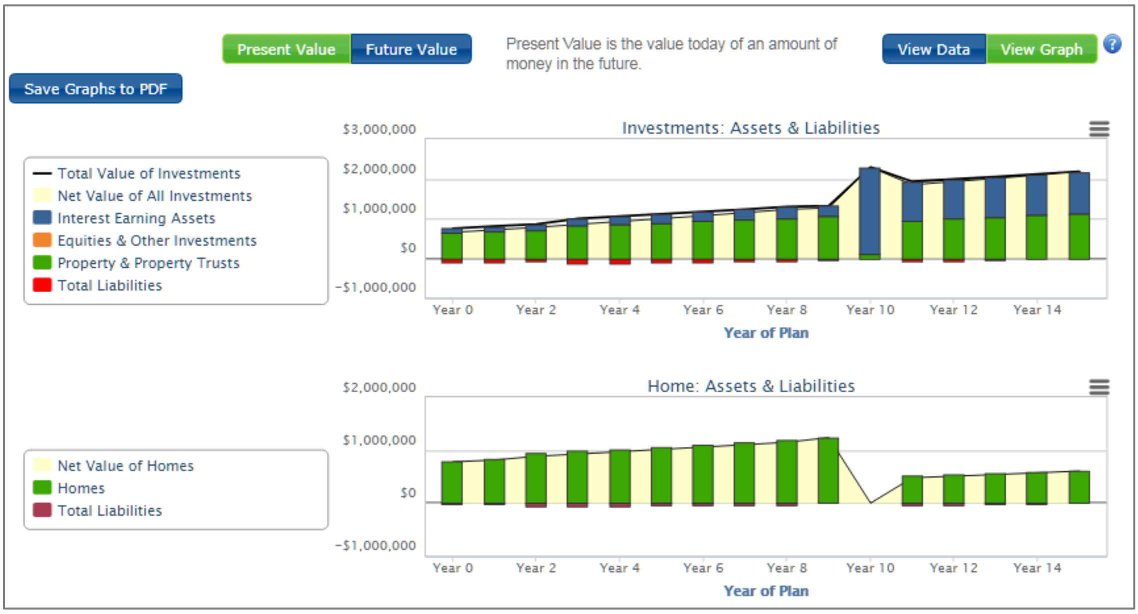
This is the Graph View of the ***Tax Estimator***. This is available as a **SmartPanel** to include in your Reports.

Plan Outcomes

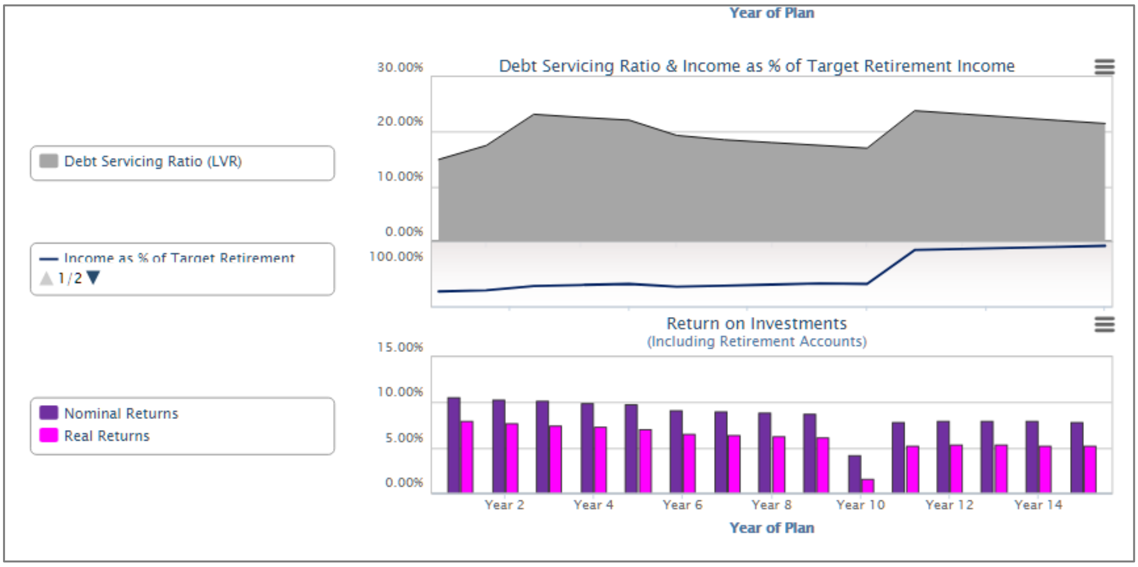
On the Menu, ***Reports***, **Plan Outcomes** can be accessed. The plan consists of the Bank Account, Property Trust, Investment Properties and Homes

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 ***Bank 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***.

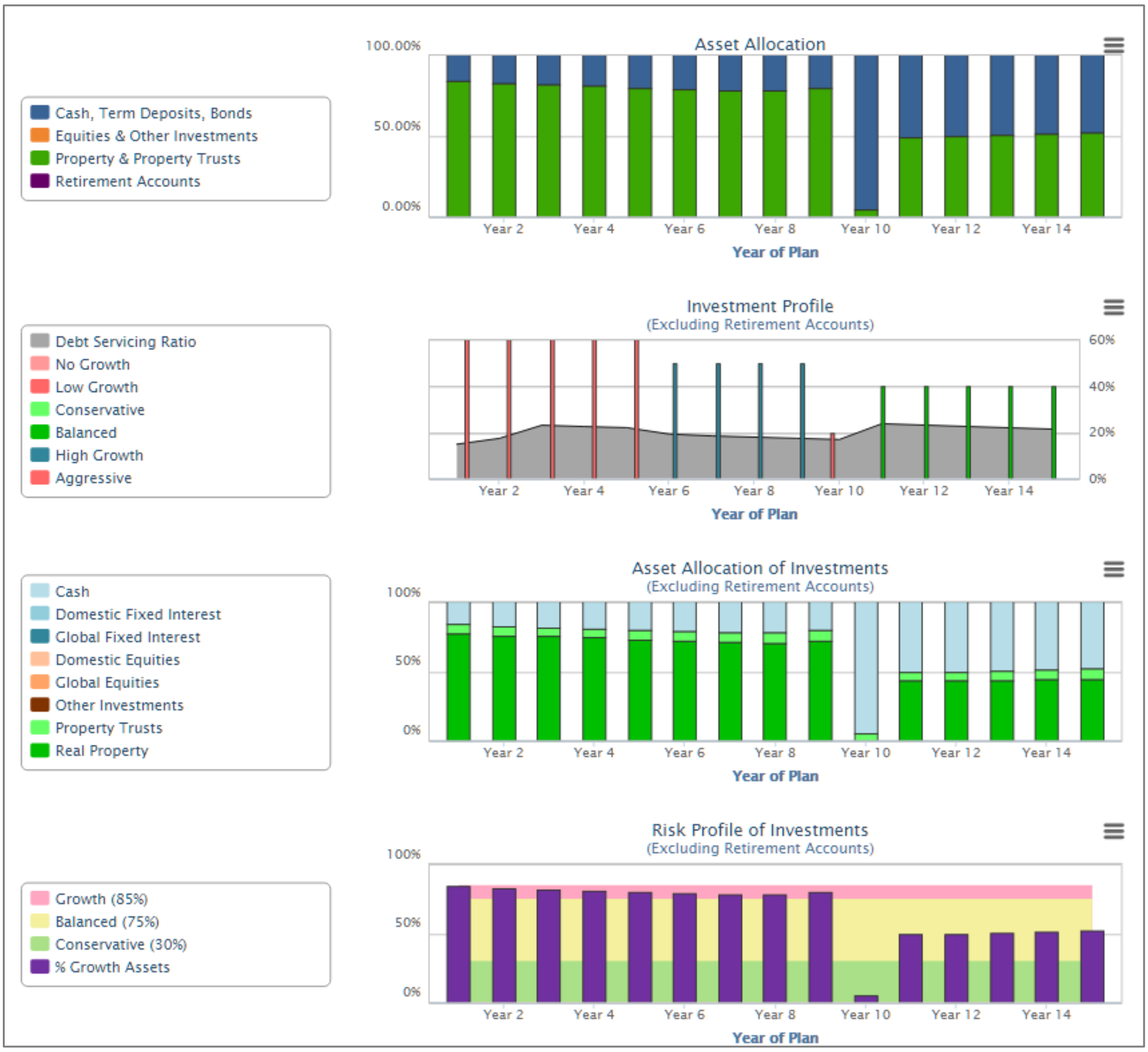


Debt Servicing Ration and Return on Investments for all assets are calculated.



Advice Online – Additional Resources

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					

Advice Online – Additional Resources

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%

This software should not be relied on for the purposes of making a decision in relation to any financial product and you should consider obtaining advice from a financial services licensee before making any financial decisions. Default rates used by the software are explained in the Disclosure Statement. If you change the default rates or specify your own rates, you are responsible for the calculation outcomes, and the Disclosure Statement does not apply.

Report generated by **FinancialMappers®** version 3.105.0.0 on 21/10/2021. Page 8 of 17

Plan Map
Assets: Home, Investments & Retirement Accounts

Based on plan "Real Estate"
John Citizen

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%.

New Zealand Advisers

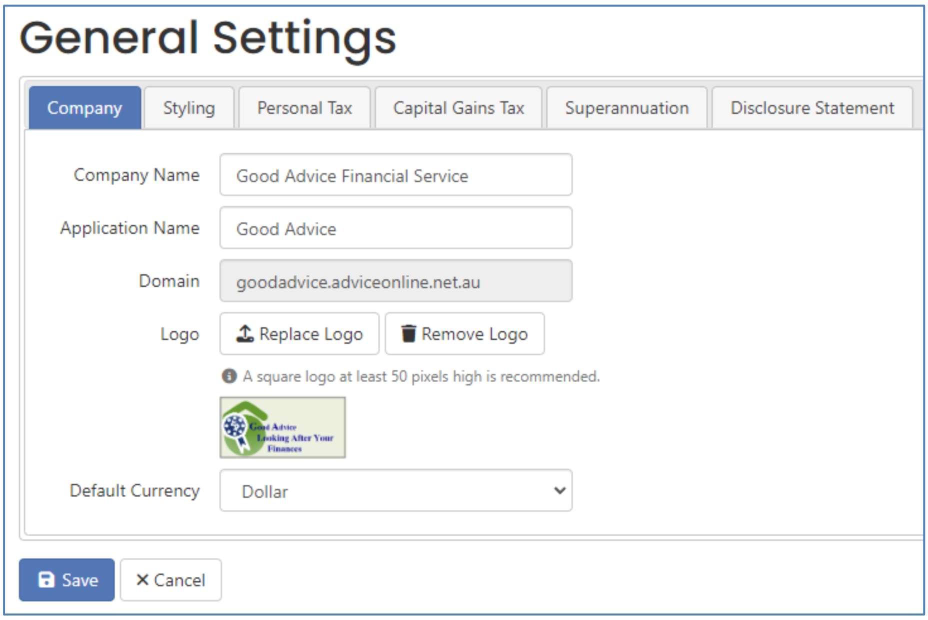
Advice Online has been customized for Financial Advisers in New Zealand. This allows the adviser to set the **Default Settings to New Zealand**.

These include New Zealand Income Tax, New Zealand Superannuation, KiwiSaver and Economic Historical Data for New Zealand

Company Settings

The person nominated for the role of **Administrator**, will set the company settings. They also are the only person who can change **Company Default Rates** and configure the **Report Builder.**

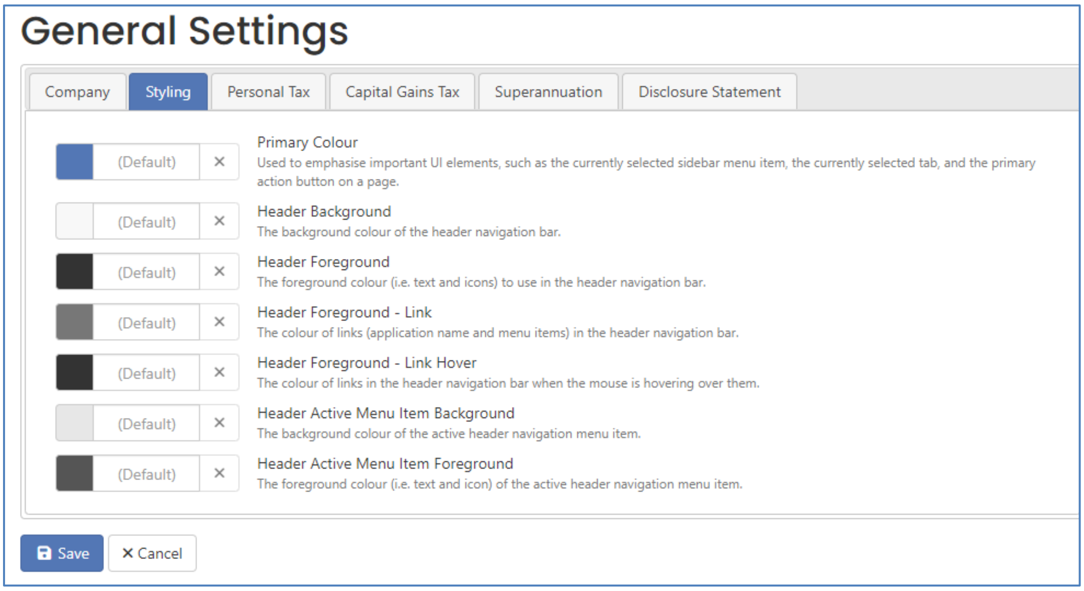
Company



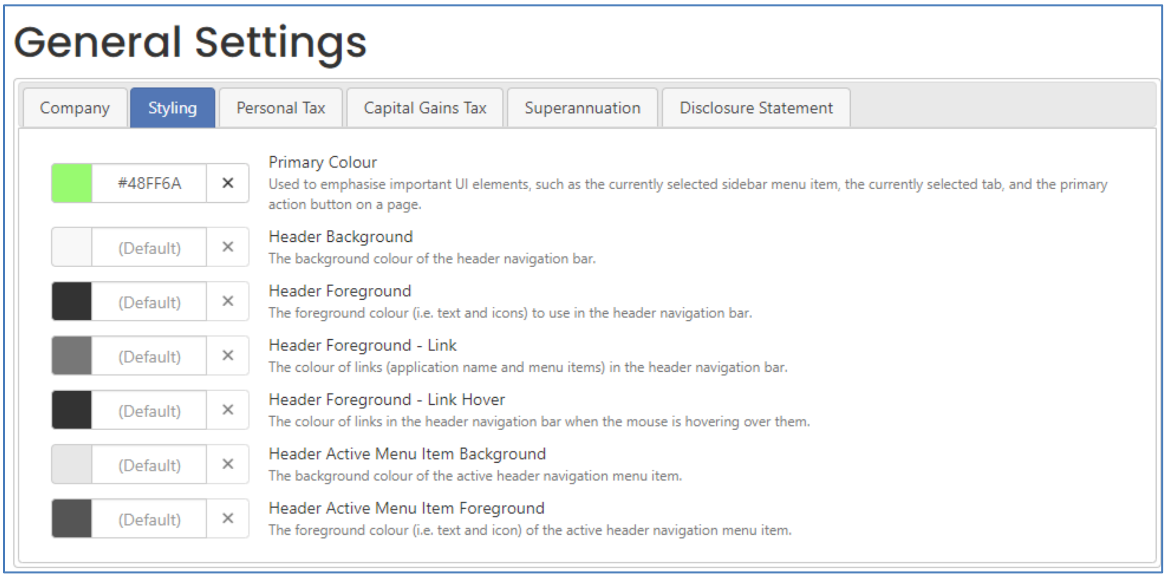
The Company Name and the Application name are Placeholders found in the list System.
The Application Name is a shortened version of the Company Name and is used on the software top banner.

Styling

This allows you to customize the colors applied to the software. These are the default colors:



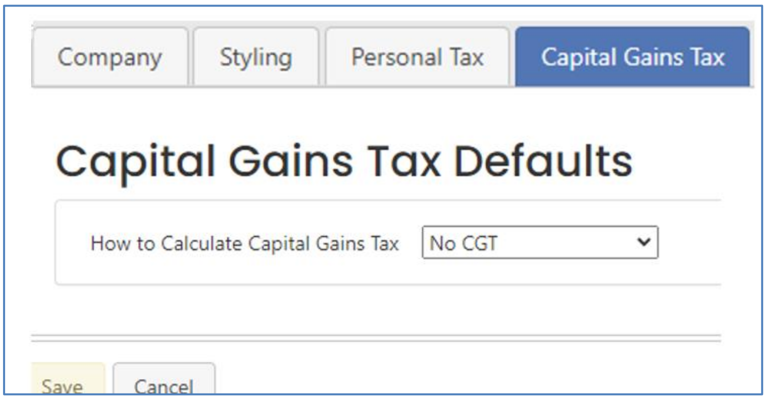
If the primary color for your company were, say, green then you could select Green. You can also modify all the other options, but shades of grey were chosen as the defaults as they are most likely to fit with any primary color.



Personal Tax

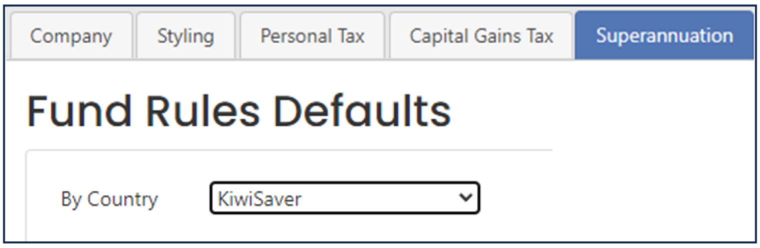
Advice Online includes the Income **Tax Rates for New Zealand** and a selection of other countries. These are updated. However, if the current or impending rates are not listed, contact Support they will be added to the list. You cannot EDIT the values. *(Australian rates were last updated in 2021)*

Capital Gains Tax



Superannuation

This section can include ***KiwiSaver*** (*second option to Australian Superannuation*) and **not** New Zealand Superannuation which is displayed as *Pensions from External Sources*.



Disclosure Statement

Advice Online – Additional Resources

Every company should upload a **Disclosure Statement**. This statement is included at the start of every Report. This is an example in the ***Onboarding Documents***.

This software is intended for a Licenced Financial Adviser to create a financial plan, based on the information provided in the Fact Find, that has been completed by the client. This information is imported into a Financial Plan and is optimized by the Financial Adviser generating this report, based on the objectives of the client. 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.

The Financial Plan created by your Financial Adviser will be available for you to view.

The person writing this Report, (Advice Document) will have taken into consideration the most appropriate advice for your personal financial situation.

Default assumptions used for returns on investments and interest rates on loans will be based on the approximate average investment returns, with the time period being selected by the adviser.

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

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

If you have any concerns, discuss these with your adviser.

Advice Online – Additional Resources

Company Default Rates

Each company sets the **Default Rates**. These remain across the platform for all users and can only be changed by the *Chief Administrator*.

These are values taken for Historical Data in Australia.

These are the values taken from the Historical Data in New Zealand.

New Zealand	**Average Historical Rates**			
	20 Yrs	**15 Yrs**	**10 Yrs**	**5 Yrs**
Start Year	2002	2007	2012	2017
End Year	2021	2021	2021	2021
Inflation	2.25%	2.13%	1.71%	2.55%
Home Loan Standard	6.81%	6.34%	5.64%	5.29%
Investment Property Loan (+ 0.5% Margin Home)	7.31%	6.84%	6.14%	5.79%
Share Portfolio Loan (+1% Margin Home)	7.81%	7.34%	6.64%	6.29%
Personal Loan (+3% Margin Home)	9.81%	9.34%	8.64%	8.29%
Cash Rate (90 BB +1%)	4.82%	3.96%	2.92%	1.98%
Term Deposit 180 BB	3.82%	2.96%	1.92%	0.98%
Bonds - 5 yrs	3.99%	3.33%	2.35%	1.51%
Share Dividend	3.61%	3.61%	3.61%	3.61%
Share Capital Growth	8.92%	6.86%	15.04%	13.95%
Managed Fund Dividend	4.27%	4.11%	3.93%	3.80%
Managed Fund Cap Grth	9.00%	7.01%	13.30%	12.84%
Pension Fund	13.27%	11.13%	17.23%	16.64%
Property Income	5.00%	5.00%	5.00%	5.00%
Property Cap Growth	9.13%	7.26%	10.40%	10.98%
Ave Share & Prop Cap Growth	9.02%	7.06%	12.72%	12.47%

Note *Advice Online* does not want to give advantage to either equity or real estate investments. Therefore, it has chosen to use the average rate for both categories. However, you can use what you believe is appropriate for your company. You do not have to use Default Rates, but rather **Specified Rates**. All Reports advise the rate used for each account in the ***Conversational SmartPanel*** for the account.

Report Builder

The **Administrator** must create the company's reports using the ***Report Builder***.
Refer to detailed instructions in the Document, **Report Builder**.

Template Reports

The software is prefilled with a selection of **Template Reports**. These can be copied to your platform. Note that you must **PUBLISH** the Report after it has been copied. It is recommended that all the Reports in *Advice Online* be made visible to clients. You will need to ***Tick the Tab***, **Make Visible to Clients.**

There is only one Template Reports are:

- Advice Record (with versions for Savings, Retirement and Transition plans)

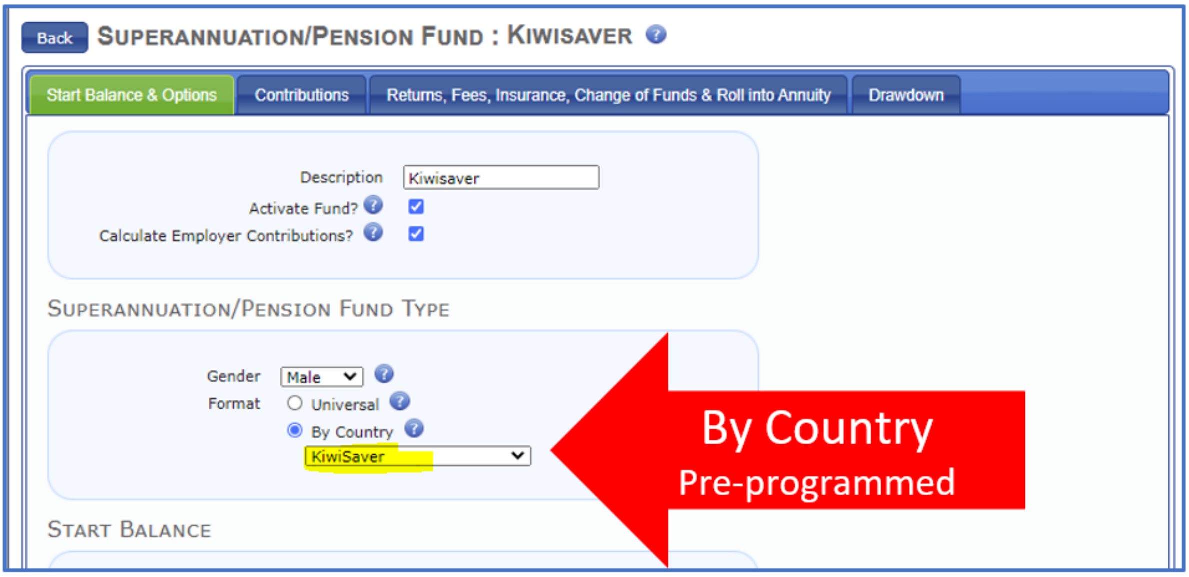
You should have one Advice Document made "Visible to Client", so your advice can be viewed by the client when they are give access to the Reports. These are available after you Publish the Advice.
If you have other Advice Documents, you should make these "Not Visible to Clients". When appropriate, you can generate the report as a PDF and then upload it to the Client Connect Portal.

KiwiSaver

General Information

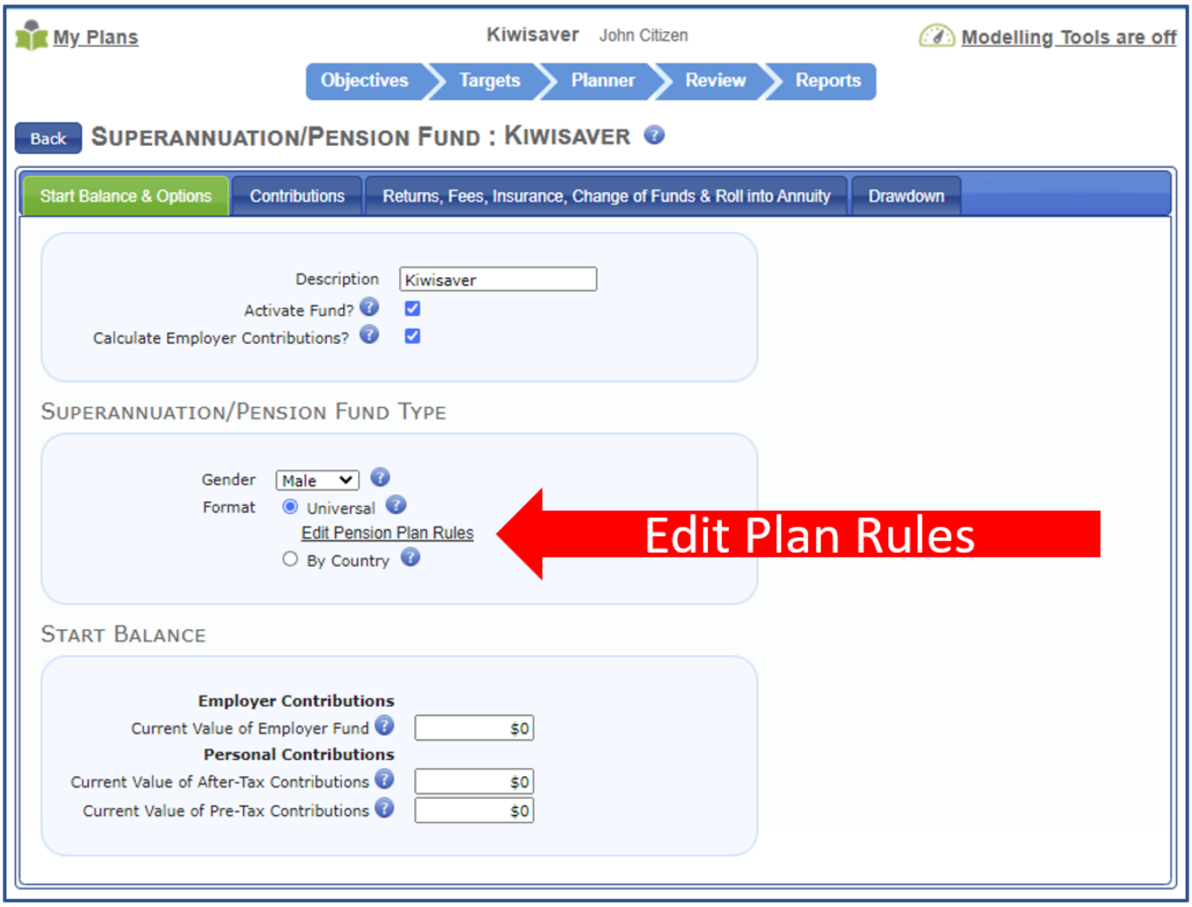
The software has two means by which you can use a ***KiwiSaver***. The first is using the pre-programmed information in the selection **By Country**.

Please note that the rules for **Government Co-Payment** have not been completed, but there is a means by which to add that information for **Non-Means Tested Government Co-Payment** in the TAB **Contributions**.



The software will also allow you to create a customized version using the **Universal Option**. Here you can edit the rules so that the selection is more likely to suit your specific needs. For example, your PIR may be less than the Programmed version which uses the highest rate of 28%.

As the options are detailed below, the highlighted values are those selected for the Pre-programmed version.



By clicking on the ***LINK* Edit Pension Plan Rules**, you can create the rules appropriate to your KiwiSaver account.

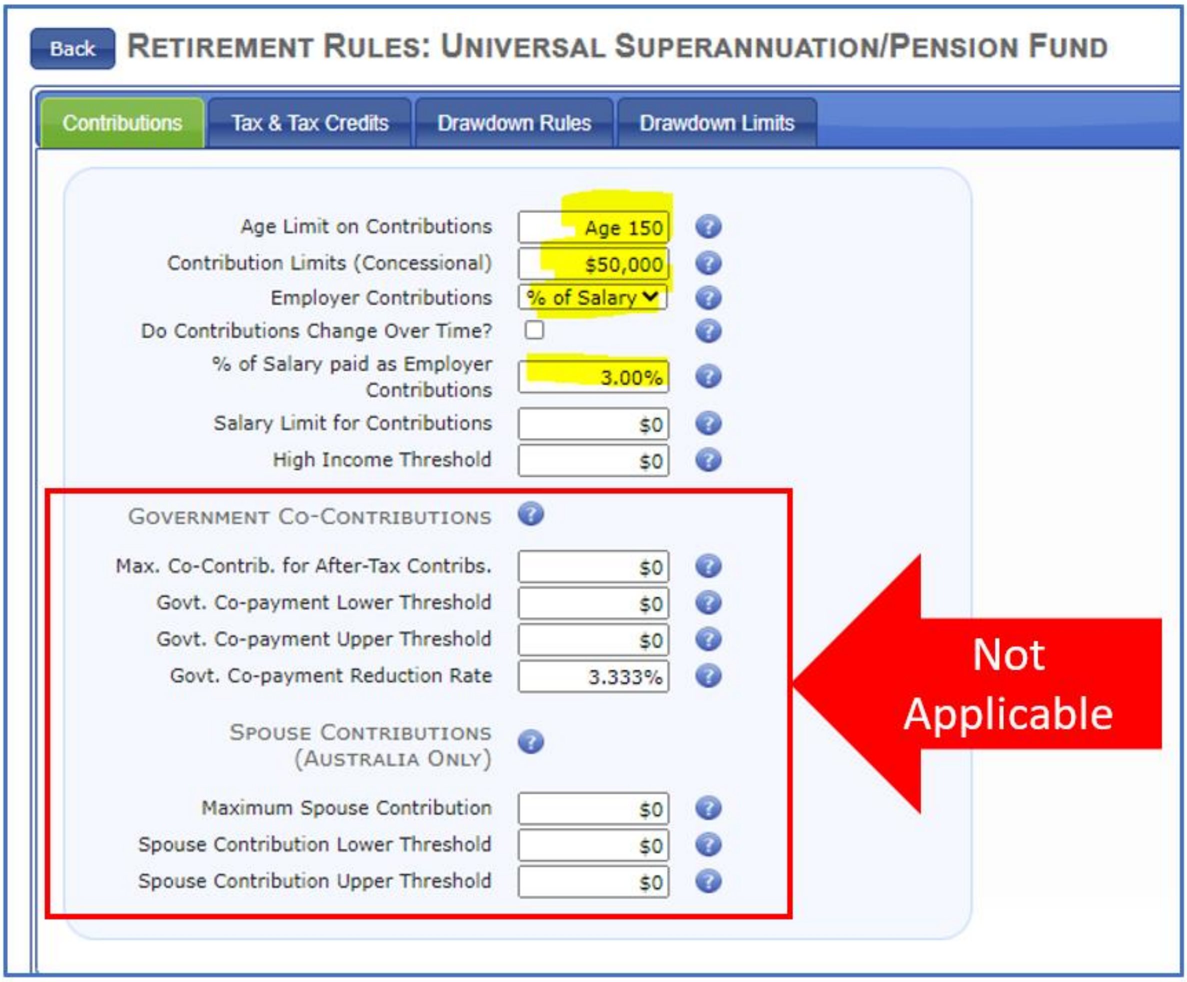
Contributions TAB

Please note that the Government Co-Contribution is not suitable for KiwiSaver as this is designed for the Australian model, where the payment is restricted to Low-Income earners.

The sections you complete are:

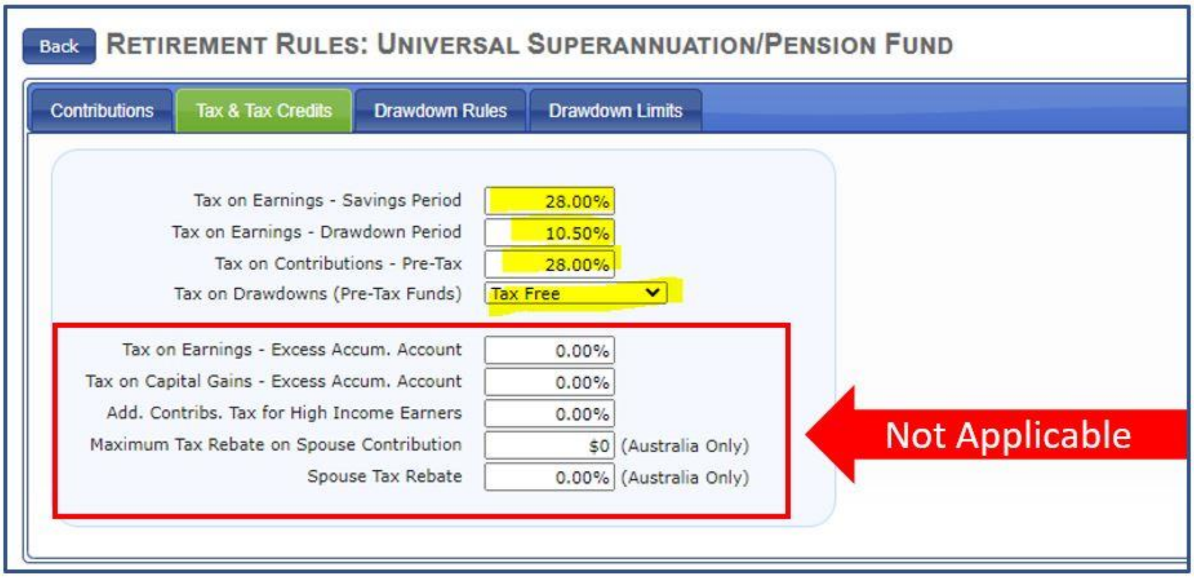
> ***Age Limit on Contributions*** – if there is no limit, simply enter an age greater than Life Expectancy – say 150.
>
> ***Contribution Limits*** – If there is no limit, add a value greater than what you would normally contribute. If you don't the software will tell you that you have exceeded the limit. Even if you do exceed the limit, the software does not prevent you from making a higher value contribution. It simply gives a warning.

Employer Contributions – Enter the rate applicable for you. The standard is 3%. This value can also be overridden in the **Salary Section** where it asks if your Salary has Employer Superannuation deducted from the Salary.



Tax and Tax Credits

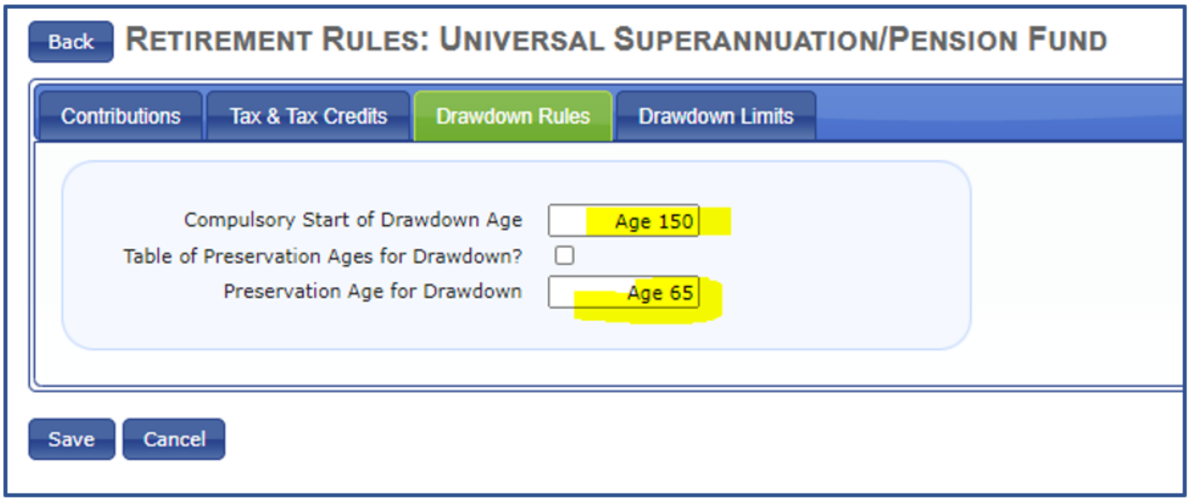
The values you enter will depend on your estimated tax throughout the period. To be safe you could leave it at the highest rate of 28%. If you retain a balance in your account during the Retirement phase, it is likely your Tax Rate will be less, say, the lowest rate of 10.5%.



Drawdown Rules

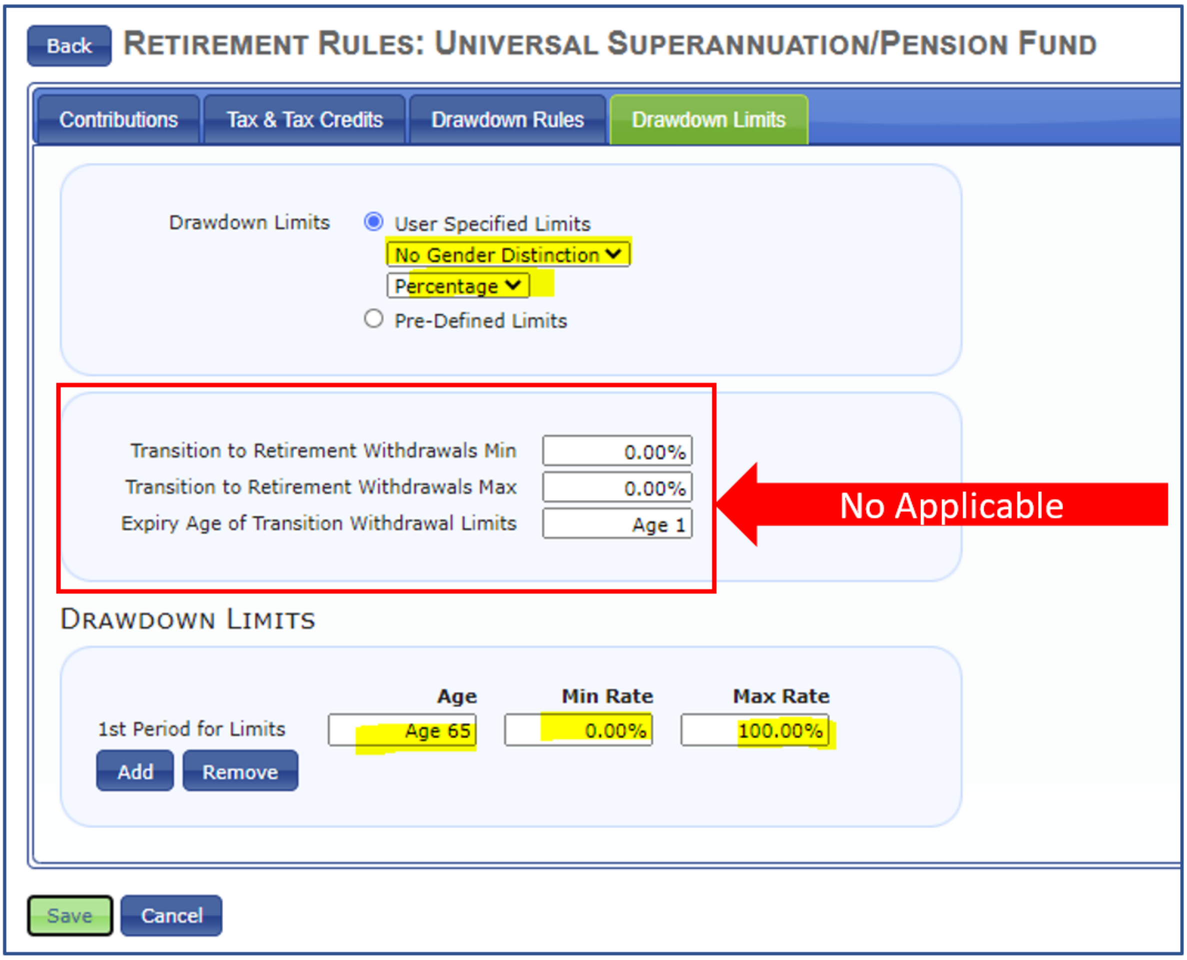
Where there is no **Compulsory Start of Drawdown**, select a number which is greater than life-expectancy, say 150.

The **Preservation Age** is the age at which you are allowed to access your funds in retirement.



Drawdown Limits

As there appears to be no regulation limiting the withdrawal of funds once the Preservation Age is reached, this is left with no minimum withdrawal and one can withdraw up to 100% of the fund in any year.



Government Co-Contribution

The New Zealand Government will automatically make a Co-Payment of up to $521 where certain conditions are met. These conditions related to:

- Earning a minimal Salary.
- Making Personal Pre-Tax Contributions to the minimum value

The software does not determine if you are eligible for the Co-Payment, and you should only enter the value where you believe you will be entitled.

Pre-Tax Contributions

How the software manages the Pre-Tax Contributions is the following:

The amount of the Pre-Tax Contribution is deducted from the Taxable Income as a Personal Deduction so that you are not taxed twice.

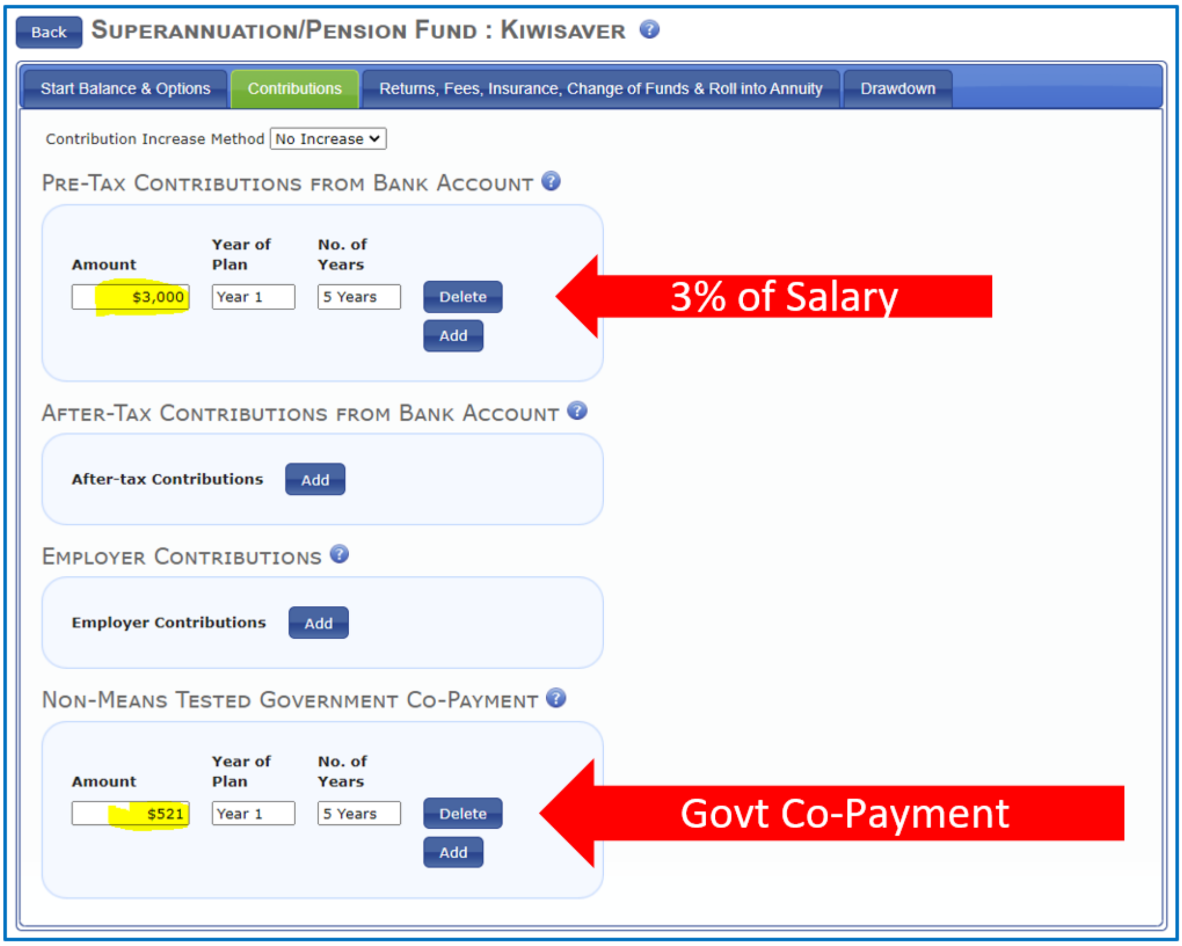
In the **KiwiSaver** Account, the Tax Due is deducted from the value of the Contributions.

After-Tax Contributions

After-Tax Contributions are not allowed in KiwiSaver.

You should not make any entries in this section.

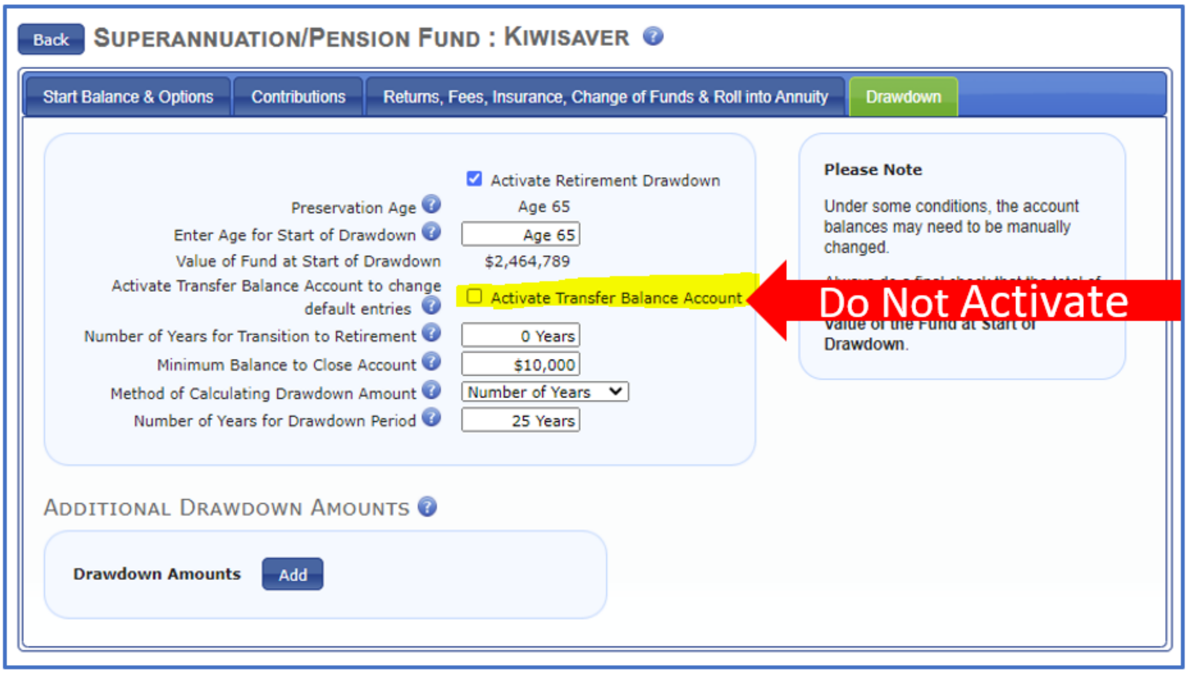
Please note that the Government Co-Payment will be displayed in this section.



Drawdown

In Australia, there is a maximum value you can hold in your account at the start of retirement where earnings are Tax-Free. This is called the Transfer Balance Account. (Currently, in Australia the limit is $1,900,000 - 2023)

You must not activate the Transfer Balance Account.



In the Drawdown phase, you have 4 ways to manage the Drawdown:

- Number of Years
- Percentage of Fund
- Specified Dollar Value
- Purchase an Annuity (Activate Drawdown and then go to the TAB (Returns, Fees……)

Purchase of Home

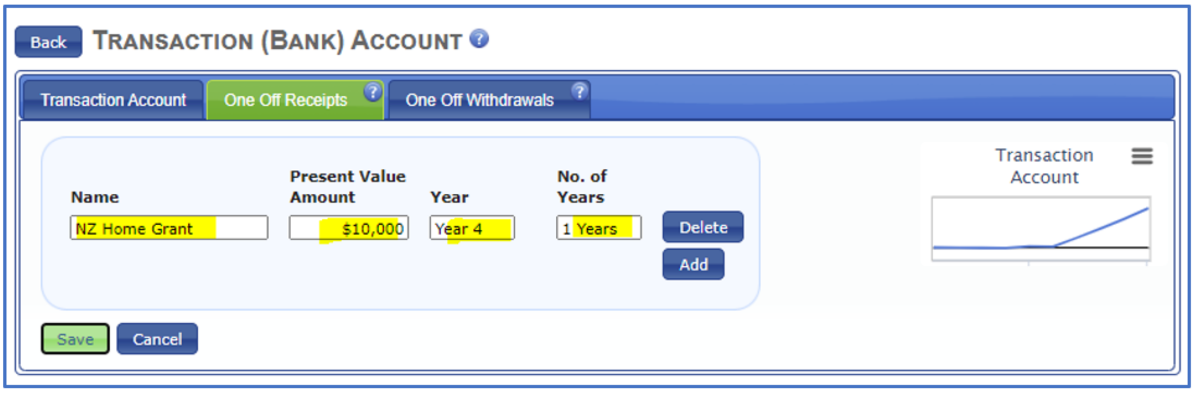
If you are eligible to use part of ***KiwiSaver*** for your ***Home Deposit***, the funds can be withdrawn in any year of the plan without activating the Drawdown.

Use the ***Drawdown Option***, **Additional Drawdown Amounts**.

Government Home Grant

If you are eligible for the **Government Home Grant**, this money can be added to your plan using the ***One-off Receipts*** in the **Bank Account**.

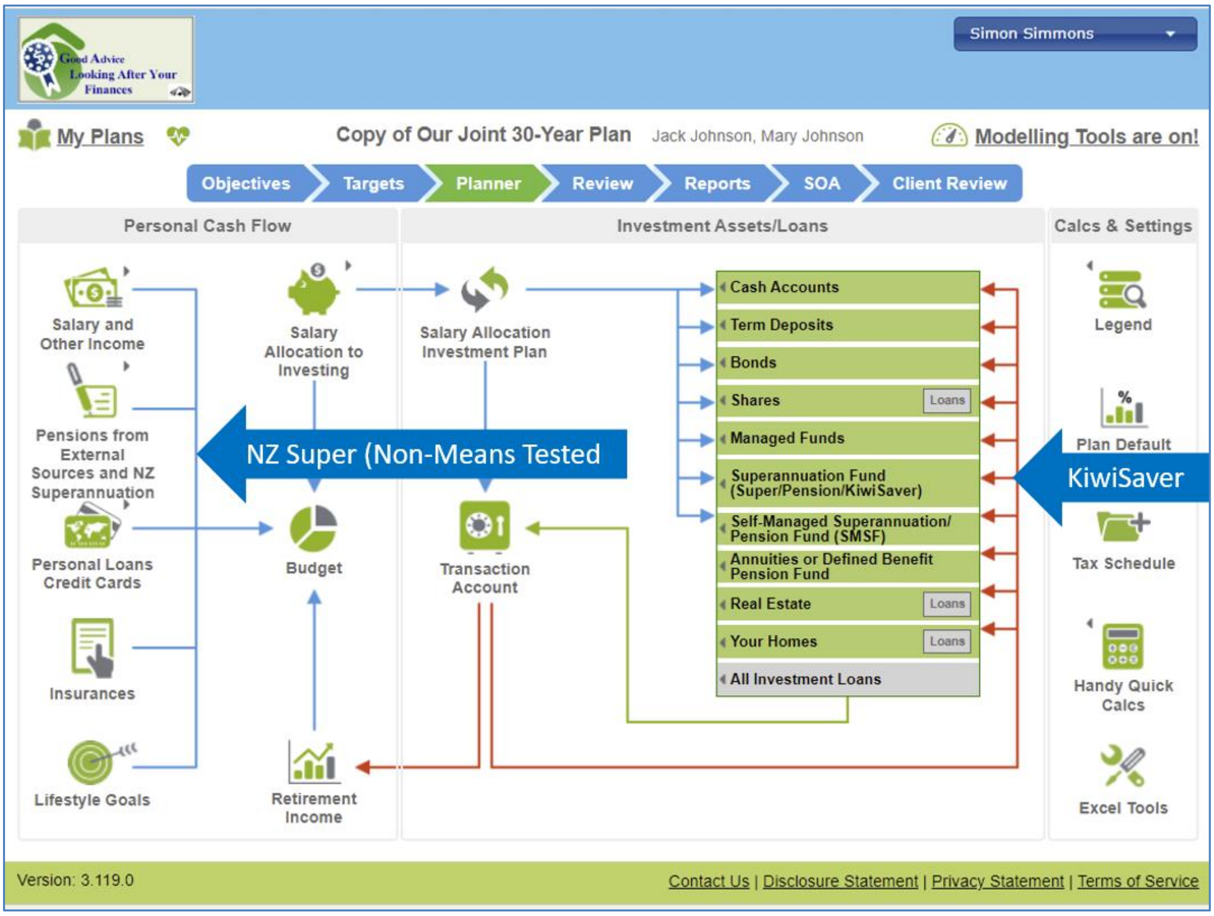
Note that the values are entered in Present Value and indexed each year. If the Government does not index this value, use the Ha



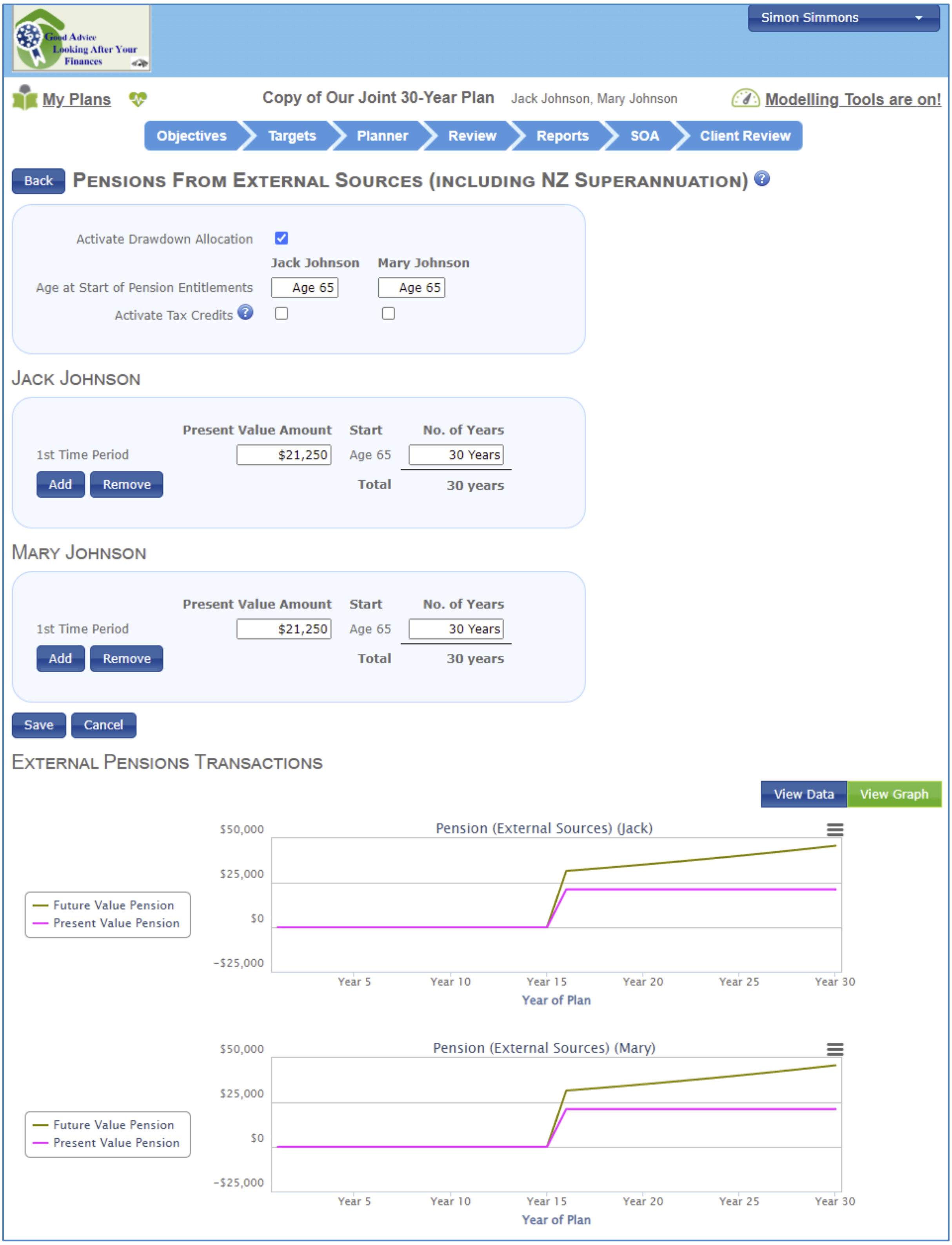
Advice Online – Additional Resources

New Zealand Superannuation

New Zealand Superannuation can be completed on the Menu ***Accounts*** – *Pensions from External Sources - Non-means Tested Pensions*.



You will need to manually enter each client's annual entitlements.



Moneyhub lists the rates as:

NZ Super Rates for 2022 and 2023 For a Qualifying Individual Superannuant

Our table presents how much you'll receive below, depending on your situation.

Notes: Rates Valid from 1 April 2022 until 31 March 2023

	Weekly Amount (gross/before tax)	**Fortnightly Amount (gross/before tax)**	**Annual Amount (gross/before tax)**	**Annual Amount (after tax, with total income up to $48,000 p.a.)**
Single (**living alone** or with a dependent child)	$538.24	$1,076.48	$27,988.48	**$24,201.46 (or $465.41 weekly)**
Single (living with someone who is not a partner)	$495.10	$990.02	$25,740.52	**$22,378.14 (or $430.35 weekly)**
Couple (one or both of you quality for NZ Super)	$408.66 (each)	$817.32 (each)	$21,250.32 (each)	**$18,216.13 (or $350.31 weekly)**

Source: Work and Income Payment Rates

Retirement Accounts

Advice Online does not have an Annuity or SMSF account.

The **Superannuation/Pension** account is designed for clients who have a regular fund, managed by an external trustee. Because *Advice Online* has been developed for International use as well as Australia, the name **Pension** has been included in the name to meet the needs of that market.

The **Superannuation Fund** can be converted to an **Annuity** at the start of Retirement.
Clients may have multiple Superannuation Accounts, but each partner can only have one account which is activated to receive **Employer Contributions**. If you are using the ***Fact Find***, to import data to a plan, you should activate which account is the receive **Employer Contributions**.

Account Balances at Start of Plan

The balances are tracked for the three types of contributions:

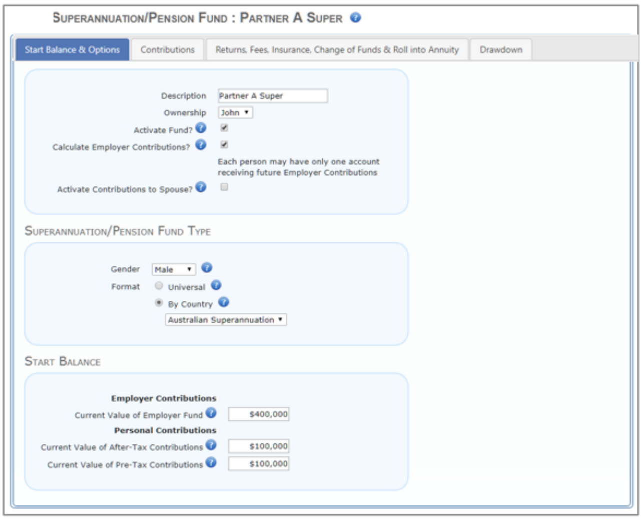
- Employer
- After-Tax Personal Contributions
- Pre-Tax Personal Contributions

Where the client exceeds the ***Transfer Balance Cap***, an **Excess Accumulation Fund** will be introduced at the Start of the Drawdown.

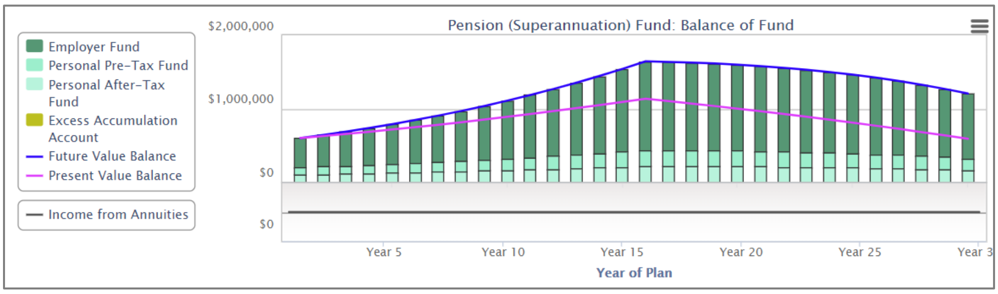
Superannuation/Pension: Account Balances

On the TAB, ***Start Balance and Options***, you will need to save the account first, and then tick the box, **Calculate Employer Contributions**, if this is the account to which Employer Contributions are to be made. Only one account for each partner may be activated for Employer Contributions.

Note that it is on this page you can *Activate Contributions to Spouse* and elect the **Fund Type**. The ***Fund Type*** defaults to **Australian Superannuation**, unless you are in New Zealand and want to use ***KiwiSaver.*** If you select **Universal*,*** you can create a fund, with a customized set of rules.



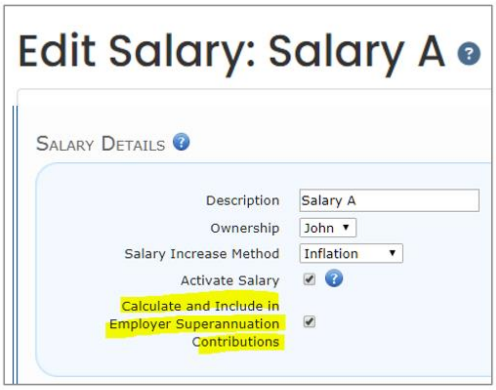
The first graph displays the allocation of the fund, together with the FV and PV of the account balance. This balance is the balance at the Start of Year, before any Banks, including the Drawdown.



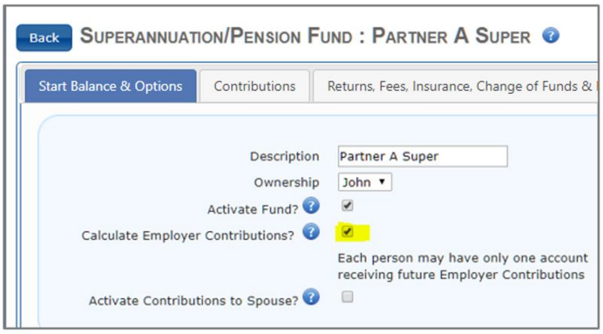
Contributions

Employer Contributions

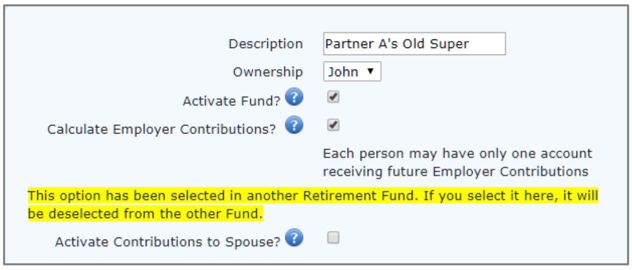
You must **Activate** the ***Employer Contributions***, to one account only. Where a ***Salary*** account has nominated to have ***Employer Contributions*** applied, these contributions will be paid into the account but only to the limit of SGL. Note that caution should be used here, where you have more than one salary receiving the SGL, as this second account, may push the contributions over the limit SGL.



This is a sample where Partner A, has two Superannuation Accounts.

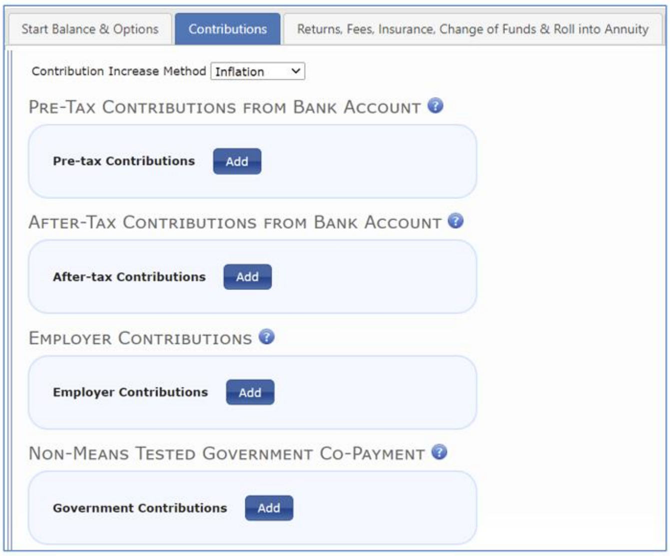


If you select <u>two funds</u>, this warning will appear and you must decide which account to use.



If you wish to add ***Employer Contributions*** which are <u>greater than the SGL</u>, these can be included on the TAB Contributions.

The **Non-Means Tested Government Co-Payment** is for ***KiwiSaver*** and similar products where the government make a co-payment to all, provided they meet other requirements.


Start Balance & Options
Contributions
Returns, Fees, Insurance, Change of Funds & Roll into Annuity
Contribution Increase Method
Inflation
Pre-Tax Contributions from Bank Account
Pre-tax Contributions
Add
After-Tax Contributions from Bank Account
After-tax Contributions
Add
Employer Contributions
Employer Contributions
Add
Non-Means Tested Government Co-Payment
Government Contributions
Add

Personal Contributions: – Pre-Tax and After-Tax

Pre-Tax and **After-Tax Personal Contributions** are maintained in separate accounts, with the rules of each account being maintained.

Special Note on Contributions

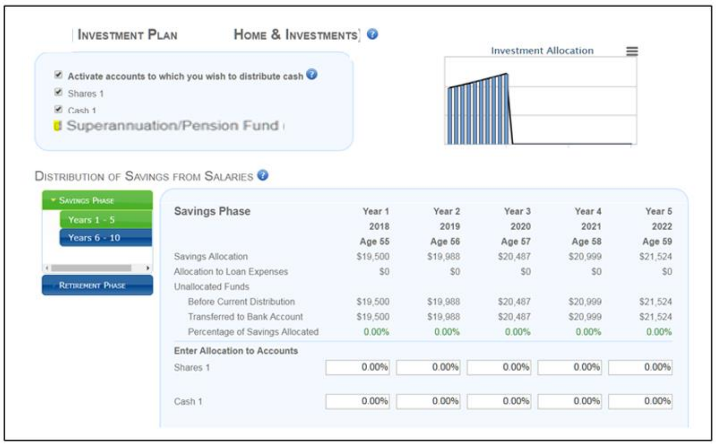
The program allows allocated contributions above the **Current Concessional Contribution Limit** of $25,000. However, the program will give a warning when contributions exceed that limit.

The program makes no reference to **Non-Concessional Contributions** which exceed the limit for that particular person.

The **Tax Surcharge** of 15% will automatically be applied to those clients, whose Taxable Income is greater than the High Income Limit of $250,000.

Contributions allocated in the Investment Plan

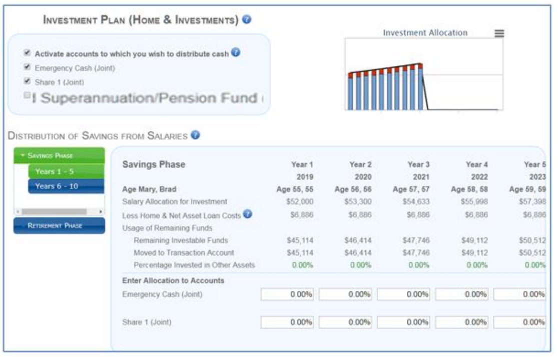
When you enter the **Investment Plan**, all the accounts, except *Superannuation Accounts* will be activated. Prior to your activating the account, this fund would not be listed in the allocation as funds.



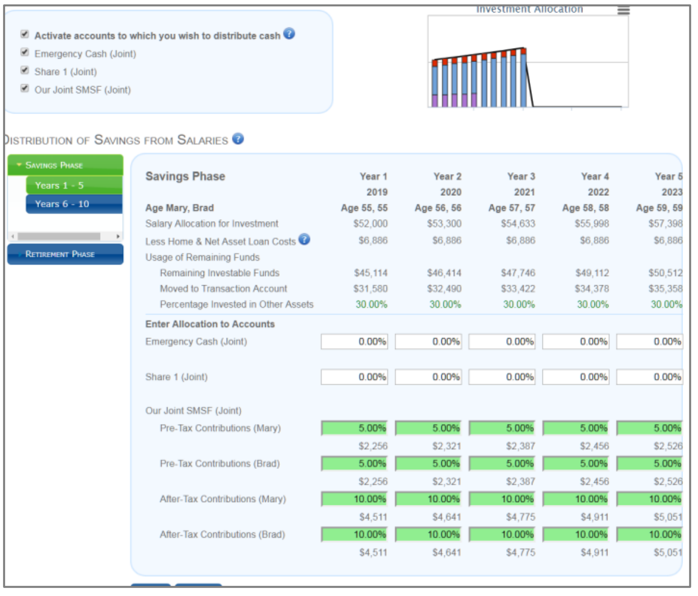
In the **Investment Plan**, Contributions are allocated as a percentage of the funds available for investment, after the allocation of Investment Loan Expenses (Net of Rent, but not Share dividends where the client has a Margin Loan or similar). Loans are displayed as **RED** in the graph, Investment Allocation. Pale Blue is the Bank Account.

Advice Online – Additional Resources

Contributions may be either After-Tax or Pre-Tax and can be assigned to either member where you have a Joint Fund.

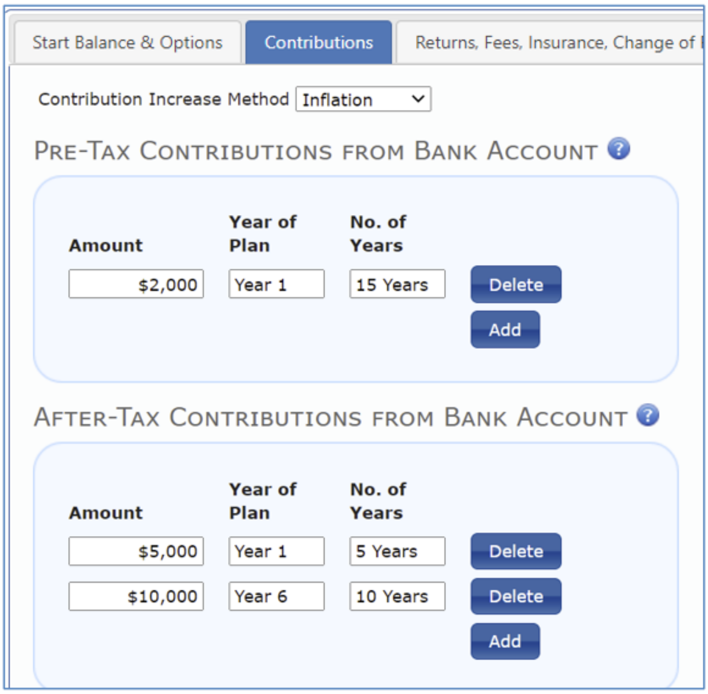


Here is an example of funds being distributed to both partner's Personal Contributions for the first 5-years of the plan. This is an extremely quick and easy way to assign **Personal Contributions** to the fund. The advantage of using this automated process is that as the plan develops, you may find that there are fewer funds available for additional contributions. For example, the client may over-extend their loan payments and find they have to reduce the allocation to Superannuation. In this case, it is automatically adjusted.



<u>Contributions allocated as a Dollar Value</u>

We found, talking to advisers, they often want to nominate a <u>dollar value</u> which is fixed rather than dependent on other investment choices. In this case, you can create a schedule of contributions in the TAB, ***Contributions***. These ***Contributions*** are withdrawn from the ***Transaction Account***, at the <u>Start of the Year</u>, so you need to ensure there are sufficient funds in the account each year of the withdrawal. There is the option to Index the values each year.



Government Co-Contribution for Low-Income Earners

Where a person has made an **After-Tax Contribution** and is eligible for either a full or part **Government Co-Contribution**, the program will automatically allocate the payment. Please note that this is treated as an *End of Year in the Bank* Account and will not earn income in the year of the contribution.

Where the user has more than two superannuation accounts, the co-payment is made to the one activated to receive **Employer Contributions**.

Personal Contributions (After-Tax) - End of Year	**$106,897**
Start Balance	**$100,000**
Drawdown Amount	$0
Start Balance – After Drawdown	**$100,000**
Contributions - after Fees and Taxes	$1,000
Govt CoContribution (Aust Only)	$500
Spouse Contribution (Aust Only)	$0
Income	$7,035
Capital Losses (When Returns are Negative)	$0
Costs	$1,005
Tax on Fund	$633
End Balance	**$106,897**

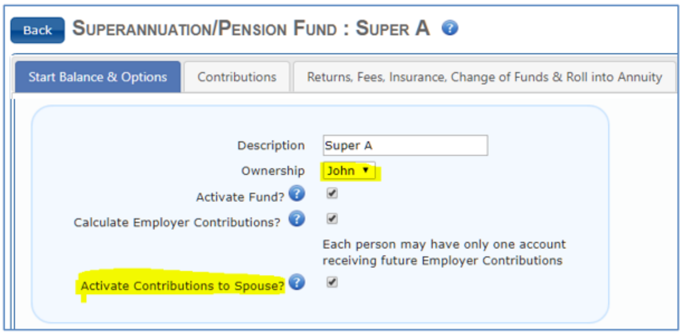
Spouse Contributions

Where you have a **Joint Plan**, only one partner can be nominated as the person to make **Spouse Contributions**. Spouse Contributions are made according to these rules where an **After-Tax Contribution** has been made.

1. If the person nominated to make the **Spouse Contribution**, is eligible for the ***Government Co-Payment*** for low-income earners, then this allocation takes priority of the **Spouse Contribution**.
2. If after any allocation for Rule 1, the balance of the contribution, up to the value of $3,000 will be used for the ***Spouse Contribution***, and the person making the Spouse Contribution, will receive an ***18% Tax Rebate***, up to the value of $540.
3. If there is still a balance of ***After-Tax Contributions***, after making the maximum eligible Spouse Contribution (for the receiving the Tax Rebate), the balance of the After-tax Contribution is given to the client making the Spouse Contribution.

The ***Spouse Contribution*** is made to the partner's account, nominated to receive **Employer Contributions**.

Here the Partner A, John, has activated the Spouse Contribution.



In this example, $3,000 has been deposited in the Partner B (Mary) Account, after a $3,000 After-Tax Contribution was made by Partner A.

Personal Contributions (After-Tax) - End of Year	**$55,685**
Start Balance	**$50,000**
Drawdown Amount	$0
Start Balance – After Drawdown	**$50,000**
Contributions - after Fees and Taxes	$0
Govt CoContribution (Aust Only)	$0
Spouse Contribution (Aust Only)	$3,000
Income	$3,500
Capital Losses (When Returns are Negative)	$0
Costs	$500
Tax on Fund	$315
End Balance	**$55,685**

Partner A, John receives the 18% ($540) **Tax Rebate**.

Back **TAX ESTIMATOR (JOHN CITIZEN)**

The calculations are of a general nature using a simplified format and as such are NOT suitable for use r
be based on this information without obtaining advice from a person licensed to give Tax Advice. Tax Rat

SAVINGS PHASE
Years 1 - 5

Savings Phase	**Year 1**
	2019
Age John, Mary	**Age 30, 30**
Total Income and Capital Gains	**$80,000**
Taxable Income Taxed at Income Tax Rate	$80,000
Income Taxed at Specified Rate	**$0**
Tax Free Income	**$0**
Capital Gains	**$0**
Total Tax Credits	**$540**
Non-Refundable Tax Credits	$0
Refundable Tax Credits	$540
Super A (John)	$0
Super A (John) (Spouse Contribution)	$540
Total Tax Due (After Tax Credits)	**$18,607**
Tax Due - Investments	$0
Tax Due - Personal Income	$18,607
Tax Due - Capital Gains	$0
Tax Due - HECS-HELP	$0
Average Tax Rate	
Income and Investment Net Income	23.26%
Capital Gains	0.00%

Special Note:

The allocation of ***Spouse Contributions*** is quite complex and rules regarding the calculations been formulated to reduce the complexity. Where the ***Spouse Contribution*** is made, this contribution is treated as an "**End of Year**" Bank and therefore, no income is allocated in the year of the allocation. In addition, **no Contribution Fees** are applied where the program has elected to charge Contribution Fees. The Spouse Contribution is displayed as a separate line item, as is the Govt. Co-Contribution.

Advice Online – Additional Resources

Your *High Net Wealth* (HNW) clients may have "*stay at home*" partners, earning little or no income. *Financial Mappers Pro* will let you demonstrate how to get an extra $500 for their (low income) partner by simply having the low-income partner make an **After-tax Contribution** of $1,000 and receive $500 from the government. Where else can you get your client a guaranteed 50% return on their money? The software will automatically add the **Government Co-Contribution** where applicable.

In a similar fashion, making a **Spouse Contribution** to the eligible partner, using **After-Tax** money will add up to $3,000 a year to the partner's superannuation and in the meantime receive an 18% Tax Rebate or $540. That's a guaranteed return of 18% for your client.

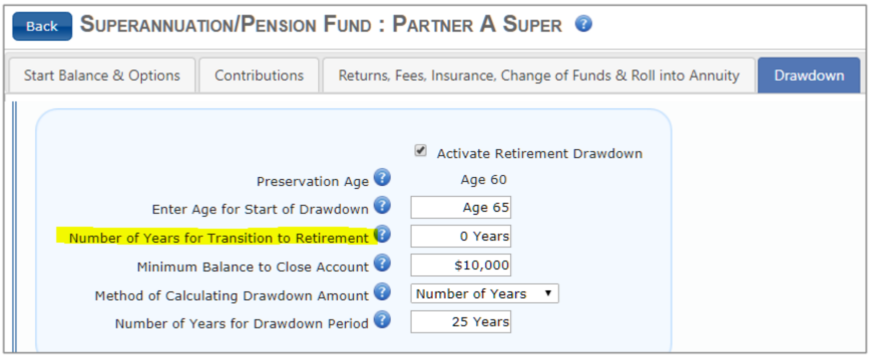
There may be other tools which assist in the accumulation phase, but *Financial Mappers Pro* comes into its own when you have clients with over the $1.7M in the Fund. *Advice Online* allows the division of the funds into the **Transfer Balance Account** and **Excess Accumulation Account.** Once the money has been allocated at the commencement of the drawdown period, two separate income streams can be managed independently. This is where you add value by demonstrating strategies which best suits the needs of your HNW clients. *(This feature is currently under development – further details are listed later)*

It would be possible for you to create a plan which can be used for the fund's ***Investment Strategy***. On the Menu for ***Objectives***, you can write the **objectives** of the fund, together with the **strategies** employed to meet those objectives. In the third, free text area called **General Comments**, information relating to how the SMSF investments integrate with other investments demonstrates how the SMSF strategy has been designed to complement other investments.

Transition to Retirement - Contributions

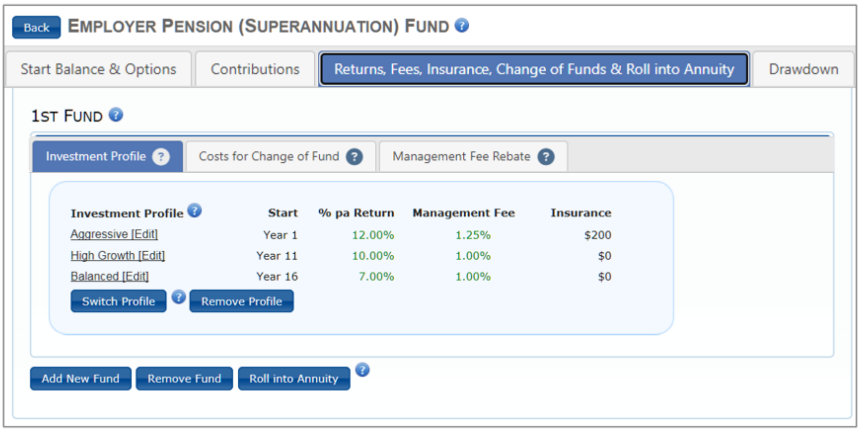
The program has a rule which automatically stops any Contributions, once the Drawdown is activated.

You can override this rule by going to the TAB, ***Drawdown***, and nominating the number of years for **Transitions to Retirement**.

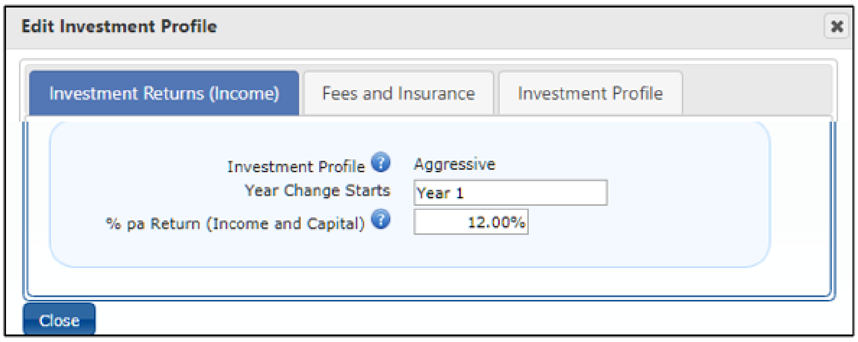

Back
SUPERANNUATION/PENSION FUND : PARTNER A SUPER
Start Balance & Options
Contributions
Returns, Fees, Insurance, Change of Funds & Roll into Annuity
Drawdown
Activate Retirement Drawdown
Preservation Age
Age 60
Enter Age for Start of Drawdown
Age 65
Number of Years for Transition to Retirement
0 Years
Minimum Balance to Close Account
$10,000
Method of Calculating Drawdown Amount
Number of Years
Number of Years for Drawdown Period
25 Years

Account Management

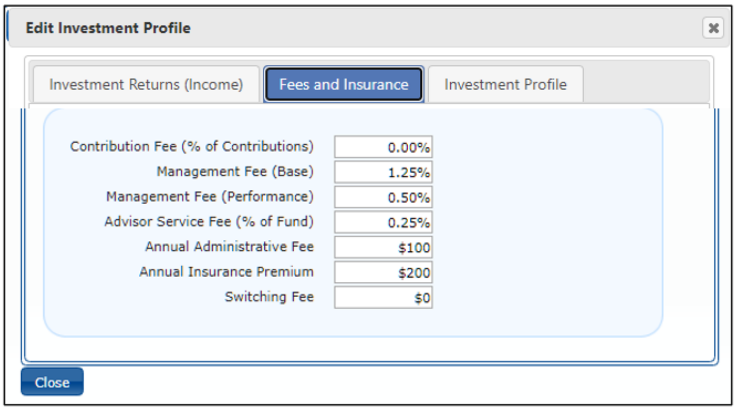
In the **Superannuation Account**, you can alter the ***Investment Profile*** throughout the length of the plan. When you click on the LINK to each Investment Profile you can change the information for that time period.



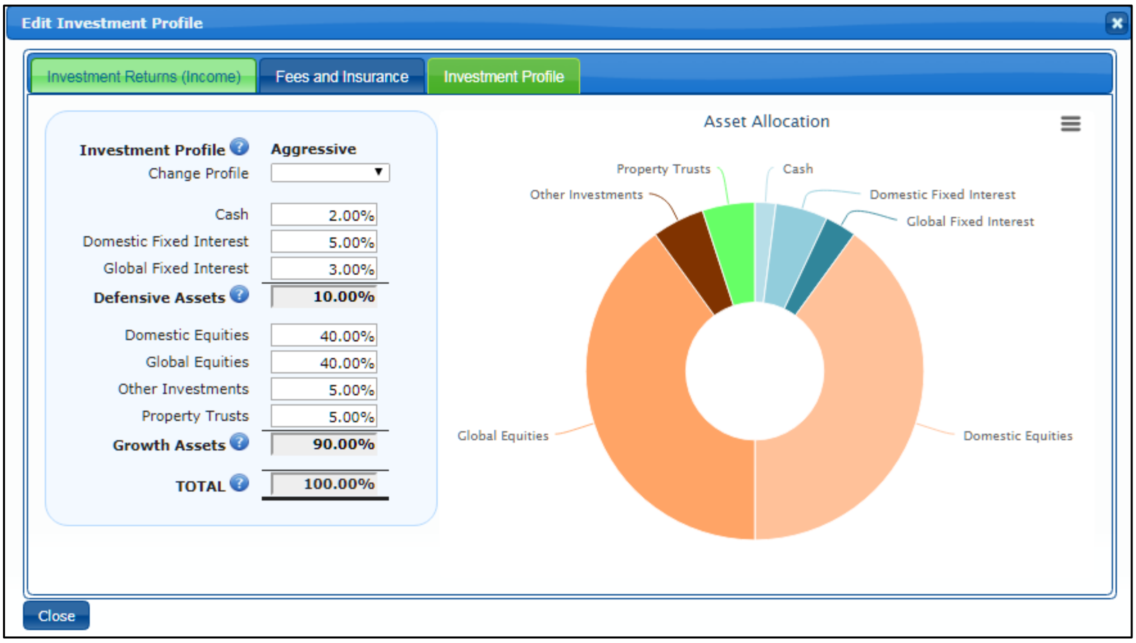
When you click on the link, the first TAB, ***Investment Returns*** lets you nominate the year in which the change starts and the %pa Return, which is a combined Income & Capital Return. Note it lists the **Investment Profile**, but this has a TAB of its own, where you can change that Profile.



On the TAB for **Fees and Insurance**, there is a considerable array of fees, some of which are calculated as a percentage of the fund, and others are dollar values, which are indexed.

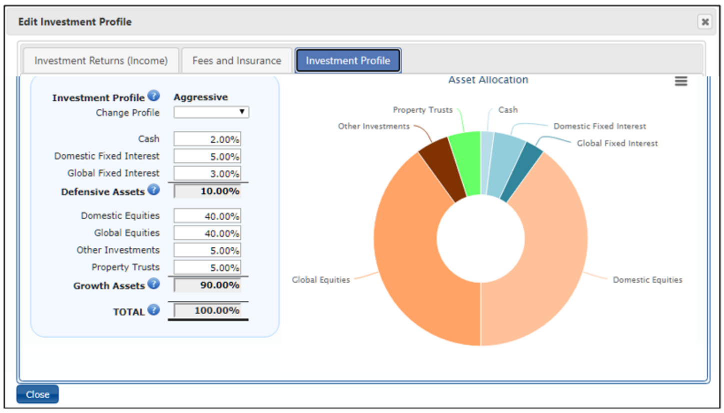


The user has the same selection of assets as in the **Managed Fund** accounts. For each selected **Investment Profile** (and it's associated year range), the user can nominate a range of fees and costs, including any insurances held within superannuation during that time period.



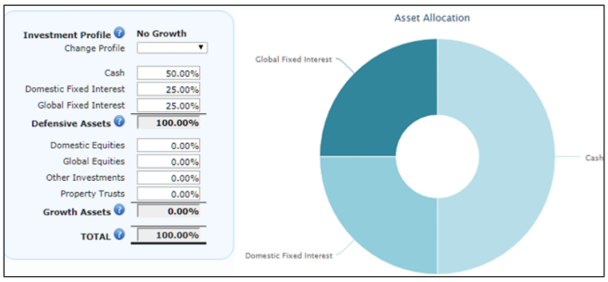
Note ***Investment Profile*** defaults to a **Balanced Fund** with the allocation listed in the screenshot above. You can manually change that allocation if required. If the change in percentages, changes to another Investment Profile, such as High Growth or Conservative, the name is automatically changed.

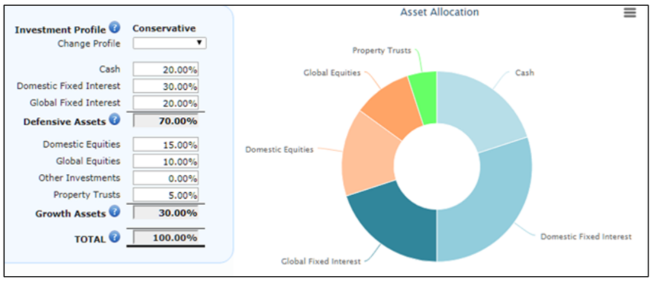
These are the ***Default Allocations*** for each **Investment Profile**. Note that you may need to change the Investment Return and Fees to the match the new profile. For example, an **Aggressive Fund** is more likely to have a high return and higher fees.

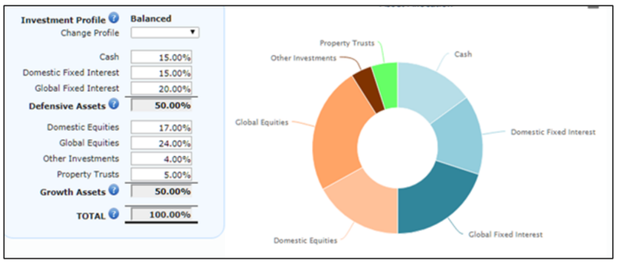


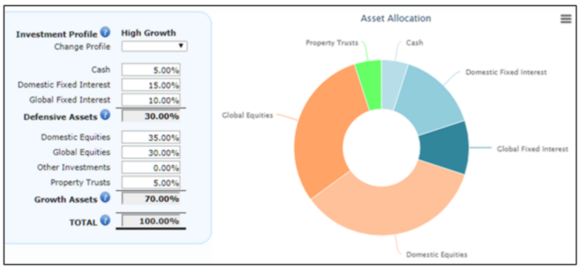
Advice Online – Additional Resources

This is a selection of other Asset Allocations

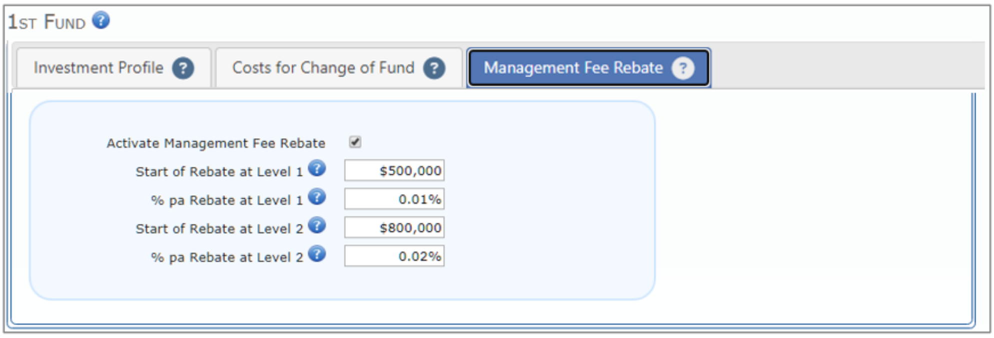




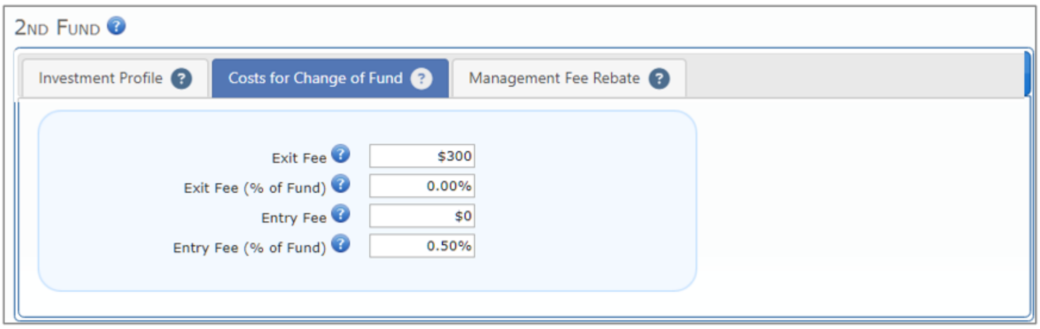




In addition to these fees, you can also include a ***Management Fee Rebate*** for **High Account Balances**.



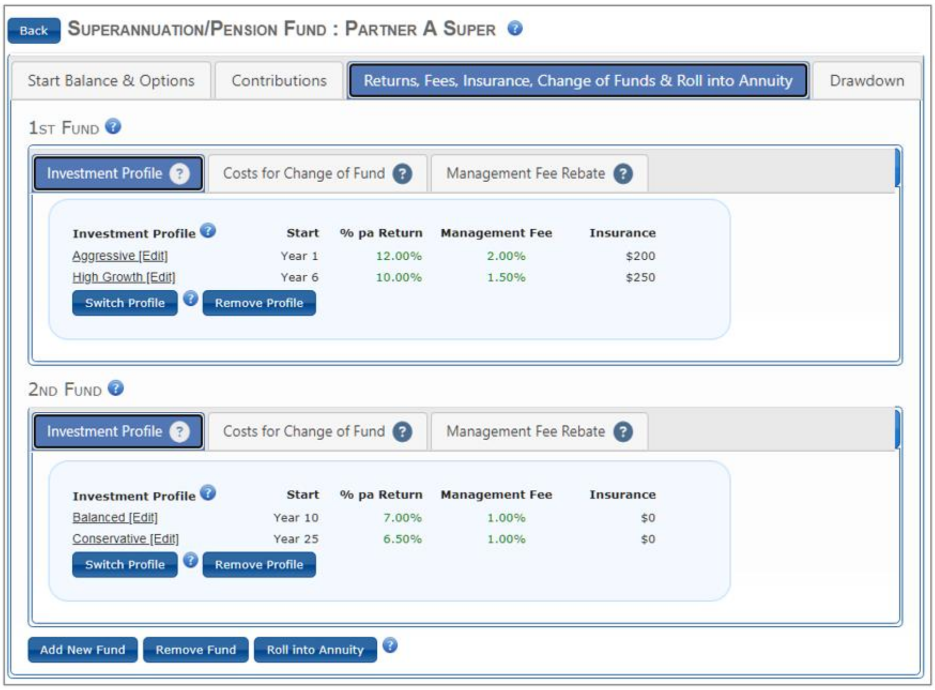
There will be times when your client needs to transfer the account to another fund. In this case, you can nominate the fees charged by either fund to exit and enter the fund.



This is an example of where the client has changed the **Investment Profile** from Aggressive to High Growth in Year 6 and then moved to a 2nd Fund in Year 10, with a Balanced Investment

Profile, which is changed to Conservative for the last 5-years of the plan. Normally you can't predict when this is likely to happen, but the option is there. It may be particularly useful when the client is considering changing jobs which will mean relocation of the Superannuation Funds. Alternatively, you may advise the client, that they should move their account to a new Fund. Unfortunately, this can't be demonstrated before Year 2.

Here is an example of the fund, where the account has been transferred to another fund and where the ***Investment Profile*** has been changed 4-times over the length of the plan, moving from **Aggressive** to **Conservative** over a 30-year period.

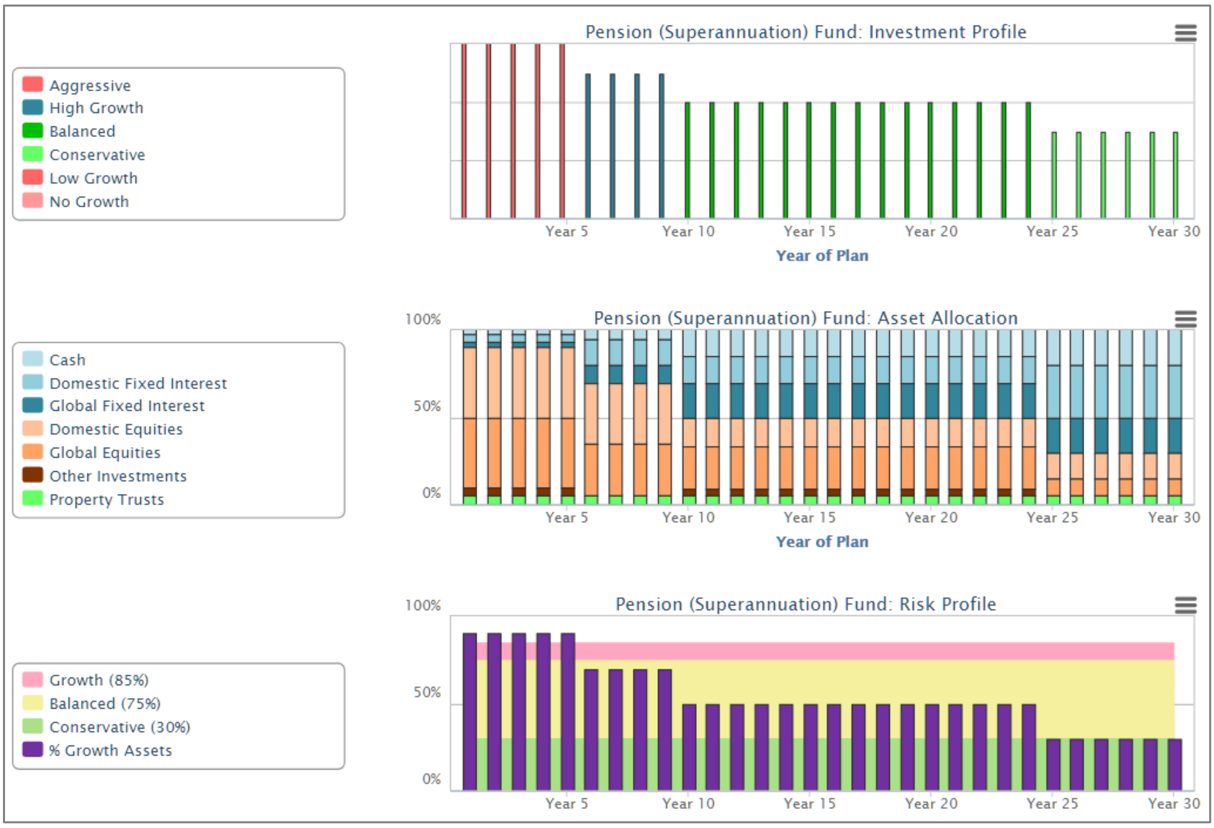


Special Note on TAB Roll into Annuity

Note that it is on this page you can ***Roll into Annuity*** at the Start of Retirement. The other **Drawdown Options** are on the TAB ***Drawdown***. However, you must activate the Drawdown on the Drawdown TAB first. This option will be discussed in the last section ***Annuities***.

Advice Online – Additional Resources

In the Graphs, and Data View can view the allocations.



Plan Outcomes – Asset Allocation

On the Menu, ***Reports***, **Plan Outcomes**, the Data View displays the **Asset Allocation** for all *Retirement Accounts* in the plan. In a Joint Plan, it will include both partners. For each year, the percentage and dollar value (FV or PV) are displayed.

Asset Allocation - Retirement Accounts					
Cash	$66,919 6.47%	$74,377 6.42%	$82,412 6.37%	$91,185 6.32%	$100,756 6.27%
Domestic Fixed Interest	$87,260 8.44%	$97,292 8.40%	$108,154 8.36%	$120,057 8.33%	$133,088 8.29%
Global Fixed Interest	$91,486 8.85%	$101,716 8.79%	$112,743 8.72%	$124,788 8.65%	$137,933 8.59%
Domestic Equities	$331,688 32.09%	$372,509 32.17%	$417,177 32.26%	$466,492 32.35%	$520,856 32.44%
Global Equities	$356,588 34.49%	$400,090 34.56%	$447,627 34.62%	$500,063 34.68%	$557,816 34.74%
Other Investments	$48,131 4.66%	$53,951 4.66%	$60,303 4.66%	$67,304 4.67%	$75,007 4.67%
Property Trusts	$51,688 5.00%	$57,891 5.00%	$64,654 5.00%	$72,099 5.00%	$80,287 5.00%
Real Property	$0 0.00%	$0 0.00%	$0 0.00%	$0 0.00%	$0 0.00%

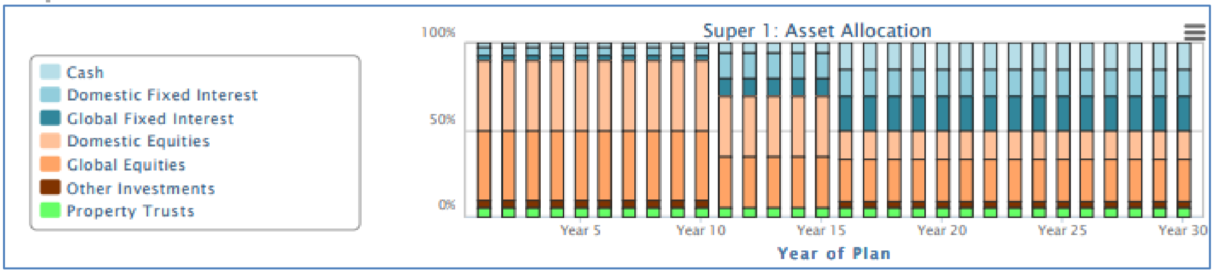
Advice Online – Additional Resources

Note on Smart Panels

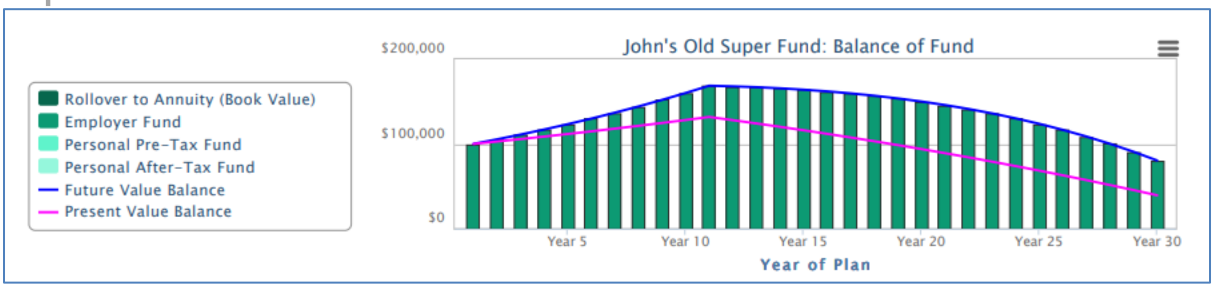
In the ***Report Writer***, you can create your own reports. These reports consist of a selection of Free Text Panels and SmartPanels.

The SmartPanels for Superannuation refer to specific Superannuation Accounts. Thus, if there is more than one Superannuation Account in the Plan, the software will display the selected panels for each account. The name of the account will be listed in the Chart Title. These panels show information for Super 1 and John's Old Super Fund.

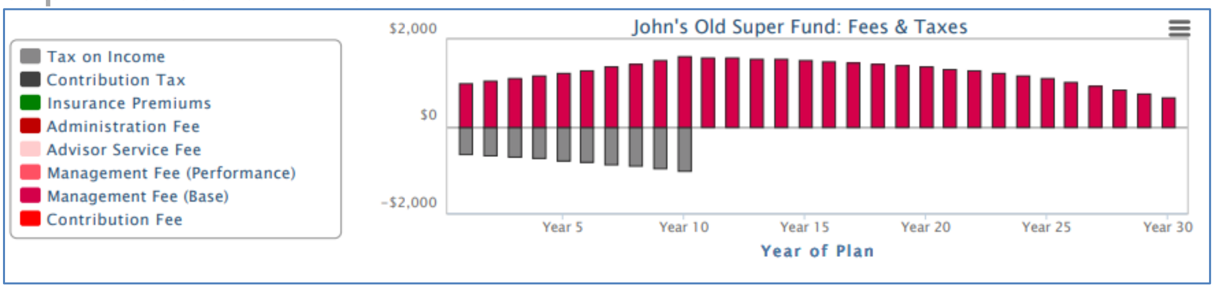
Super Asset Allocation



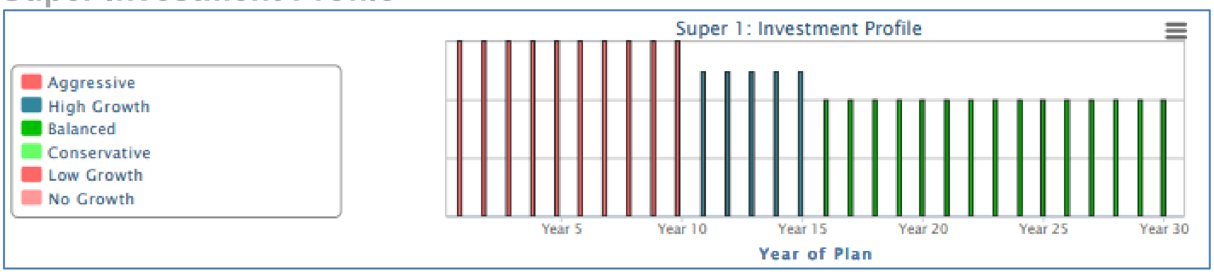
Super: Balance of Fund



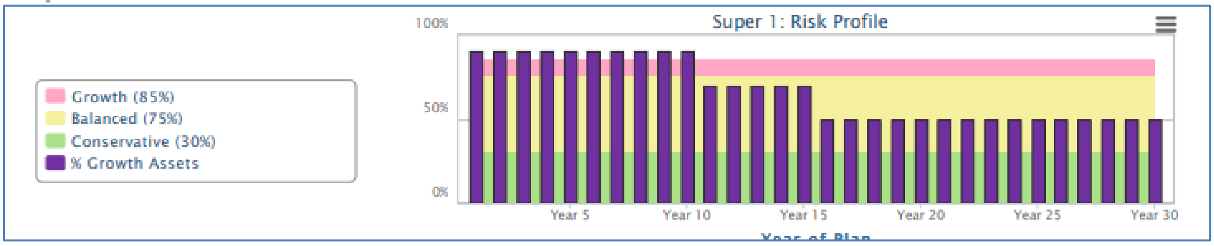
Super: Fees and Taxes



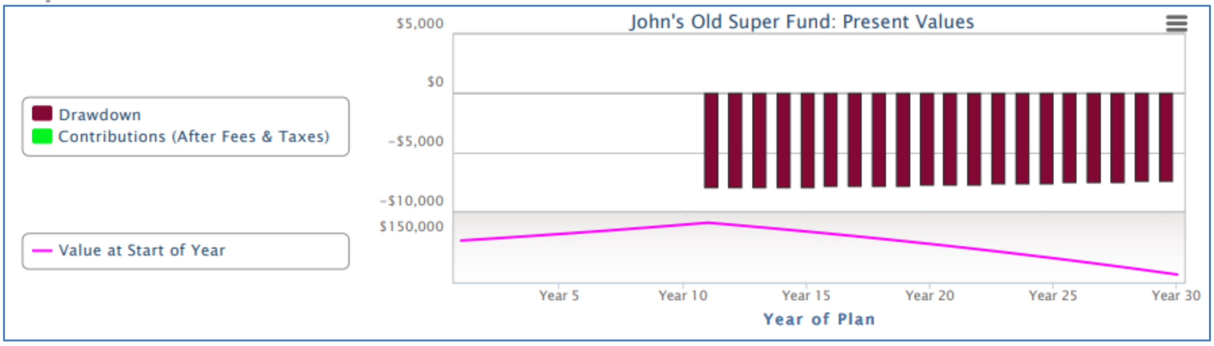
Super Investment Profile



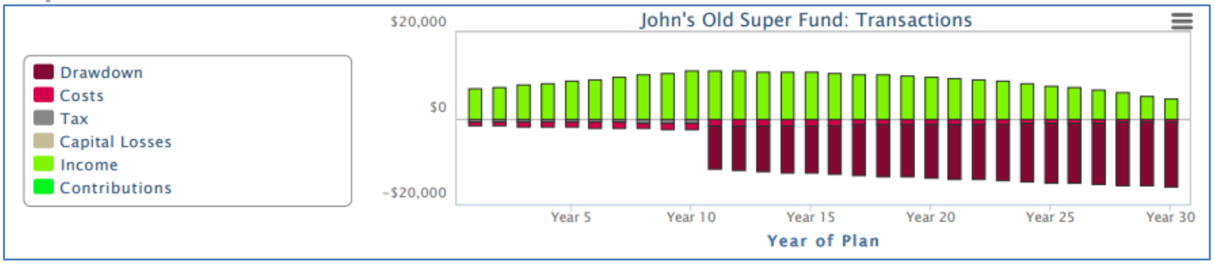
Super: Risk Profile



Super: Present Values



Super: Banks



Drawdown in Retirement

There are three methods of Drawdown. In addition, the account can convert the fund to an ***Annuity*** at the Start of the Drawdown. If this option is chosen the following rules will not apply.

- There will be no **Minimum** and **Maximum Rules**
- No account will be made for the **Transfer Balance Cap**, currently at $1.6m.

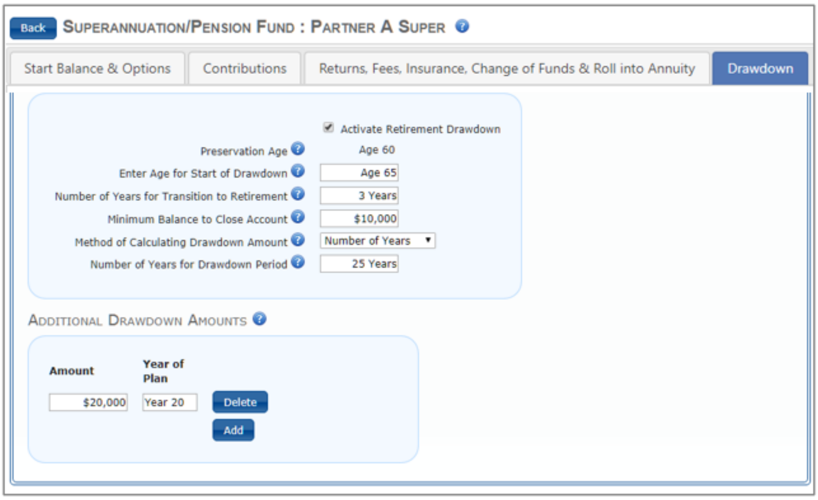
The program calculates the **Preservation Age** of the client. The **Drawdown** cannot commence before the *Preservation Age*.

If a **Transition to Retirement** is nominated, the fund can continue to receive *Contributions* during that time period. If the *Transition to Retirement* commences before Age 65, there is a 4% Minimum Drawdown and 10% Maximum.

Advice Online – Additional Resources

Because funds, can be drawn down as a percentage, there is an entry for the ***Minimum Account Balance***. This defaults to a value of $10,000 but may be changed. Once the value of the fund reaches this indexed value, all the funds are withdrawn in that year.

Note that the Drawdown must be activated. When you create an account, the Drawdown is always deactivated. This allows you to quickly toggle between activation and no activation.
With all Drawdown methods, you can make Additional Drawdown Amounts which is added to the total. These ***Additional Drawdown Amounts*** are not submitted to any Minimum or Maximum rules.

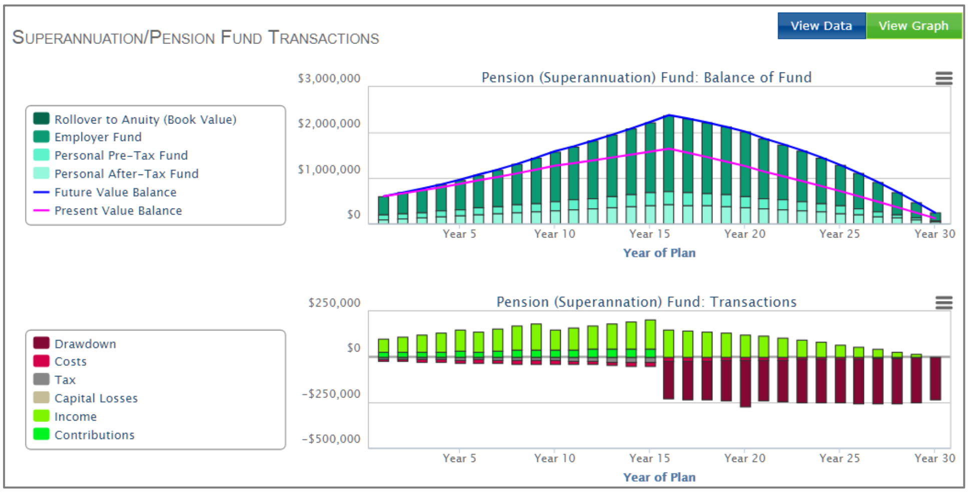


Where you have a Joint Plan, both partners may have different types of Drawdown and may commence in different years.

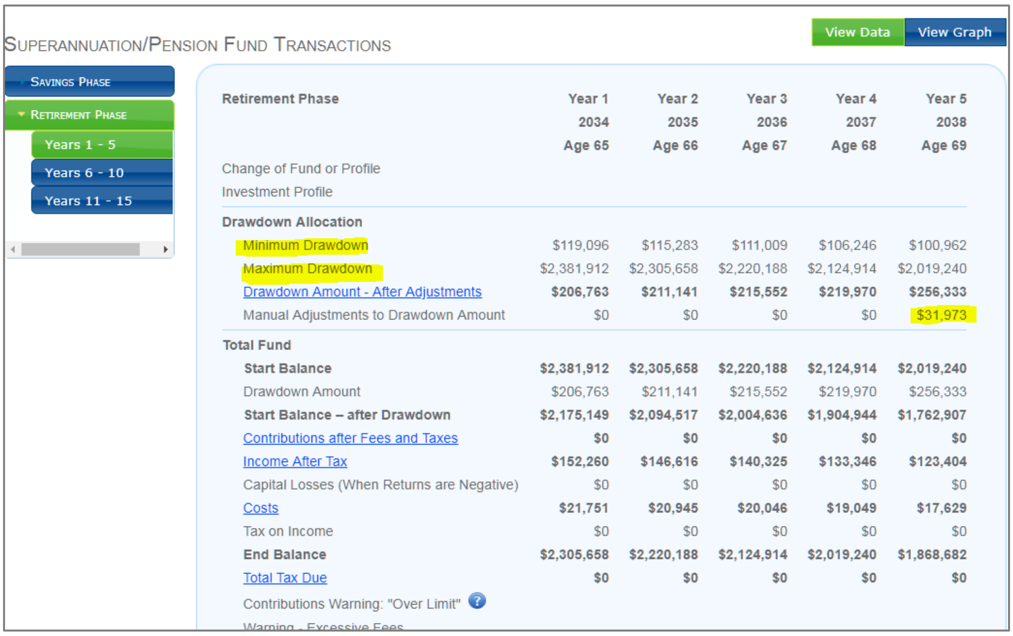
Drawdown Method – Number of Years

The algorithm developed for the drawdown over a number of years is designed to try and make a fairly even Present Value drawdown amount over the time period. However, this is not an 'exact science', as the formula is based on long term average investment returns and the life expectancy of the person.

In this example, 15-years has been selected, which is the length of the Retirement Phase. Note that the PV Drawdowns are fairly even, except in the year with the additional $20,000.



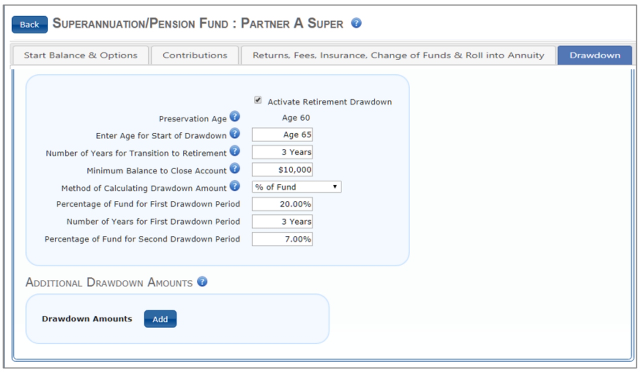
Note the additional drawdown amount in Year 5 and the Minimum and Maximum values.

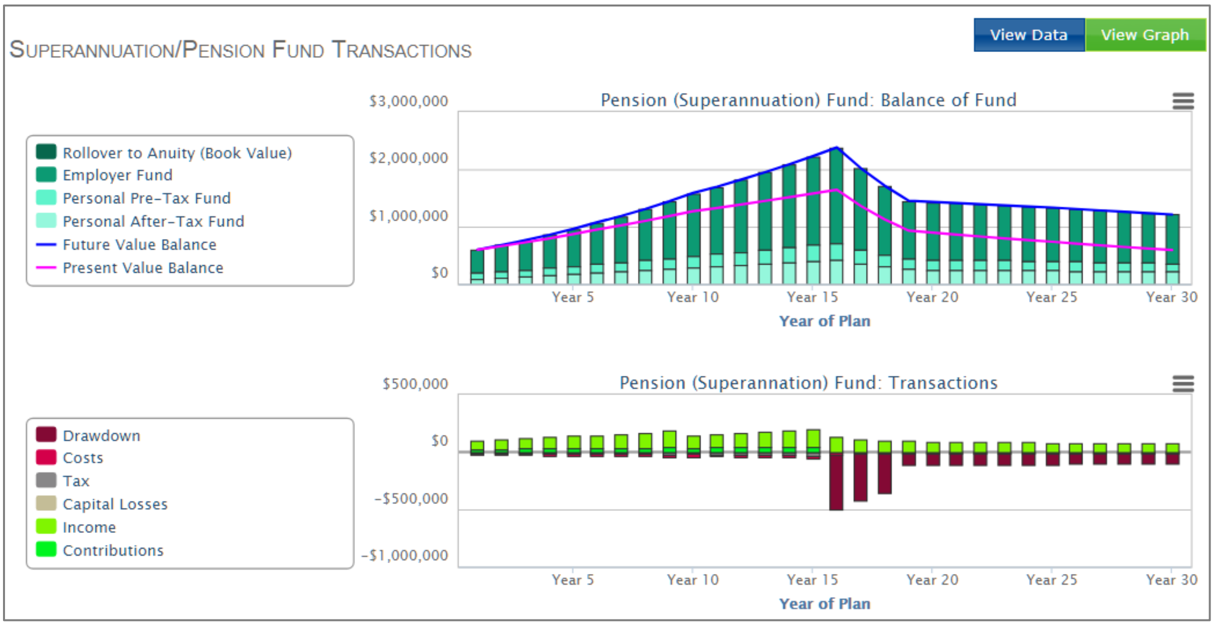


Retirement Phase	Year 1 2034 Age 65	Year 2 2035 Age 66	Year 3 2036 Age 67	Year 4 2037 Age 68	Year 5 2038 Age 69
Change of Fund or Profile					
Investment Profile					
Drawdown Allocation					
Minimum Drawdown	$119,096	$115,283	$111,009	$106,246	$100,962
Maximum Drawdown	$2,381,912	$2,305,658	$2,220,188	$2,124,914	$2,019,240
Drawdown Amount - After Adjustments	$206,763	$211,141	$215,552	$219,970	$256,333
Manual Adjustments to Drawdown Amount	$0	$0	$0	$0	$31,973
Total Fund					
Start Balance	$2,381,912	$2,305,658	$2,220,188	$2,124,914	$2,019,240
Drawdown Amount	$206,763	$211,141	$215,552	$219,970	$256,333
Start Balance – after Drawdown	$2,175,149	$2,094,517	$2,004,636	$1,904,944	$1,762,907
Contributions after Fees and Taxes	$0	$0	$0	$0	$0
Income After Tax	$152,260	$146,616	$140,325	$133,346	$123,404
Capital Losses (When Returns are Negative)	$0	$0	$0	$0	$0
Costs	$21,751	$20,945	$20,046	$19,049	$17,629
Tax on Income	$0	$0	$0	$0	$0
End Balance	$2,305,658	$2,220,188	$2,124,914	$2,019,240	$1,868,682
Total Tax Due	$0	$0	$0	$0	$0
Contributions Warning: "Over Limit"					
Warning - Excessive Fees					

Drawdown Method – Percentage of Funds

The program allows the selection of two rates, over different time periods. Where the nominated percentage is less than the **Minimum Drawdown**, <u>the value will be automatically adjusted to meet the rules of drawdown.</u>

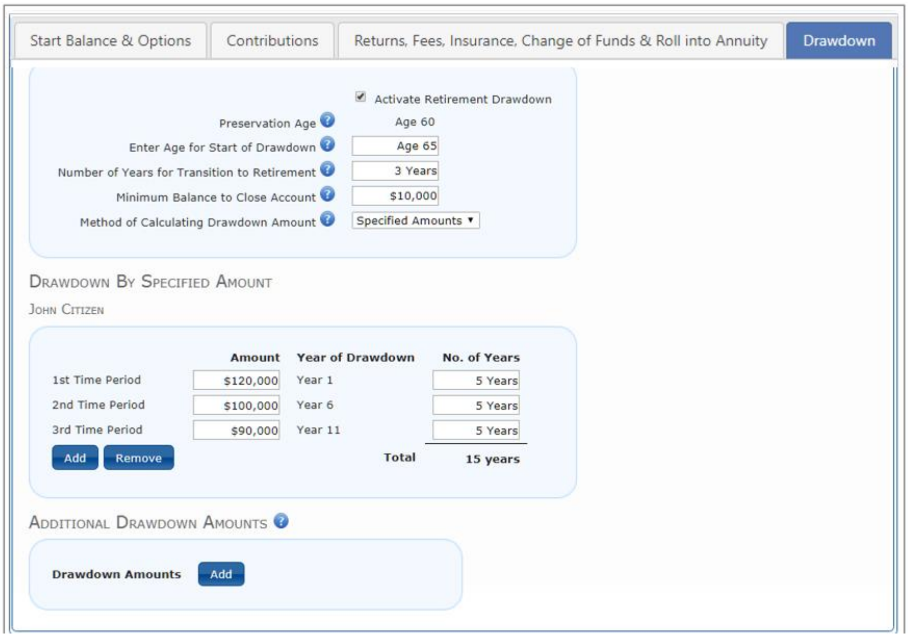

Back
Superannuation/Pension Fund : Partner A Super
Start Balance & Options
Contributions
Returns, Fees, Insurance, Change of Funds & Roll into Annuity
Drawdown
Activate Retirement Drawdown
Preservation Age
Age 60
Enter Age for Start of Drawdown
Age 65
Number of Years for Transition to Retirement
3 Years
Minimum Balance to Close Account
$10,000
Method of Calculating Drawdown Amount
% of Fund
Percentage of Fund for First Drawdown Period
20.00%
Number of Years for First Drawdown Period
3 Years
Percentage of Fund for Second Drawdown Period
7.00%
Additional Drawdown Amounts
Drawdown Amounts
Add

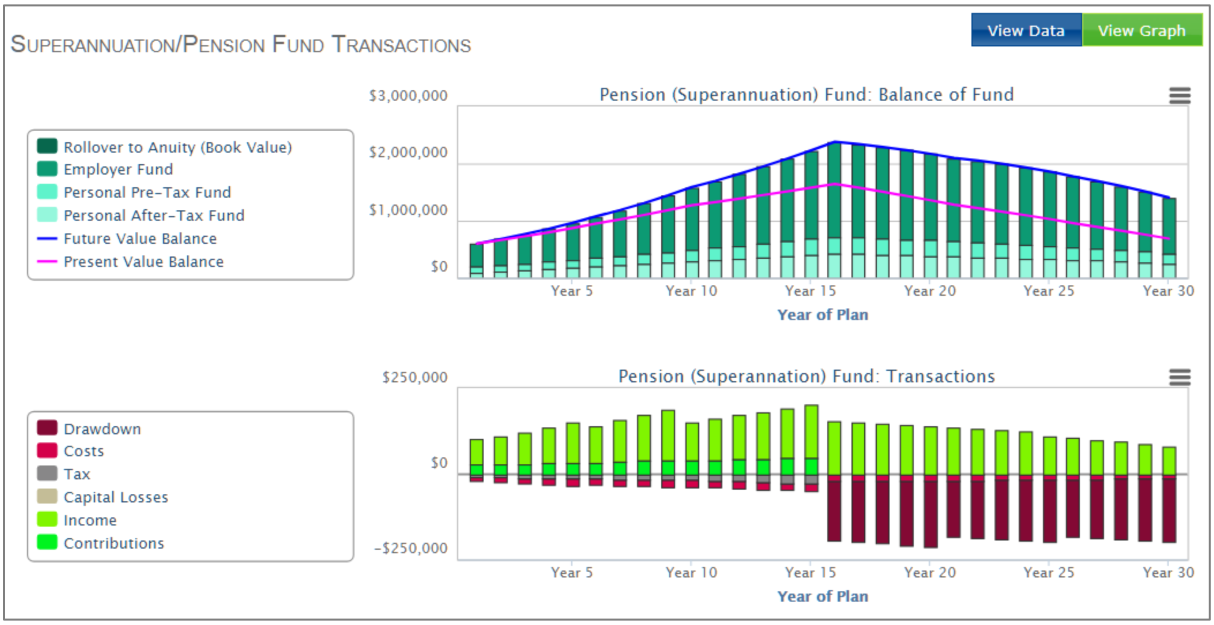

Superannuation/Pension Fund Transactions
View Data
View Graph
Pension (Superannuation) Fund: Balance of Fund
$3,000,000
$2,000,000
$1,000,000
$0
Rollover to Anuity (Book Value)
Employer Fund
Personal Pre-Tax Fund
Personal After-Tax Fund
Future Value Balance
Present Value Balance
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan
Pension (Superannation) Fund: Transactions
$500,000
$0
-$500,000
-$1,000,000
Drawdown
Costs
Tax
Capital Losses
Income
Contributions
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan

Advice Online – Additional Resources

Drawdown Method – Specified Dollar Value

The program allows you to build a schedule of dollar value Drawdown amounts. For some clients, an actual (PV) dollar amount is something they can easily comprehend. Once the client tells you how much money they want from their Super, then you can demonstrate very quickly whether or not the proposal is practical.

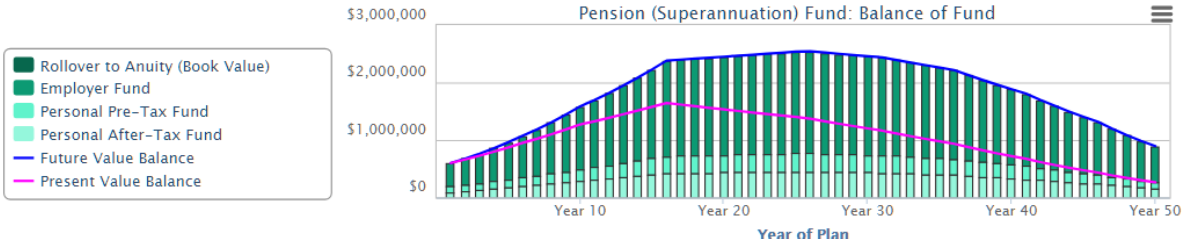




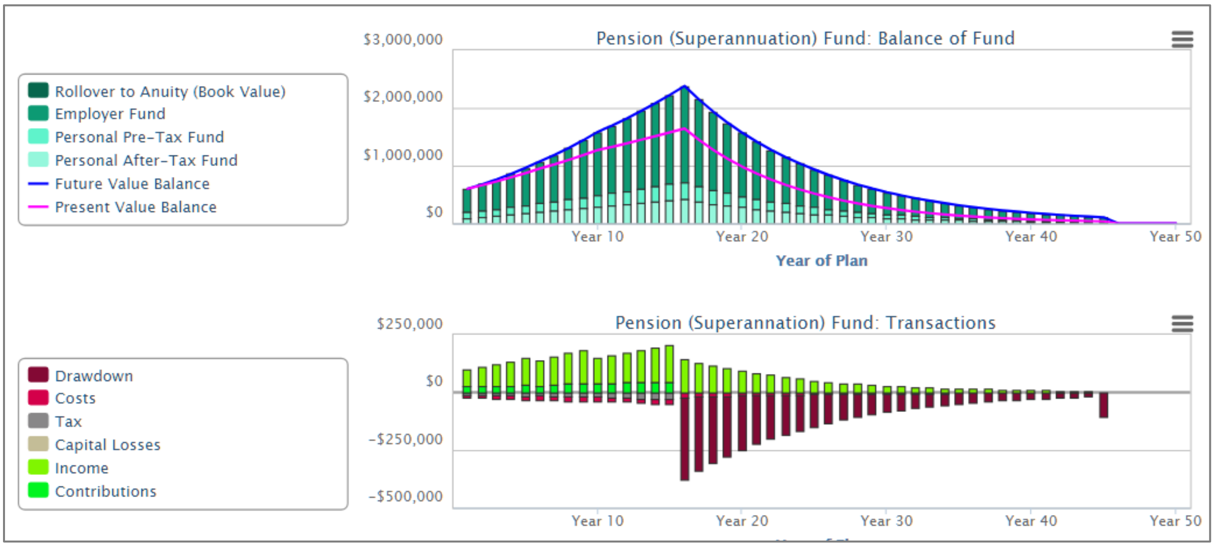
Extending the Plan Length

There may be times when you want to extend out the **Plan Length**, to demonstrate the likely drawdown scenario, but don't want to overwhelm you, client, we 'Information Overload'

Here the plan has been extended to a 50-year plan to demonstrate the long term effect of drawing down 5% of the fund. As 5% is less than the Minimum drawdown value, the amount will be adjusted each year. Thus you can demonstrate how long your funds will last if you only draw down the Minimum.



If the fund were drawn down at 15%, with a <u>Minimum Closing Balance of $40,000</u>, the graph would be the following. Note the importance of having a realistic ***Minimum Balance***. You don't want your client thinking the funds will last longer if the value of the drawdown is less than what is required for living expenses.



Calculation of Tax

There are a number of situations where tax information is included as a statement of information.

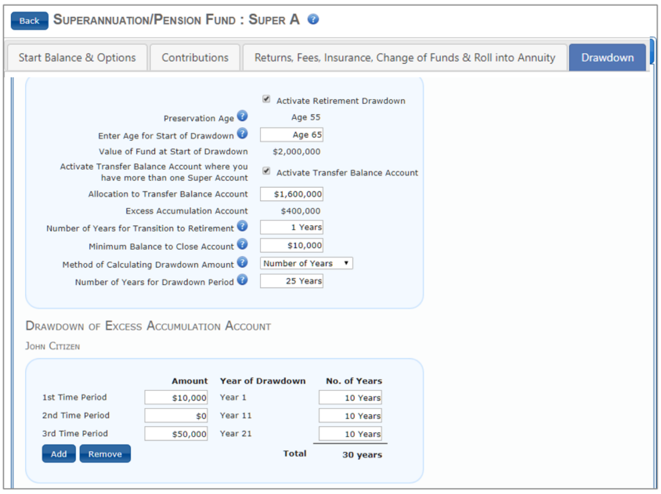
This is the list of possible entries in the Superannuation/Pension Account

Personal Taxation					
Tax on Drawdown (not taxed as part of Taxable Income)	$0	$0	$0	$0	$0
Drawdown to be taxed at Specified Rate	$0	$0	$0	$0	$0
Drawdown to be taxed as Income	$0	$0	$0	$0	$0
Drawdown Tax Rebate	$0	$0	$0	$0	$0
Tax Rebate on Spouse Contribution	$0	$0	$0	$0	$0
Drawdown - Tax Free	$0	$0	$0	$0	$0
Tax Deductible (Pre-Tax) Contributions	$0	$0	$0	$0	$0

Transfer Balance Cap

The inclusion of the ***Transfer Balance Cap*** and the division of the account, into two funds at the start of retirement is has been a recent addition to the software.

This is a screenshot of the data entries for the Superannuation Account:



Note that the **Excess Accumulation Account** has its own schedule of Drawdown. <u>This schedule is limited to Dollar Values</u>. The **Excess Accumulation Account** will continue to <u>pay tax on earnings</u>.

Where the fund exceeds the TBC at the start of retirement, the Banks for the Total Fund, Transfer Balance Account and the Excess Accumulation Account are displayed.

SUPERANNUATION/PENSION FUND TRANSACTIONS

View Data View Graph

RETIREMENT PHASE

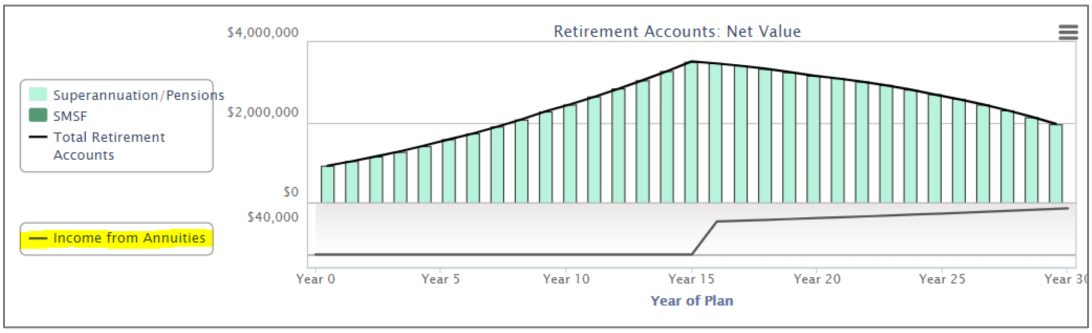
Years 1 - 5

Retirement Phase	Year 1 2019 Age 65	Year 2 2020 Age 66	Year 3 2021 Age 67	Year 4 2022 Age 68	Year 5 2023 Age 69
Change of Fund or Profile	Fund 1		Fund 2		
Investment Profile	Balanced		Balanced		
Drawdown Allocation					
Minimum Drawdown	$80,000	$73,457	$66,324	$58,298	$49,863
Maximum Drawdown	$1,600,000	$1,469,135	$1,326,472	$1,165,965	$997,259
Drawdown Amount - After Adjustments	**$220,000**	**$225,500**	**$231,138**	**$236,916**	**$242,839**
Total Fund					
Start Balance	**$2,000,000**	**$1,865,506**	**$1,718,511**	**$1,551,144**	**$1,376,464**
Drawdown Amount	$220,000	$225,500	$231,138	$236,916	$242,839
Start Balance – after Drawdown	**$1,780,000**	**$1,640,006**	**$1,487,373**	**$1,314,228**	**$1,133,625**
Contributions after Fees and Taxes	**$0**	**$0**	**$0**	**$0**	**$0**
Income After Tax	**$124,600**	**$114,800**	**$104,116**	**$91,996**	**$79,354**
Capital Losses (When Returns are Negative)	$0	$0	$0	$0	$0
Costs	**$36,700**	**$33,928**	**$38,008**	**$27,469**	**$23,887**
Tax on Income	$0	$0	$0	$0	$0
End Balance	**$1,865,506**	**$1,718,511**	**$1,551,144**	**$1,376,464**	**$1,186,842**
Total Tax Due	**$2,394**	**$2,368**	**$2,337**	**$2,291**	**$2,250**
Contributions Warning: "Over Limit"					
Warning - Excessive Fees					
Transfer Balance Account (TBA)					
Start Balance	**$1,600,000**	**$1,469,135**	**$1,326,472**	**$1,165,965**	**$997,259**
Drawdown Amount	$200,000	$205,000	$210,125	$215,378	$220,763
Balance after Drawdown	**$1,400,000**	**$1,264,135**	**$1,116,347**	**$950,587**	**$776,496**
Income	$98,000	$88,489	$78,144	$66,541	$54,355
Costs	$28,865	$26,152	$28,527	$19,869	$16,362
Tax on Income	$0	$0	$0	$0	$0
Value at End of Year	**$1,469,135**	**$1,326,472**	**$1,165,965**	**$997,259**	**$814,490**
Excess Accumulation Account (EAA)					
Start Balance	**$400,000**	**$396,371**	**$392,038**	**$385,179**	**$379,205**
Drawdown Amount	$20,000	$20,500	$21,013	$21,538	$22,076
Balance after Drawdown	**$380,000**	**$375,871**	**$371,026**	**$363,641**	**$357,128**
Income	$26,600	$26,311	$25,972	$25,455	$24,999
Costs	$7,835	$7,776	$9,481	$7,601	$7,525
Tax on Income	$2,394	$2,368	$2,337	$2,291	$2,250
Value at End of Year	**$396,371**	**$392,038**	**$385,179**	**$379,205**	**$372,352**

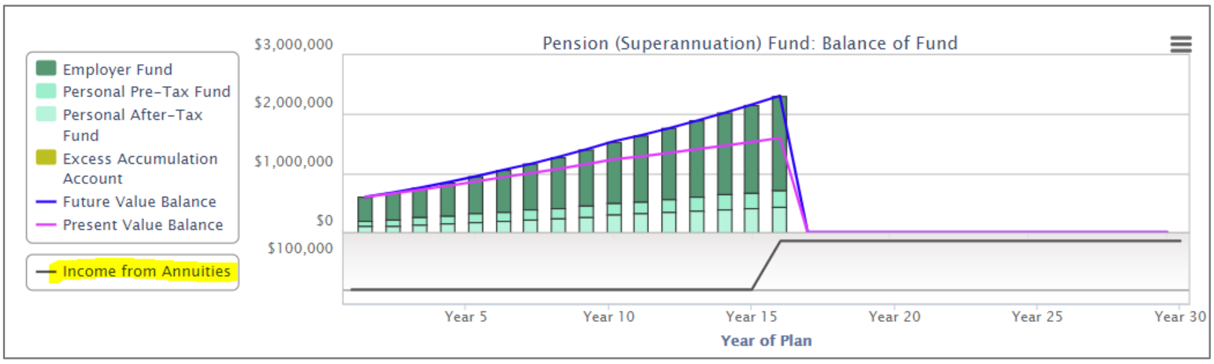
Valuation of Annuities – including Superannuation Rollover to Annuity

Once an Annuity is purchased, the annuity has no resale value. Therefore, the value of the annuity is listed as $0.

To compensate for this $0 valuation, the income from an annuity is displayed as a sub-graph. This is an example of one superannuation account and one annuity which was purchased at the start of retirement.



Where a ***Superannuation Fund*** is converted to a **Rollover to Annuity**, the following is displayed.



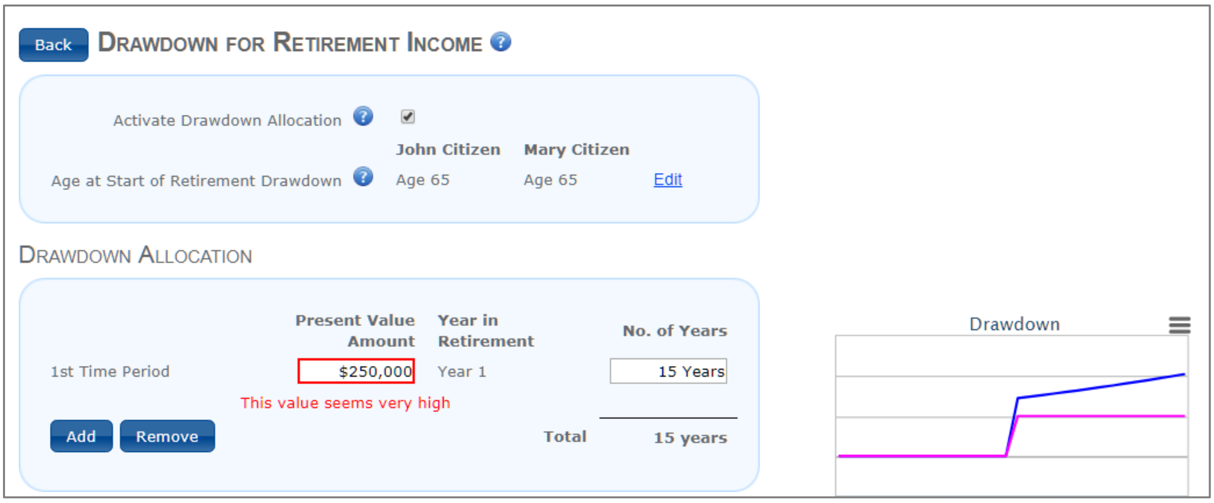
Return on Investment – Annuity

The program calculates the Return on Investment in the first year of the ownership. In the background, calculations are made to calculate a Book Value. This Book Value is dependent on the method of increase of payments – no increase, specified increase, or inflation-linked. The Book Value will maintain the same Return on Investment for the life of the annuity.
This Book Value used to be displayed, but as it was causing confusion, the program has dispensed with displaying the Book Value.

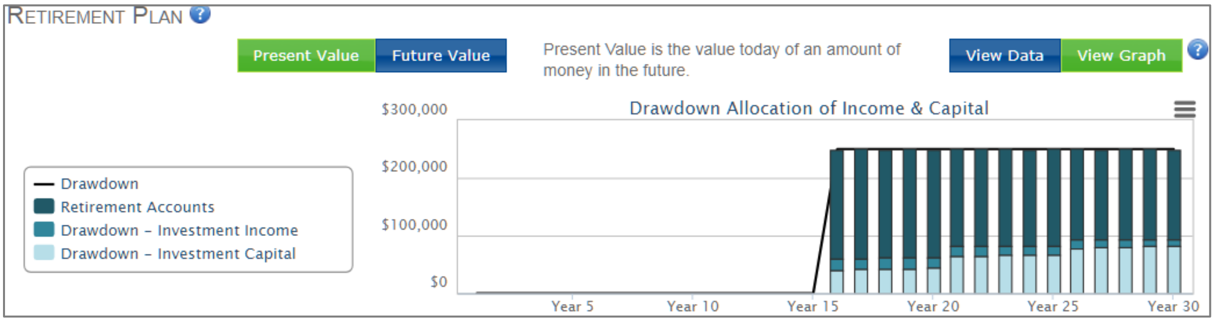
Retirement Income

All the **Drawdown** values are deposited into the **Transaction Account** at the Start of Year.

The **Retirement Income** is nominated. Note a warning is given if the amount is over $200,000. You will find this type of warning when entries seem excessive, say in Investment Returns or Interest Rates on Loans.

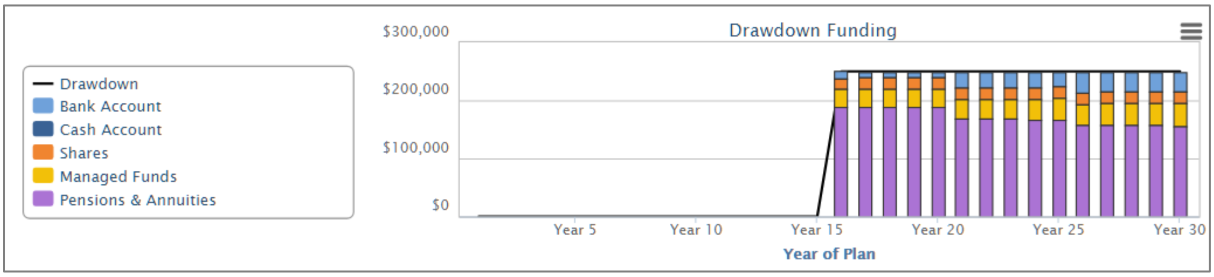


The ***Retirement Plan***, shows the value of the **Retirement Accounts** separate to Investment Income and Investment Capital. Values may be either PV or FV.

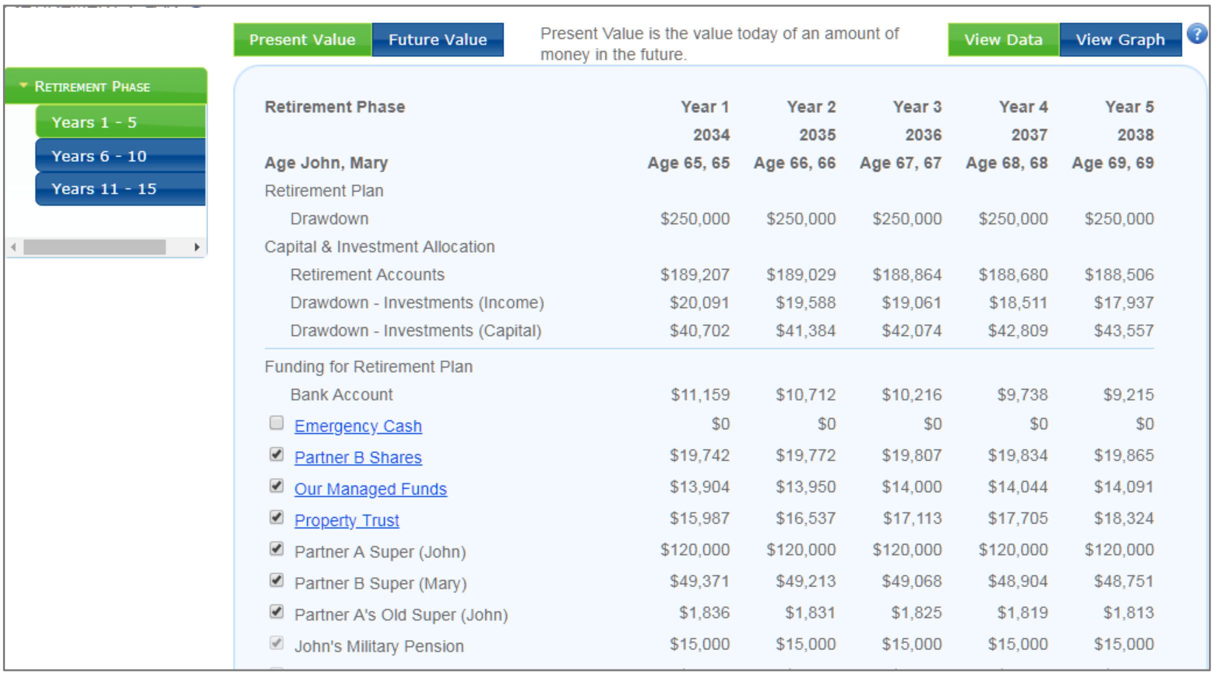


The second graph displays which type of account funded the Drawdown.

Advice Online – Additional Resources



A Data View for each 5-year period is also available.



Retirement Phase	Year 1	Year 2	Year 3	Year 4	Year 5
	2034	2035	2036	2037	2038
Age John, Mary	Age 65, 65	Age 66, 66	Age 67, 67	Age 68, 68	Age 69, 69
Retirement Plan					
Drawdown	$250,000	$250,000	$250,000	$250,000	$250,000
Capital & Investment Allocation					
Retirement Accounts	$189,207	$189,029	$188,864	$188,680	$188,506
Drawdown - Investments (Income)	$20,091	$19,588	$19,061	$18,511	$17,937
Drawdown - Investments (Capital)	$40,702	$41,384	$42,074	$42,809	$43,557
Funding for Retirement Plan					
Bank Account	$11,159	$10,712	$10,216	$9,738	$9,215
Emergency Cash	$0	$0	$0	$0	$0
Partner B Shares	$19,742	$19,772	$19,807	$19,834	$19,865
Our Managed Funds	$13,904	$13,950	$14,000	$14,044	$14,091
Property Trust	$15,987	$16,537	$17,113	$17,705	$18,324
Partner A Super (John)	$120,000	$120,000	$120,000	$120,000	$120,000
Partner B Super (Mary)	$49,371	$49,213	$49,068	$48,904	$48,751
Partner A's Old Super (John)	$1,836	$1,831	$1,825	$1,819	$1,813
John's Military Pension	$15,000	$15,000	$15,000	$15,000	$15,000

Conversational SmartPanels

Examples of the three ***Retirement Account SmartPanels*** are:
Superannuation

Superannuation

Superannuation/Pension Funds

This plan has 2 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 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	Balanced	7.00%
Year 15	Conservative	7.00%

At the start of your drawdown at Age 65, the balance of this super/pension/KiwiSaver fund is $890,120.

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 $424,549 (which is $890,521 in FV).

Income Streams in Retirement

Advice Online is designed to let you complete planning of **Income Streams in Retirement**. There is no account for Annuities, except where the Superannuation Fund is converted to an Annuity.

For each liquid type of asset, you can nominate the Year in which you wish to commence the drawdown and over how many years you wish to allow that asset to last. These assets are **Cash**, **Shares**, **Managed Funds** and **Superannuation.**

With Superannuation/Pension Account, there are three methods, which will commence at a nominated age:

- Number of Years
- Percentage of Funds over two time periods
- Specified Dollar Values

In addition, the Superannuation Account, the fund can be converted to an **Annuity** at the start of the Drawdown. Where the fund exceeds the **Transfer Balance Cap**, the Drawdown of the **Excess Accumulation Funds** is nominated as a separate Drawdown Value.

Where there are insufficient funds to service the nominated ***Retirement Income***, **Real Estate** may be sold, and the funds re-allocated to suitable investments.

Notes on Plan

For demonstration purposes, screenshots will be from a 30-year Retirement Plan for a single person with investments of $1.2m in Superannuation and $1.2m in assets held other investments.

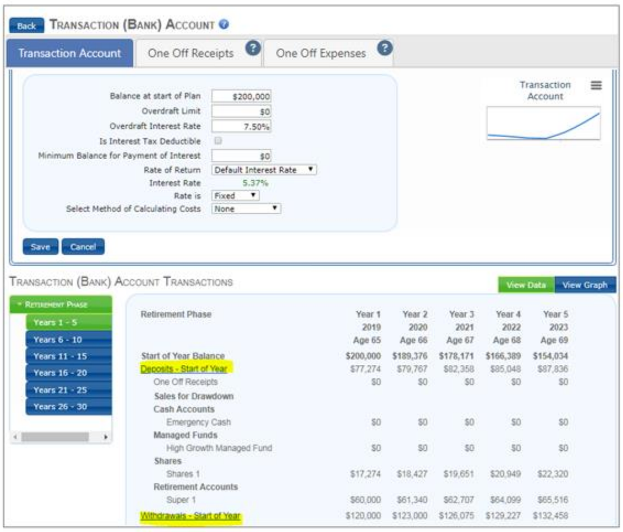
John, Citizen is aged 65 and wants a Retirement of Income of $120,000 for the first 10-years, reducing the amount by $10,000 for each additional 10 year period. He owns his own home and has no debts.

Assets at Start of Retirement

Each Asset will be discussed and why a particular drawdown has been selected.

Transaction Account

For this exercise, all the **Interest Earning Assets** will be kept in the **Bank Account**, with the exception of $50,000 for *Emergencies* which will not be accessed in the plan.



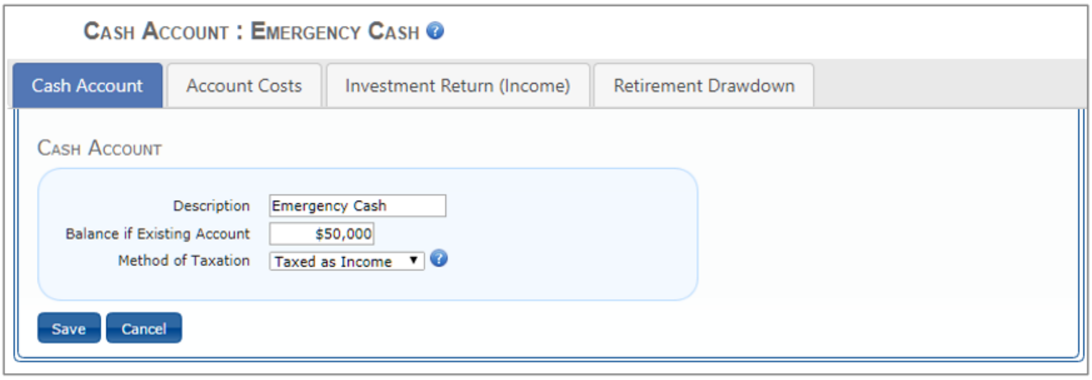
In the ***Retirement Phase***, drawdown from accounts is deposited into the **Bank Account** at the Start of the Year. In the first 5-years of the plan, funds from the **Managed Funds & Shares Account** and the **Superannuation** are being drawn down. The Withdrawal at the Start of the Year is the amount nominated in the ***Retirement Income***. These funds are withdrawn and deposited into the ***Budget*** as **Personal Income**, replacing Salaries from the Savings Phase. Note how the value is allocated to Retirement Accounts, Investment Income and Investment Capital. This gives you the opportunity to have a discussion with your client about how spending **Investment Capital** may impact future cash flows. *(The same allocation is found on the Retirement Income page.)*

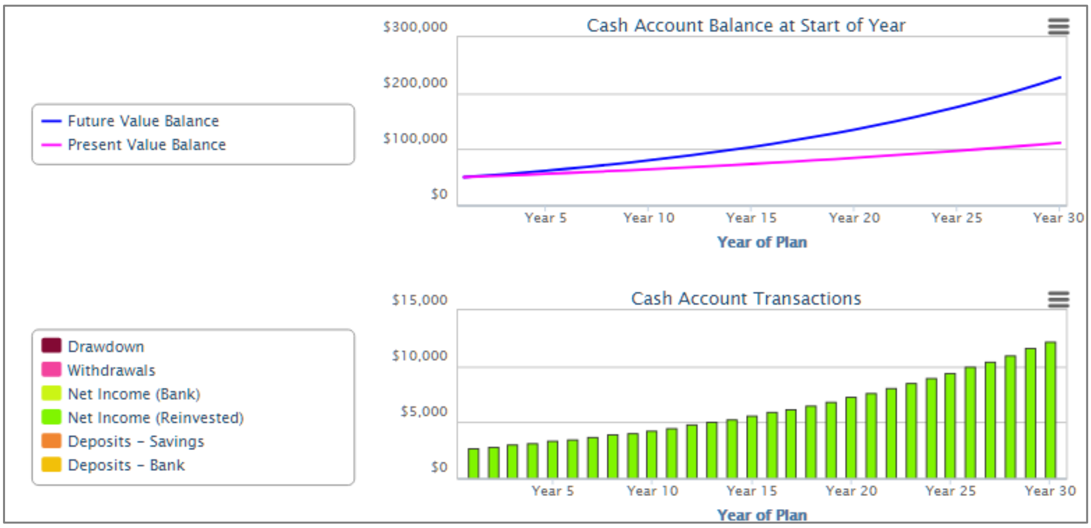
Sometimes clients may be resistant to spend their capital while others may not see the dangers of spending capital too quickly in the early stages of the Retirement Phase.

In *Advice Online*, the program automatically deducts ***Tax on all Income*** from the **Transaction Account** at the end of the year.

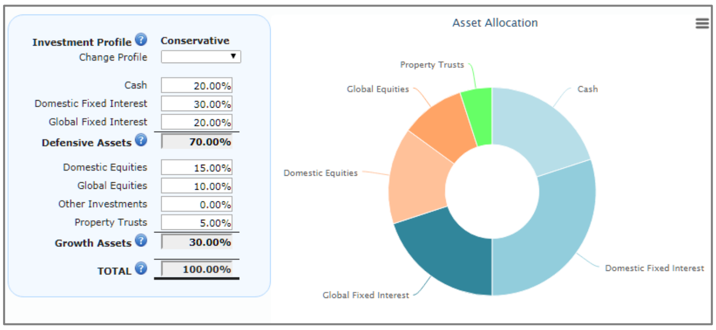
Emergency Cash

Having some extra funds, tucked away for an unexpected cost, such as major health issues, can be facilitated by placing these funds in a separate account. In this case the ***Income*** is **Reinvested** and there is no allocation of Drawdown.





In this example, a ***Cash Account*** has been used, but you could use a **Managed Funds & Shares** Account if you wanted to benefit from some Capital Growth. Using the TAB ***Asset Allocation***, you could find a Fund which best suits the needs of your client. Here is an example of a Conservative Fund.

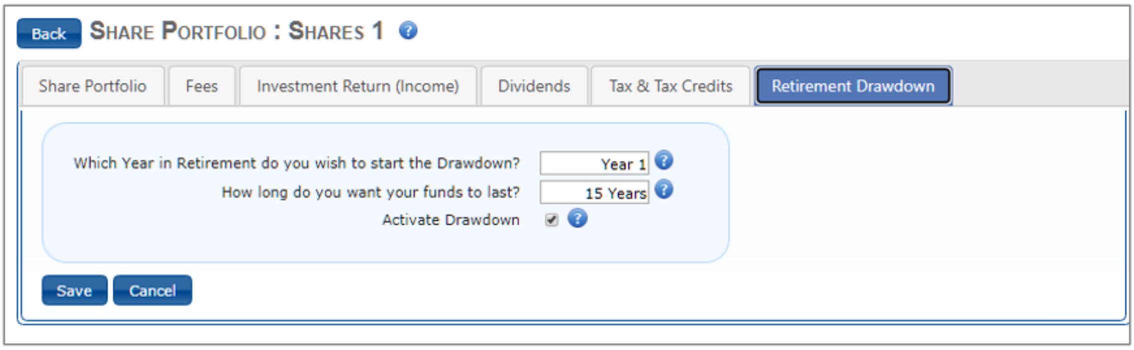


Advice Online – Additional Resources

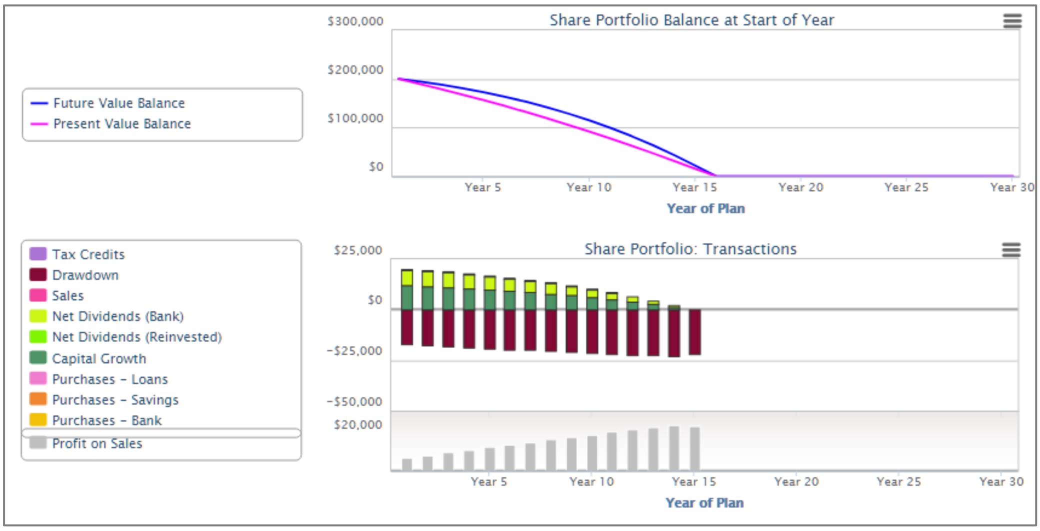
Managed Funds - Shares

This fund has a balance of $200,000. The **Dividends** will be paid directly to the ***Transaction Account***. It is anticipated that **70%** of the fund will receive **Tax (Imputation) Credits**.

The plan also has $200,000 held in a ***High Growth Managed Fund***. The strategy is to draw down the funds in the ***Share Portfolio*** over the first 15-years. As the funds are likely to be a self-directed investment, it is most likely the client will not want to have such responsibility after Age 80. From Age 80, the client will start to draw down the funds in the ***Managed Fund Account***.



Graph View

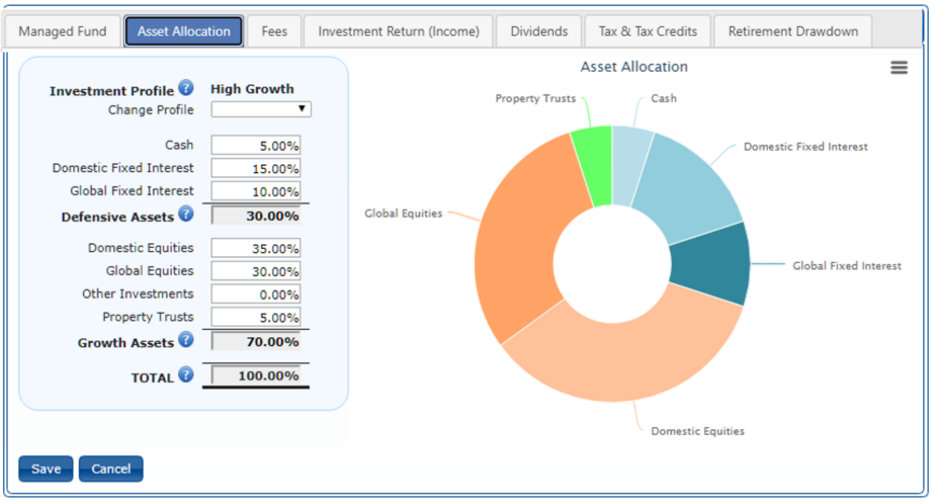


Data View Years 1 - 5

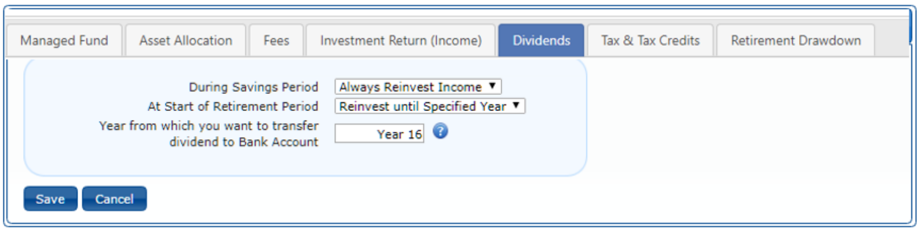
Retirement Phase	Year 1 2019 Age 65	Year 2 2020 Age 66	Year 3 2021 Age 67	Year 4 2022 Age 68	Year 5 2023 Age 69
Transactions					
Start Balance	$200,000	$194,510	$188,183	$180,958	$172,770
Start of Year					
Purchases - Loan Account	$0	$0	$0	$0	$0
Purchases - Bank Account	$0	$0	$0	$0	$0
Drawdown	$17,361	$17,812	$18,270	$18,733	$19,197
Monthly Transactions					
Purchases – Salary Savings	$0	$0	$0	$0	$0
End of Year					
Capital Growth	$11,872	$11,485	$11,044	$10,545	$9,982
Dividends Reinvested	$0	$0	$0	$0	$0
Sales	$0	$0	$0	$0	$0
End Balance	**$194,510**	**$188,183**	**$180,958**	**$172,770**	**$163,555**
Net End Balance	$194,510	$188,183	$180,958	$172,770	$163,555
% Equity (Asset)	100.00%	100.00%	100.00%	100.00%	100.00%
Income & Expenses					
Net Income	$7,762	$7,510	$7,221	$6,895	$6,527
Dividends (Before Costs)	$7,762	$7,510	$7,221	$6,895	$6,527
Management Fees	$0	$0	$0	$0	$0
Buying Costs/Entry Fees	$0	$0	$0	$0	$0
Selling Costs/Exit Fees	$87	$89	$91	$94	$96
Cumulative Net Income	$7,762	$15,272	$22,493	$29,388	$35,915
Profit on Sales	$4,340	$5,268	$6,189	$7,102	$8,005

High Growth Managed Fund

This ***High Growth Managed Fund*** has a balance of $200,000, with **Tax (Imputation) Credits** for 30% of the Income. The default High Growth entries will be maintained, but you can overwrite these values to match any of your recommended products. In this example, an **Investment Return** of 5% Income and 7% Capital (Total 12%) has been nominated.



It is planned to reinvest the Dividends, until Year 16, when the commencement of the Drawdown will commence.

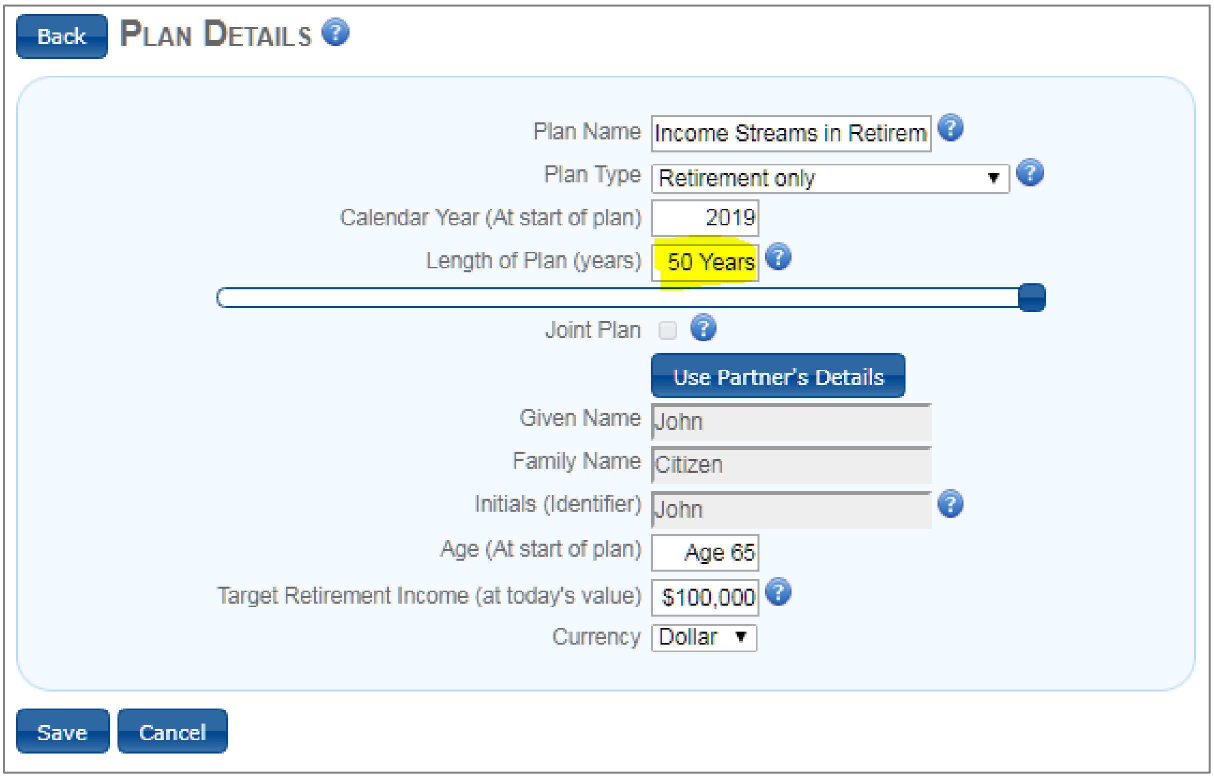


The Drawdown period is 25 years, meaning there should be a considerable balance for an inheritance, even if the client has a life-span well into their nineties. At the end of the 30-year plan, the client, aged 95, should have about $390,000 (PV) in the account.

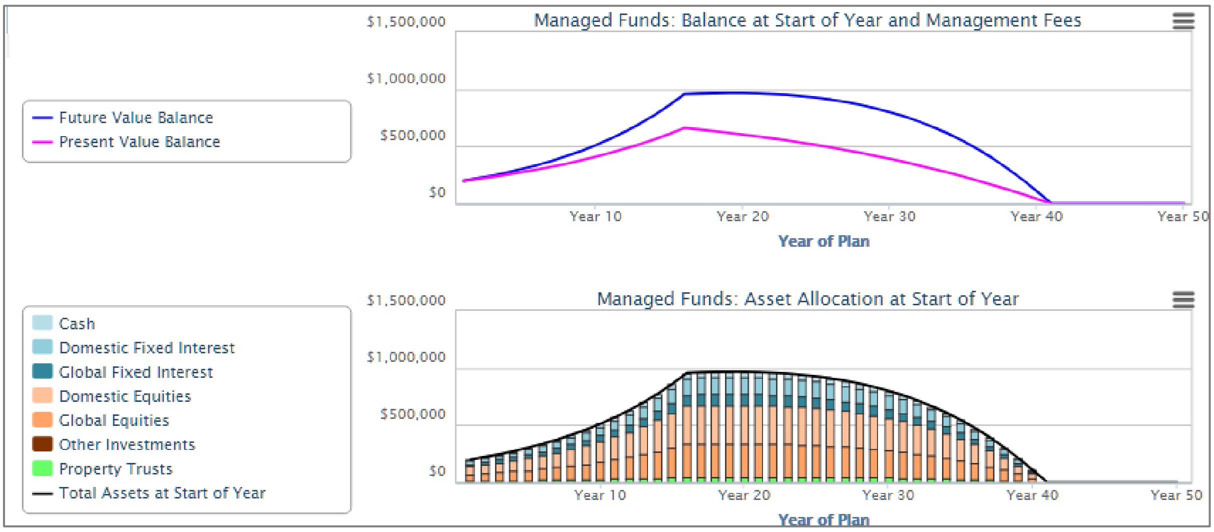
Note on Plan Length

There may be value in extending the plan length to 50-years so you can let the client see the results. Note that as you expand and contract the plan length, any entries made in the hidden section are retained for future use.

It is just a matter of going to the ***Plan Details*** page and change the **Length of the Plan**.



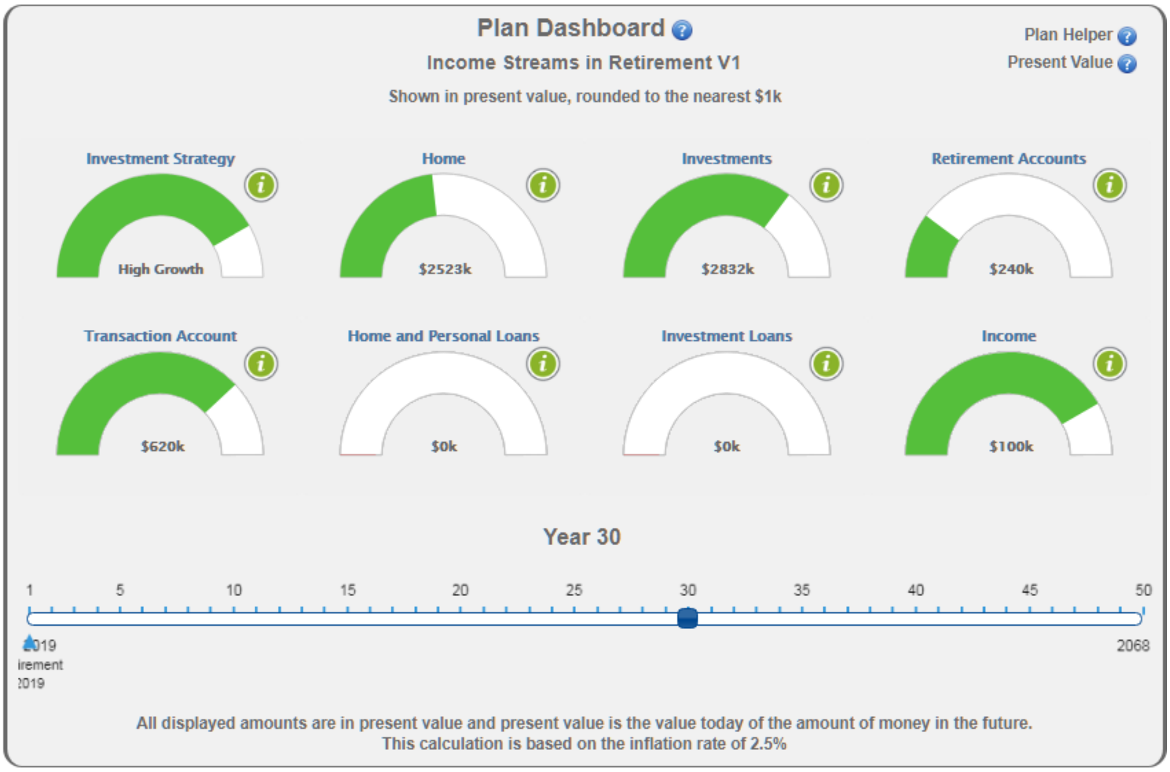
In the plan, you can quickly scroll you mouse over the graphs to view the results year by year.



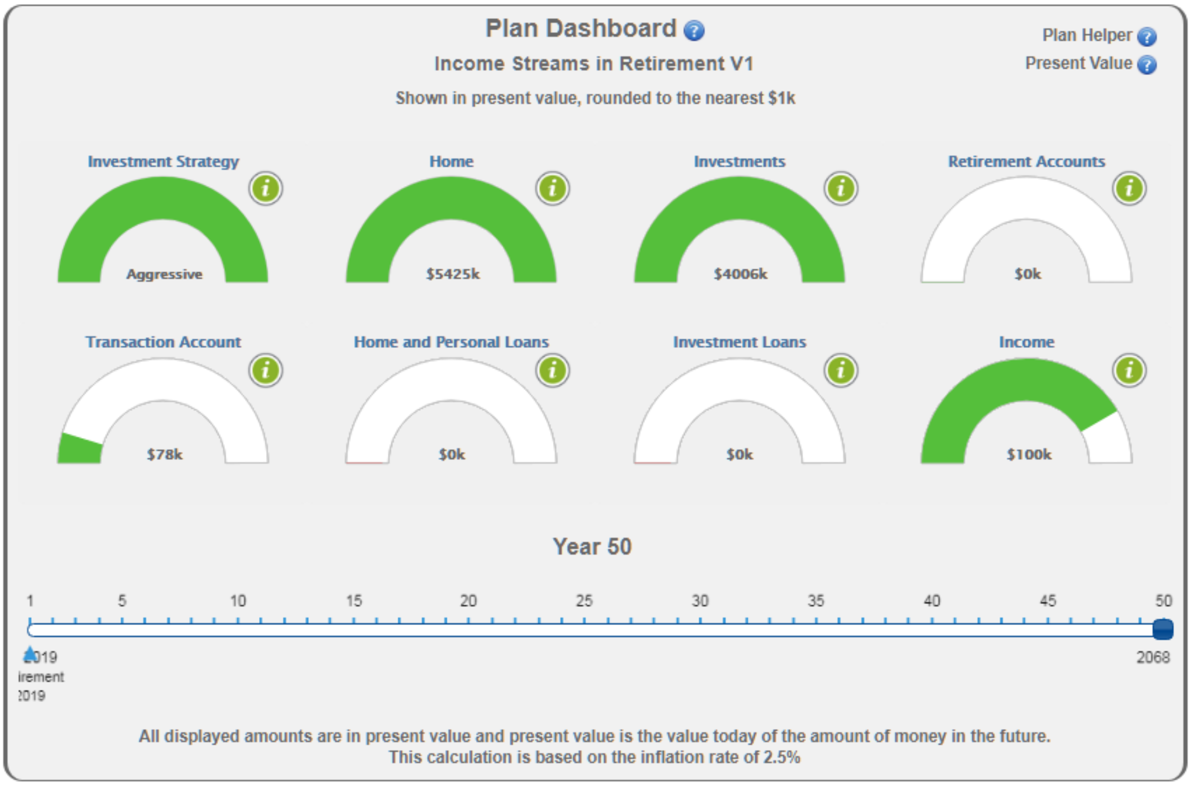
Advice Online – Additional Resources

The ***Dashboard*** is also an excellent place to carry out this type of overview very quickly.

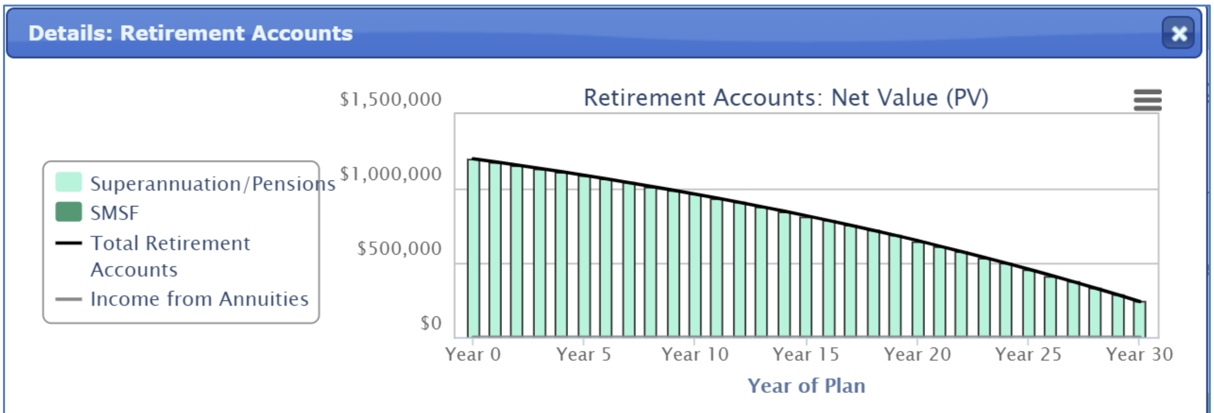
Review – Year 30



Review - Year 50



Using the **Information Icon**, details of each dial can be accessed.



Remarks

There are several kinds of Retirement Accounts.

1. The top colour refer to Superannuation/Pension Accounts managed by an independent trustee.
2. The next colour is for a Self-Managed Superannuation Fund.
3. Total Retirement Accounts adds together the value of all Retirement Accounts.
4. The final line is the combined income from Annuities which may be either purchased or provided by an employer (e.g. a military pension provided by an employer as a defined benefit pension), and Annuities rolled over from a superannuation/pension fund.

Note on Rollover to Annuity and Annuity: The important thing to remember is that Annuities usually have no value when the person dies. Therefore care needs to be excised when considering the value of an inheritance should you die. You should seek expert financial advice regarding the assigning value of these accounts when you die.

However, don't forget that in this case, the client would be **115 years old**. At the end of the plan.

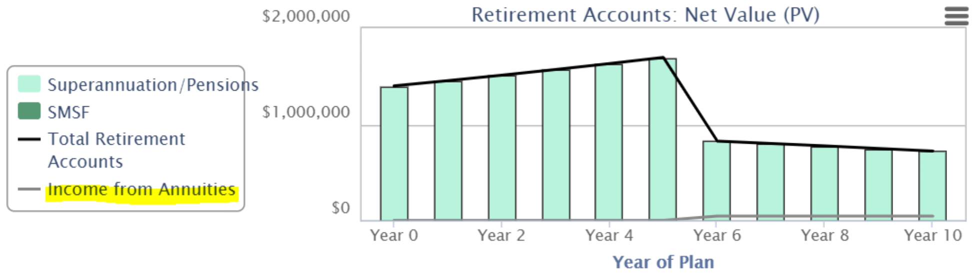
Note on Annuities:

If a client has purchased an annuity or converted their super to an annuity, there is no resale value. Therefore the dollar value is displayed as $0. It compensate for this, the line graph will display the value of the income from the annuity each year.

This shows the above graph where the superannuation account has been converted to an annuity.

This is an example of a Joint Lifetime Plan where one Superannuation Fund was converted to an Annuity and the second fund was not converted.

Details: Retirement Accounts



Remarks

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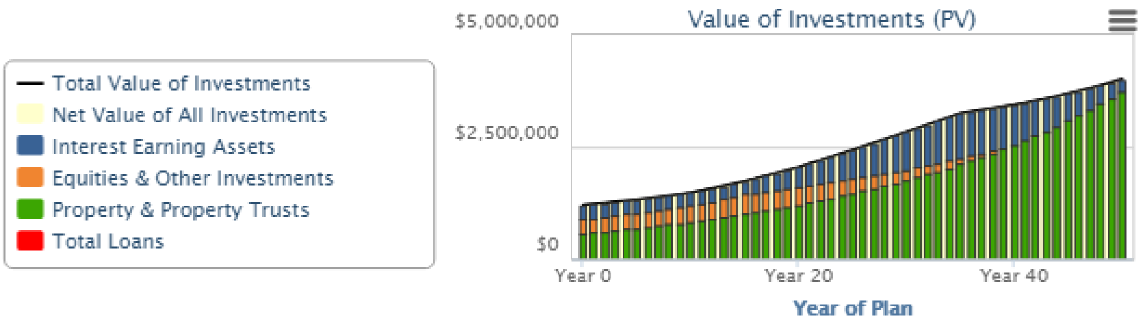
4. The final line is the combined income from Annuities which may be either purchased or provided by an employer (e.g. a military pension provided by an employer as a defined benefit pension), and Annuities rolled over from a superannuation/pension fund.

Note on Rollover to Annuity and Annuity: The important thing to remember is that Annuities usually have no value when the person dies. Therefore care needs to be excised when considering the value of an inheritance should you die. You should seek expert financial advice regarding the assigning value of these accounts when you die.

Details: Investments



Remarks

This graph for Investments has three components:

1. The columns (Green, Orange and Blue) show the allocation of investments according to Property, Shares and Interest Earning accounts.
2. Behind the columns is an area graph which shows the net value of investments (Value of Investments less Total Loans).
3. Total Investments is the value of Investment Equity plus the value of the Investment Loans.

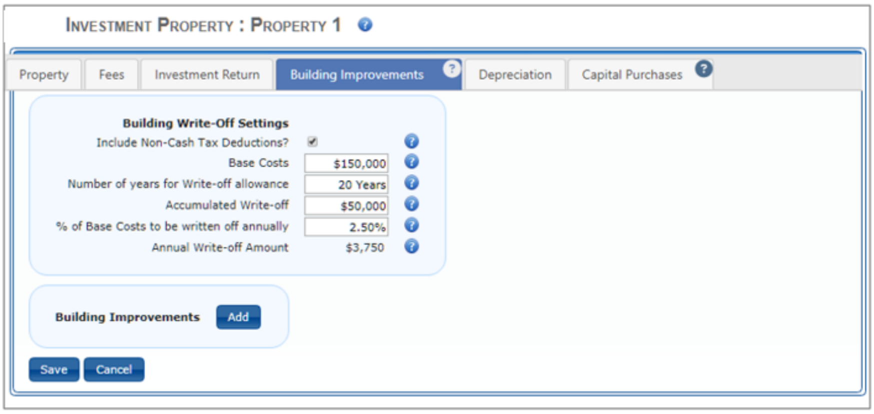
Investment Property

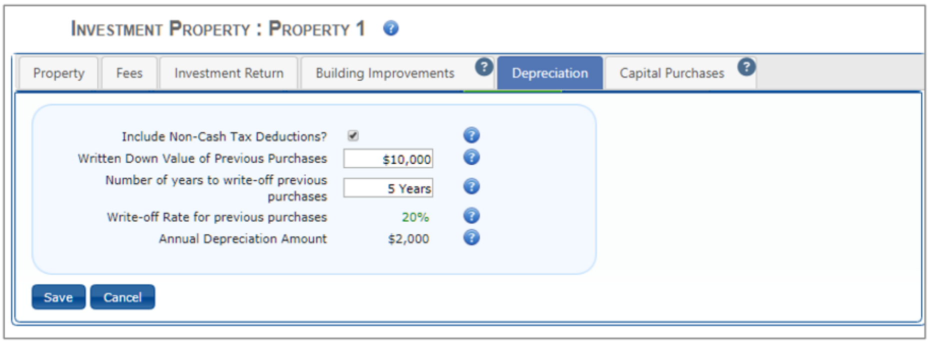
In this plan, the client has one ***Investment Property***, which at this point in time, <u>no plan has been made to sell the property</u>. Say the client may wish to retain this property as part of his inheritance and to avoid paying a **Capital Gains Tax Liability**.

The option of selling the property and its implications will be considered later.

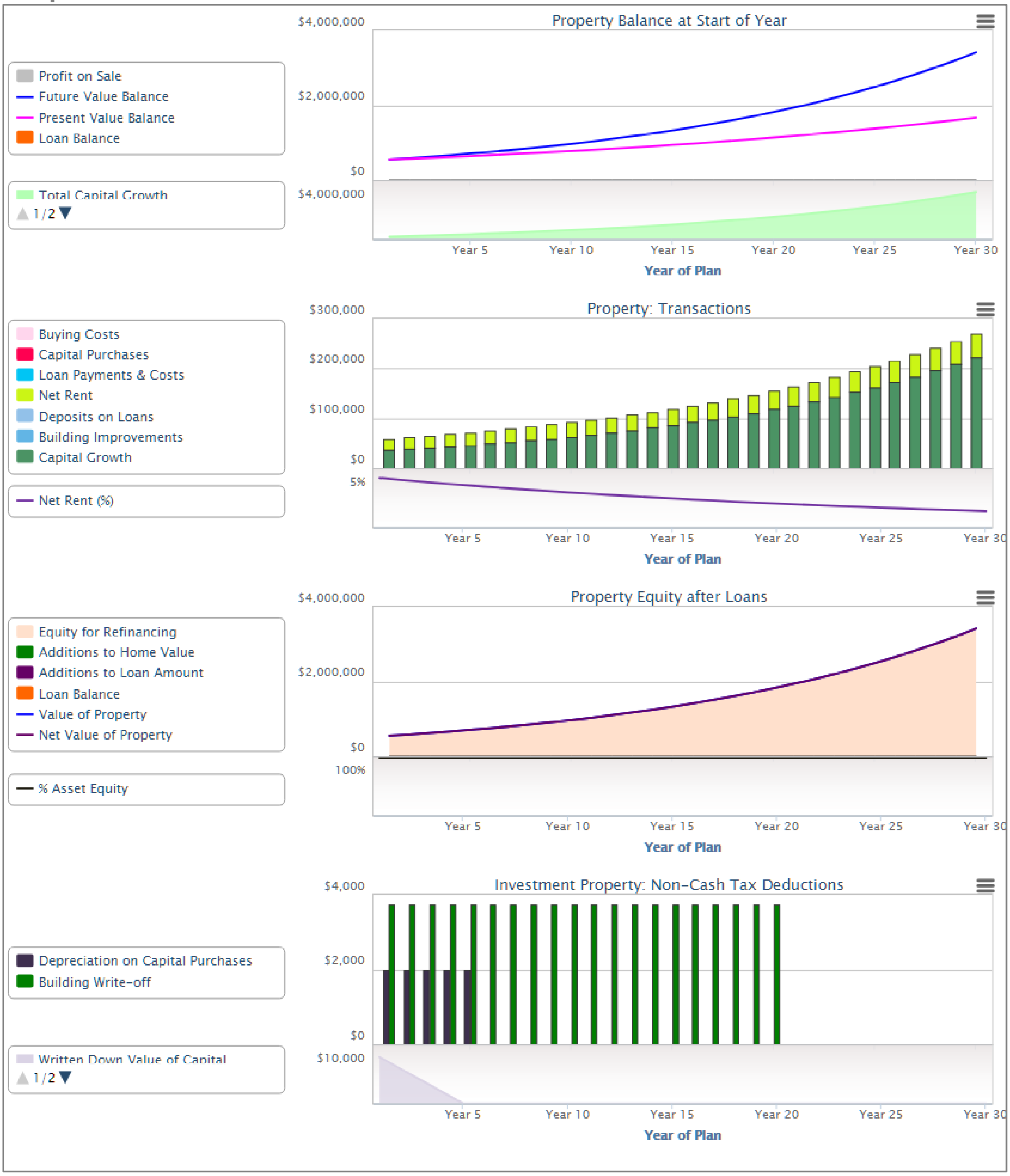
This property has <u>no debt</u> and the default **Investment Returns** have been used.

The following ***Building Write-off*** and ***Depreciation*** has been added to the plan. No plans for building renovations or future capital purchases have been entered. However, this is a discussion you may like to have with your client. Often they forget about the long term maintenance fees, particularly where older buildings are owned.





Graph View


Property Balance at Start of Year
Profit on Sale
Future Value Balance
Present Value Balance
Loan Balance
Total Capital Growth
1/2
$4,000,000
$2,000,000
$0
$4,000,000
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan
Property: Transactions
Buying Costs
Capital Purchases
Loan Payments & Costs
Net Rent
Deposits on Loans
Building Improvements
Capital Growth
Net Rent (%)
$300,000
$200,000
$100,000
$0
5%
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan
Property Equity after Loans
Equity for Refinancing
Additions to Home Value
Additions to Loan Amount
Loan Balance
Value of Property
Net Value of Property
% Asset Equity
$4,000,000
$2,000,000
$0
100%
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan
Investment Property: Non-Cash Tax Deductions
Depreciation on Capital Purchases
Building Write-off
Written Down Value of Capital
1/2
$4,000
$2,000
$0
$10,000
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan

Data View Years 1 - 5

PROPERTY TRANSACTIONS : PROPERTY 1

View Data | View Graph

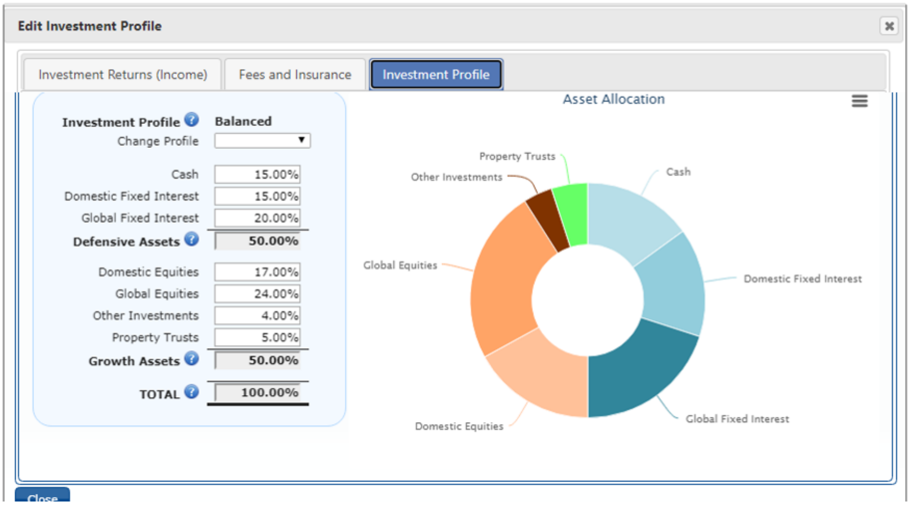
- RETIREMENT PHASE
  - Years 1 - 5
  - Years 6 - 10
  - Years 11 - 15
  - Years 16 - 20
  - Years 21 - 25
  - Years 26 - 30

Retirement Phase	Year 1 2019 Age 65	Year 2 2020 Age 66	Year 3 2021 Age 67	Year 4 2022 Age 68	Year 5 2023 Age 69
Asset Equity					
Value at Start of Year	$550,000	$585,750	$623,824	$664,372	$707,556
Value at Start after Annual Transactions	$550,000	$585,750	$623,824	$664,372	$707,556
% Asset Equity at Start of Year	100.00%	100.00%	100.00%	100.00%	100.00%
Start of Year					
Building Improvements	$0	$0	$0	$0	$0
End of Year					
Capital Growth	$35,750	$38,074	$40,549	$43,184	$45,991
Sale	$0	$0	$0	$0	$0
Value at End of Year	**$585,750**	**$623,824**	**$664,372**	**$707,556**	**$753,548**
Net Value of Asset	$585,750	$623,824	$664,372	$707,556	$753,548
Income & Recurrent Expenses					
Gross Income	$27,500	$28,188	$28,892	$29,614	$30,355
Expenses (Tax Deductible)	$4,125	$4,228	$4,334	$4,442	$4,553
Net Rent	$23,375	$23,959	$24,558	$25,172	$25,802
Net Rent (%)	4.25%	4.09%	3.94%	3.79%	3.65%
Cumulative Net Rent	$23,375	$47,334	$71,893	$97,065	$122,867
Capital Works Deduction					
Capital (Building) Improvements	$0	$0	$0	$0	$0
Capital Works Deduction	$3,750	$3,750	$3,750	$3,750	$3,750
Cumulative Capital Works Deduction	$53,750	$57,500	$61,250	$65,000	$68,750
Capital Purchases					
Capital Purchases	$0	$0	$0	$0	$0
Capital Purchases Depreciation	$2,000	$2,000	$2,000	$2,000	$2,000
Written Down Value	$8,000	$6,000	$4,000	$2,000	$0
Sale of Property					
Sale Price	$0	$0	$0	$0	$0
Selling Costs	$0	$0	$0	$0	$0
Sale Price - Selling Costs	$0	$0	$0	$0	$0
Purchase Price + Purchase Costs	$0	$0	$0	$0	$0
Capital Works Deduction	$0	$0	$0	$0	$0
Profit on Sale	$0	$0	$0	$0	$0
Loan attached to Investment Property					
Detailed Loan Summary					

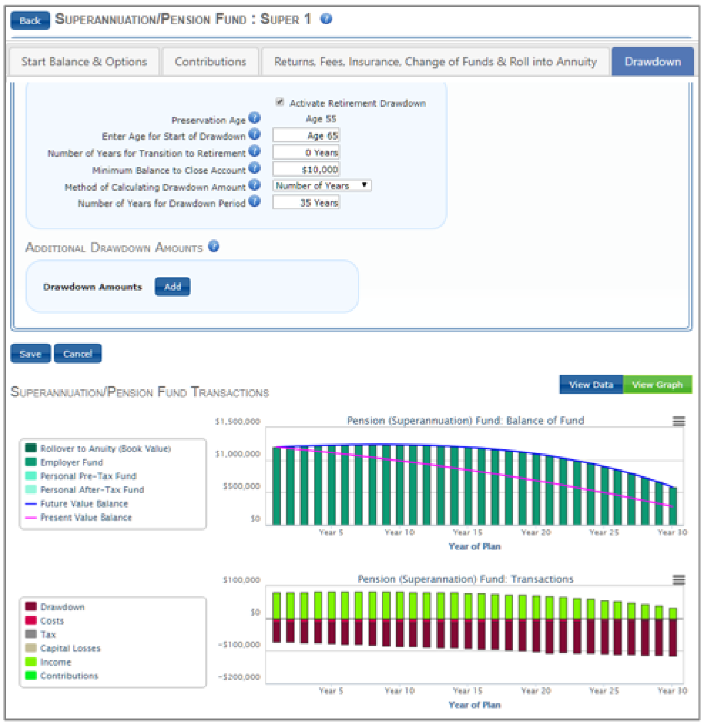
The **Net Rental Income** is transferred to the ***Bank Account***, where this income can be used as part of the **Retirement Income Drawdown**.

Superannuation

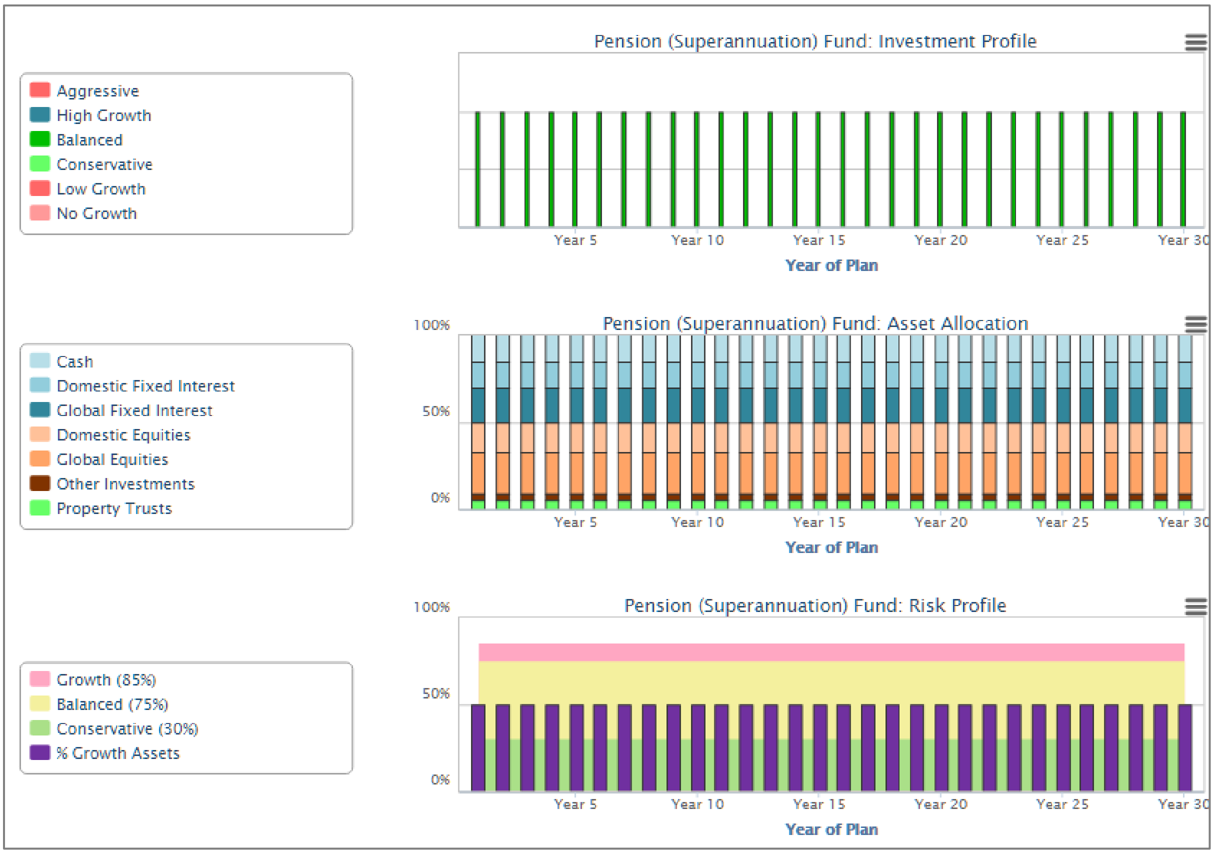
This ***Superannuation Account*** has a balance of $1,200,000, all of which are **Employer Contributions**. The fund is maintained as a ***Balanced Fund***, earning ***7%*** pa, with **Management Fees** of **1%**.



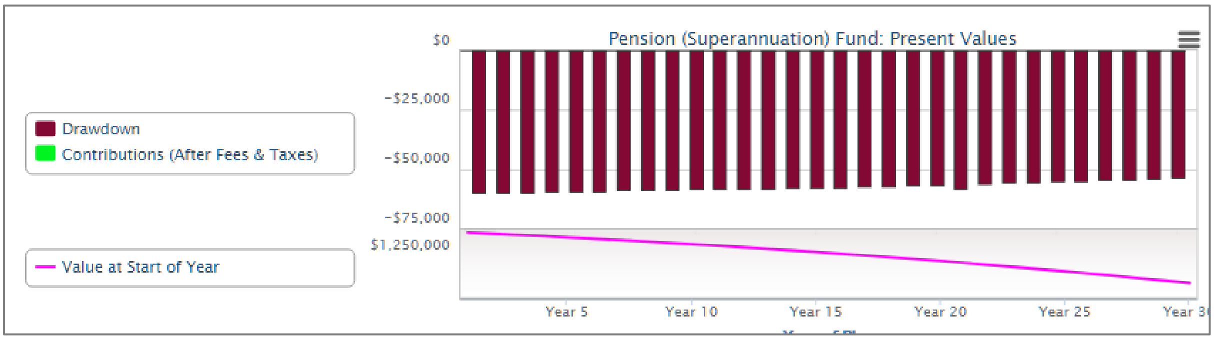
The Drawdown has been nominated as 35-years, meaning the funds will expire when the client is aged 100.



The **Investment Profile**, **Asset Allocation** and the **Risk Profile** (% of Growth Assets) are all displayed for you to commence your conversation about how and why you developed a particular strategy.

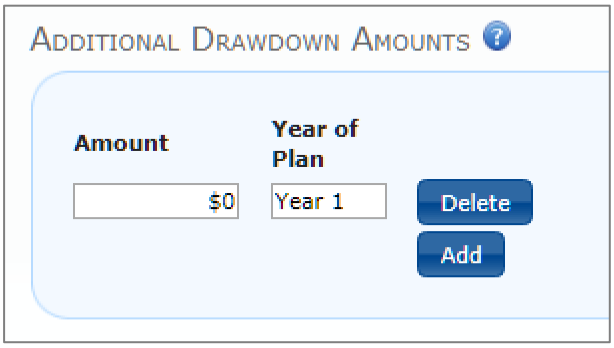


Given the length of plans, having quick access to the expected Drawdown in Present Values (PV) allows for you to have a further conversation as to whether or not the Retirement Fund drawdown meets their requirements. Where there is a gap in the actual result and th client's expectations, you can perhaps suggest alternatives ON THE SPOT.

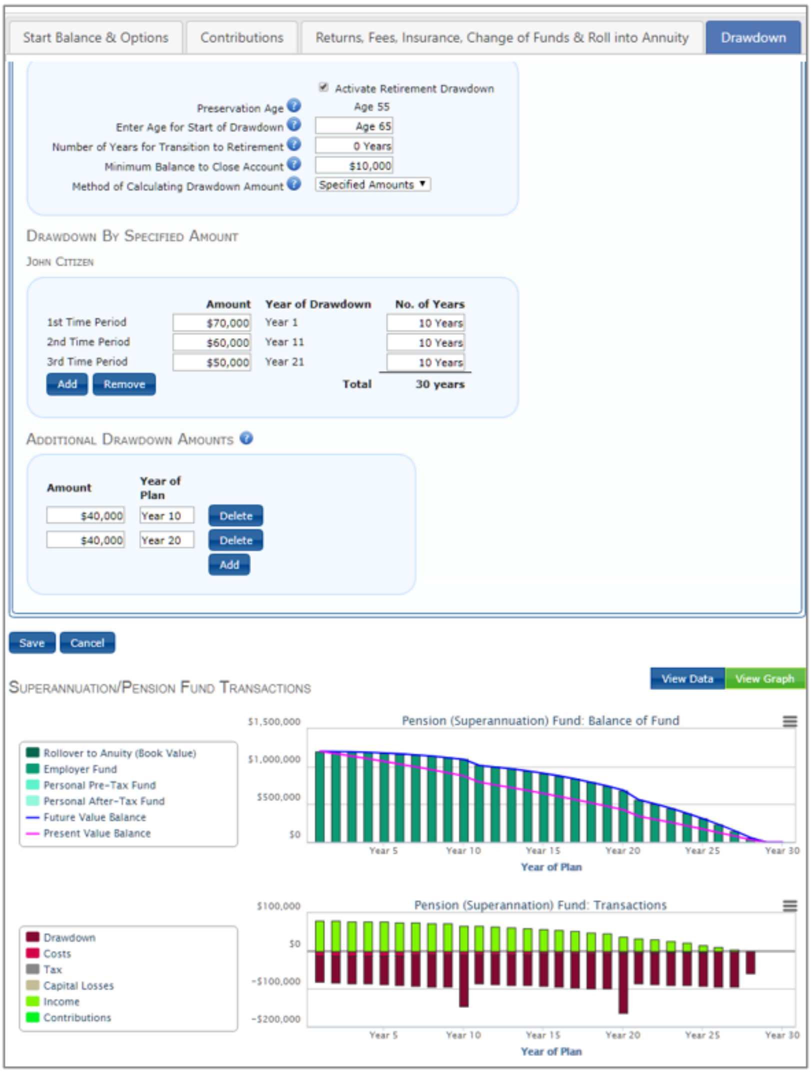


Advice Online – Additional Resources

If your client has any need for one-off additional payments these can be included with any of the three methods of drawdown.



To simplify the process, your client may prefer to see ***Dollar Values*** rather than a time-period or percentage of funds drawdown. A table of drawdown can be quickly created, and you can toggle between the three methods of Drawdown to demonstrate the effect of different options. In this example, the client has also expressed a desire to purchase a new car each 10-years at a cost of $40,000, with the funds being withdrawn from the account.

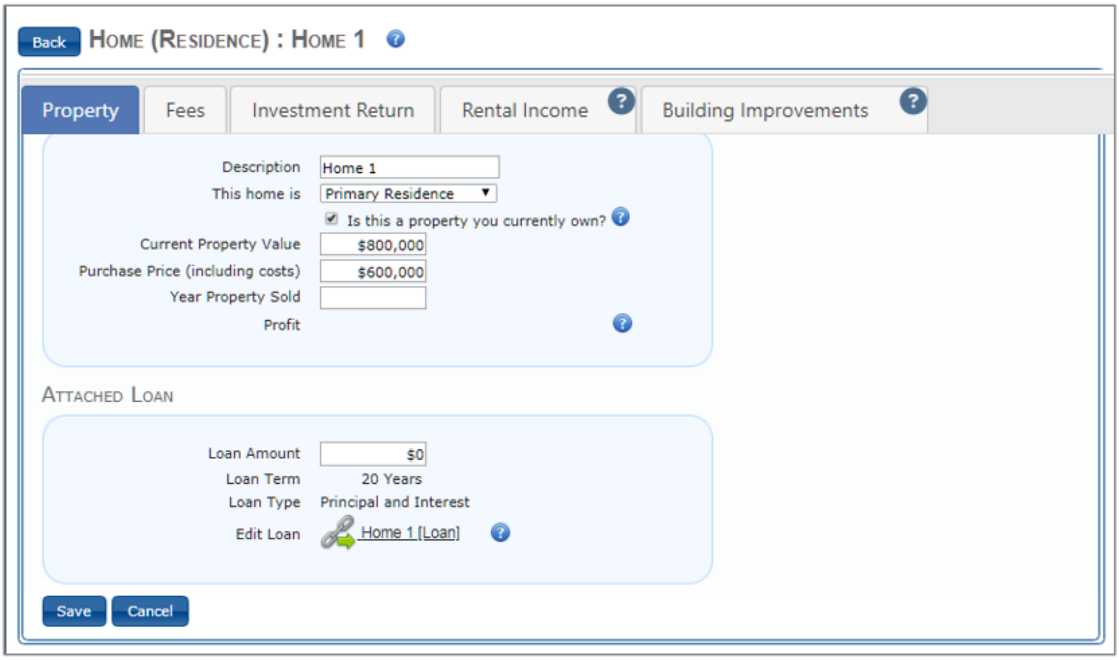


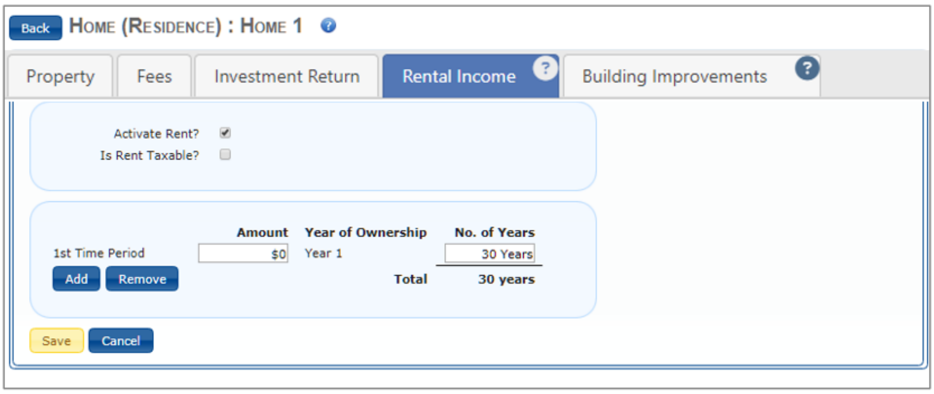
Home

In this example, there is <u>no provision made for selling the Home</u>. However, you can demonstrate to your client the <u>value of downsizing and putting those extra funds to use</u>.

If the client is reluctant to leave the family home, you could consider a renovation, where a part of the home, is isolated and used for ***supplementary income***, say a granny flat. This also gives the client the option of later moving into the granny flat and increasing the rental potential. Alternatively, the family may move back to mind their elderly parent.

All these discussions can be held with the client and change the scenarios in front of the client.





Retirement Income

The ***Retirement Income*** is accessed on your ***Retirement Plan***, using **Layered Income Stream**.

The client has indicated they would like the following ***Retirement Income***. Note that in the 3rd and last time period, I have extended the time so that if the plan is increased from a 30-year plan to a 50-year plan, the drawdown for that period will be available. Of course, you can also make a new time-period if you think the client will require fewer funds.

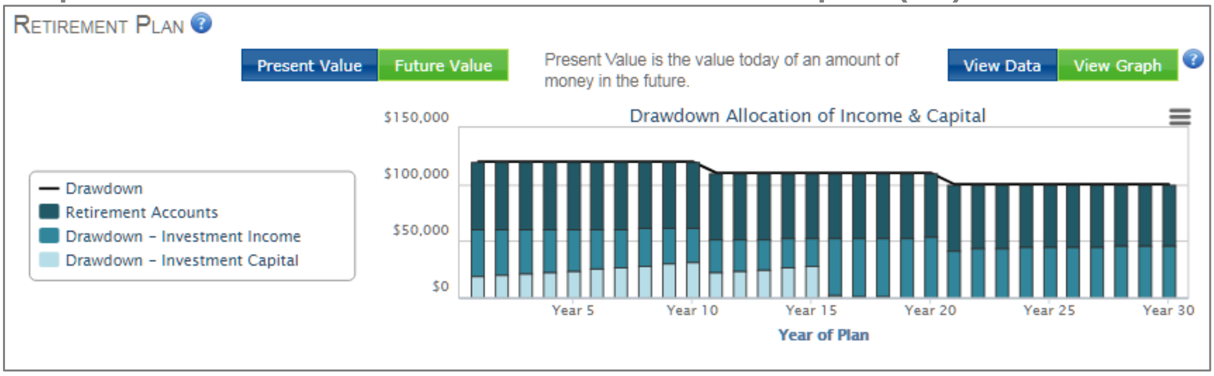
In the ***Retirement Plan***, you can elect to use either **Present** or **Future Values**. For this exercise, **<u>Present Values will be used</u>**.

<u>Drawdown Allocation of Income and Capital</u>

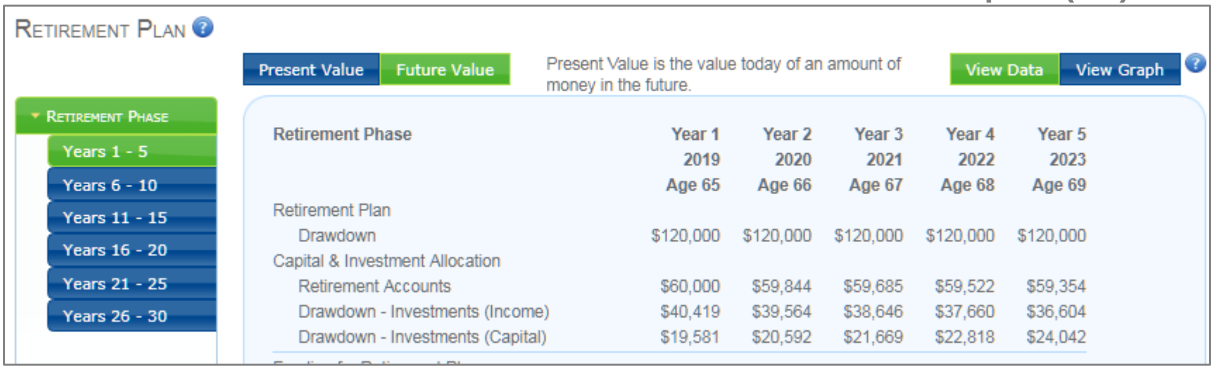
On the top graph, the income streams are divided into:

- Retirement Accounts Drawdown
- Investment Income
- Investment Capital

Graph View – Drawdown Allocation of Income & Capital (PV)



Data View Years 1 – 5 Drawdown Allocation of Income and Capital (PV)

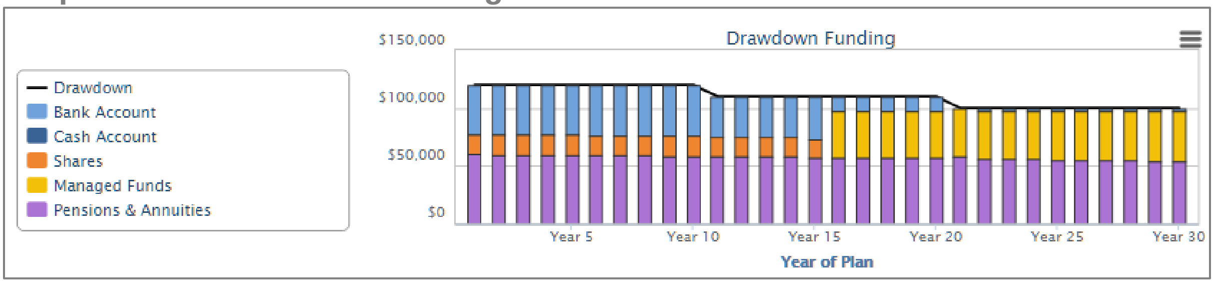


Retirement Phase	Year 1 2019 Age 65	Year 2 2020 Age 66	Year 3 2021 Age 67	Year 4 2022 Age 68	Year 5 2023 Age 69
Retirement Plan					
Drawdown	$120,000	$120,000	$120,000	$120,000	$120,000
Capital & Investment Allocation					
Retirement Accounts	$60,000	$59,844	$59,685	$59,522	$59,354
Drawdown - Investments (Income)	$40,419	$39,564	$38,646	$37,660	$36,604
Drawdown - Investments (Capital)	$19,581	$20,592	$21,669	$22,818	$24,042

Funding for Drawdown

In this section, the graph displays which funds have been used to create the ***Retirement Income***. Note how the Shares have been allocated for the first 15-years and the Managed Funds for the last 15-years as previously discussed.

Graph View Drawdown Funding



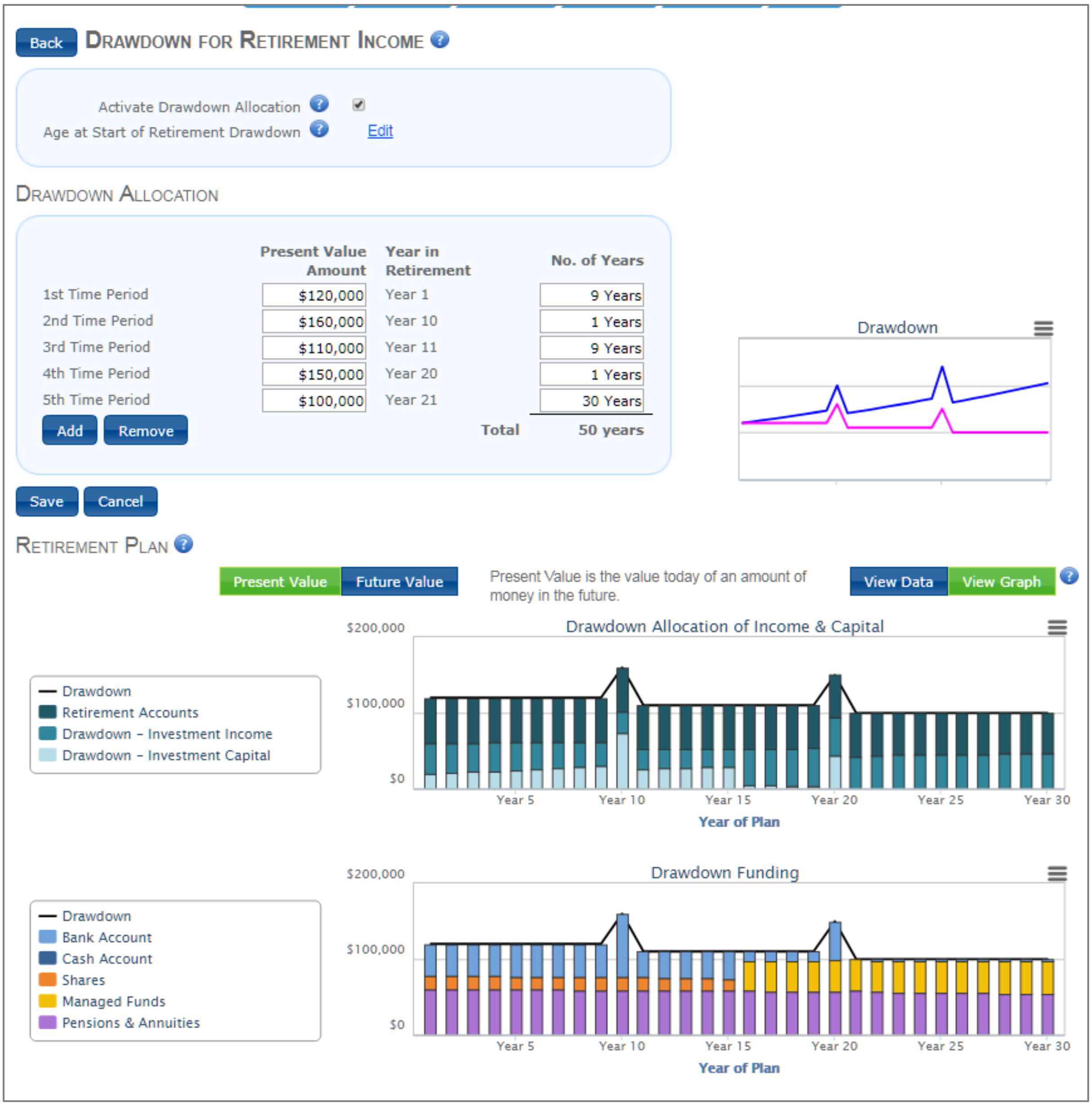
In the Data View, you can click on the LINK and view the time-periods for the Drawdown. You can also activate a Drawdown, say for the **Emergency Cash**, or you can change the time parameters. This saves you going back to the account to make adjustments as required.

Data View Years 1 – 5 Drawdown Funding

Funding for Retirement Plan						
Bank Account		$42,639	$42,778	$42,925	$43,083	$43,255
☐ Emergency Cash		$0	$0	$0	$0	$0
Start Drawdown in	Year 1					
Continue Drawdown for	25 Years					
☑ Shares 1		$17,361	$17,378	$17,390	$17,395	$17,391
Start Drawdown in	Year 1					
Continue Drawdown for	15 Years					
☑ High Growth Managed Fund		$0	$0	$0	$0	$0
Start Drawdown in	Year 16					
Continue Drawdown for	25 Years					
☑ Super 1		$60,000	$59,844	$59,685	$59,522	$59,354

Alternative Plan

You may recall that the client requested **an additional $40,000** to be withdrawn from the Superannuation Account, but no allocation has been made in the Retirement Income. Now you could change that table of Drawdown Allocation to include the additional $40,000.


Back
DRAWDOWN FOR RETIREMENT INCOME
Activate Drawdown Allocation
Age at Start of Retirement Drawdown
Edit
DRAWDOWN ALLOCATION
Present Value Amount
Year in Retirement
No. of Years
1st Time Period $120,000 Year 1 9 Years
2nd Time Period $160,000 Year 10 1 Years
3rd Time Period $110,000 Year 11 9 Years
4th Time Period $150,000 Year 20 1 Years
5th Time Period $100,000 Year 21 30 Years
Add
Remove
Total 50 years
Drawdown
Save
Cancel
RETIREMENT PLAN
Present Value
Future Value
Present Value is the value today of an amount of money in the future.
View Data
View Graph
Drawdown Allocation of Income & Capital
Drawdown
Retirement Accounts
Drawdown – Investment Income
Drawdown – Investment Capital
$200,000
$100,000
$0
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan
Drawdown Funding
Drawdown
Bank Account
Cash Account
Shares
Managed Funds
Pensions & Annuities
$200,000
$100,000
$0
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan

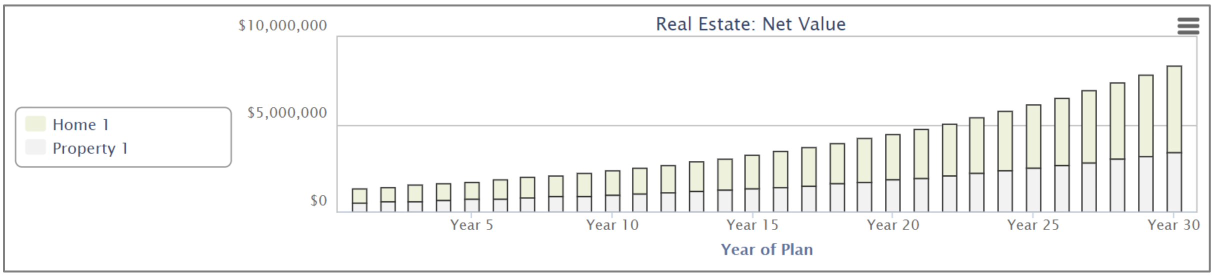
Allocation of Real Estate to Drawdown

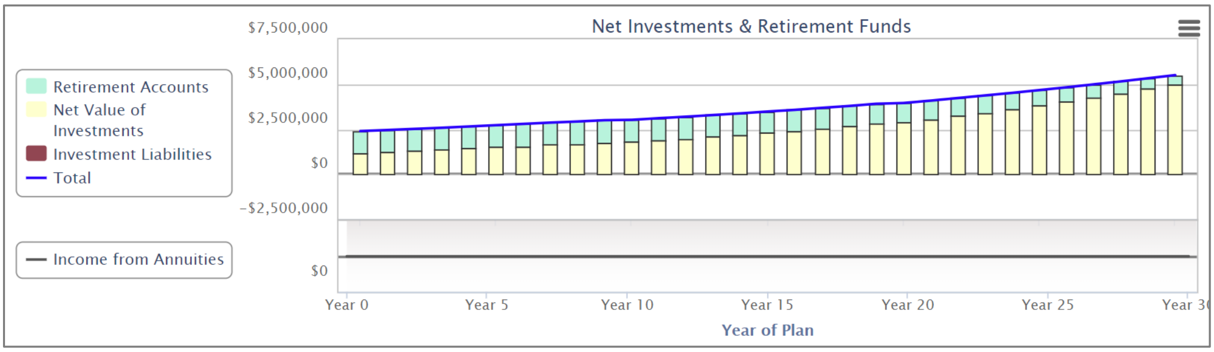
The **Net Rental Income** is deposited into the **Bank Account** and will be used as part of the **Retirement Income**. However, if you find, this rental income together with the nominated Retirement Drawdown is not sufficient, Real Estate may need to be sold.

The options would be to downsize the home and release funds or sell the Investment Property. Selling the Investment Property may trigger an adverse **Capital Gains Tax Liability**, so the timing of this sale, if applicable will be part of your plan recommendation.

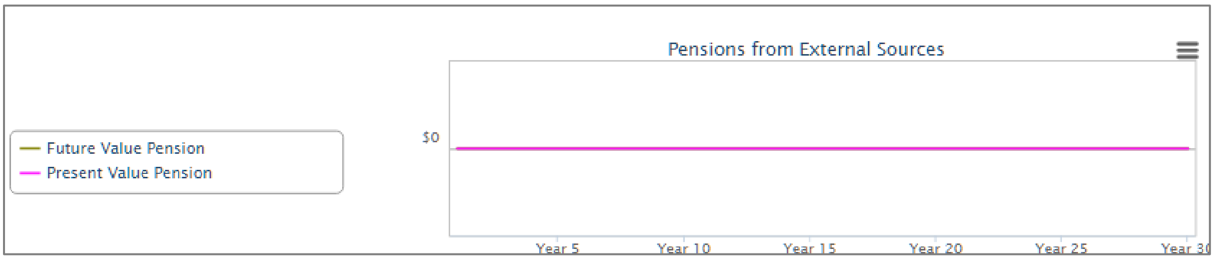
To assist you, a graph of ***Real Estate***, both home and investment properties are listed, so you can quickly see which is the most likely asset you should consider selling. Do you downsize the home with no Capital Gains Tax or sell the Rental Property. These are discussions you may want to have with your client. With **Financial Mappers** you can immediately demonstrate the outcome.

You also have a graph showing the combined value of **Net Investments**, **Retirement Accounts** and **Investment Liabilities**.





At the bottom of the page, a graph is displayed of any ***Pensions from External Sources***. In this plan, there are no pensions, due to this being a high net worth client. The funds from either a **Means Tested** or **Non-Means Tested Pension** are not part of the ***Retirement Income*** and these funds, where applicable are deposited directly into the ***Budget***. When the **Means-Tested Pension** is activated, it will automatically calculate when the client has met the requirements to receive a Part or Full Pension.


Pensions from External Sources
Future Value Pension
Present Value Pension
$0
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30

Reviewing the Asset Allocation

Modern theories of plan construction are increasingly paying more attention to ***Asset Allocation*** and ***Risk Profiling***.

With *Advice Online* you can quickly assess all this information on the Menu ***Reports***, **Plan Outcomes**. From these graphs, you can quickly see what needs adjusting.

All these graphs are telling you that the **Defensives Assets** are quite low in the mid-section of the plan. Now you may be comfortable with this because much of this is related to the **Investment Property**.

There are some options if you want to reduce the **Percentage of Growth Assets** and I think it is worthwhile considering some of these Options. The options to be considered are:

Advice Online – Additional Resources

1. Downsizing the Home and purchasing a Bond Trust with the additional funds released for investing.
2. Selling a portion of the High Growth Managed Fund and purchasing a Bond Trust.
3. Selling the Investment Property and allocating the funds to
    a. Property Trust to maintain some exposure to Real Estate
    b. Bond Trust to increase the percentage of Defensive Assets.

Downsizing the Home to Purchase a Property Trust

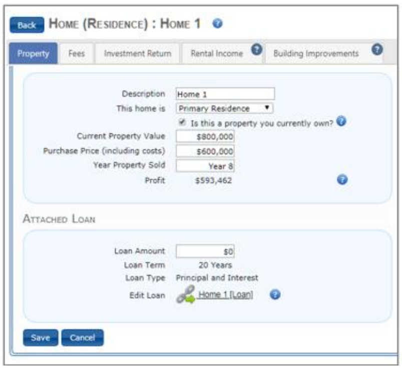
On the ***Plan Outcomes***, Data View you will find the value of Assets at the end of the Year in either Present or Future Value.

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

Retirement Phase Round to nearest thousand	Year 6 2024 Age 70	Year 7 2025 Age 71	Year 8 2026 Age 72	Year 9 2027 Age 73	Year 10 2028 Age 74
Assets & Liabilities					
Investments (Net of Loans)	$1,347,328	$1,376,527	$1,407,409	$1,440,120	$1,431,474
Home (Net of Loans)	$1,006,571	$1,045,852	$1,086,666	$1,129,072	$1,173,133
Assets	$1,167,314	$1,243,189	$1,323,997	$1,410,056	$1,501,710
Home 1	$1,006,571	$1,045,852	$1,086,666	$1,129,072	$1,173,133
Home Loans	$0	$0	$0	$0	$0

The value at the end of Year 8, will be about $1m (PV). The client will be aged 73. For the purpose of this exercise, the Home will be sold, with Home 2, purchased for $700,000 and $300,000 will be invested in a Bond Trust. Follow the steps:

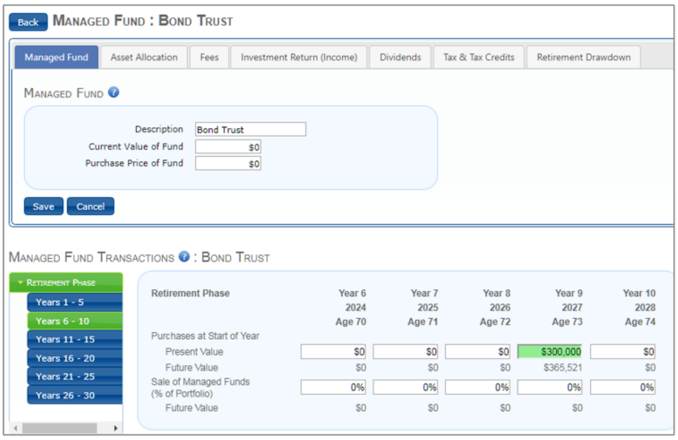
Sell Home 1



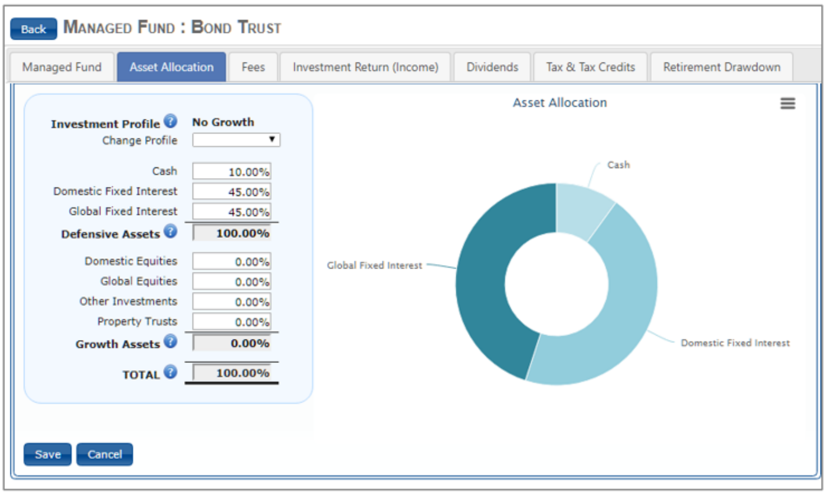
Sale of Property			
Sale Price	$0	$0	$1,243,189
Selling Costs	$0	$0	$49,728
Sale Price - Selling Costs	$0	$0	$1,193,462
Purchase Price + Purchase Costs	$0	$0	$600,000
Profit on Sale	$0	$0	$593,462

Buy Home 2

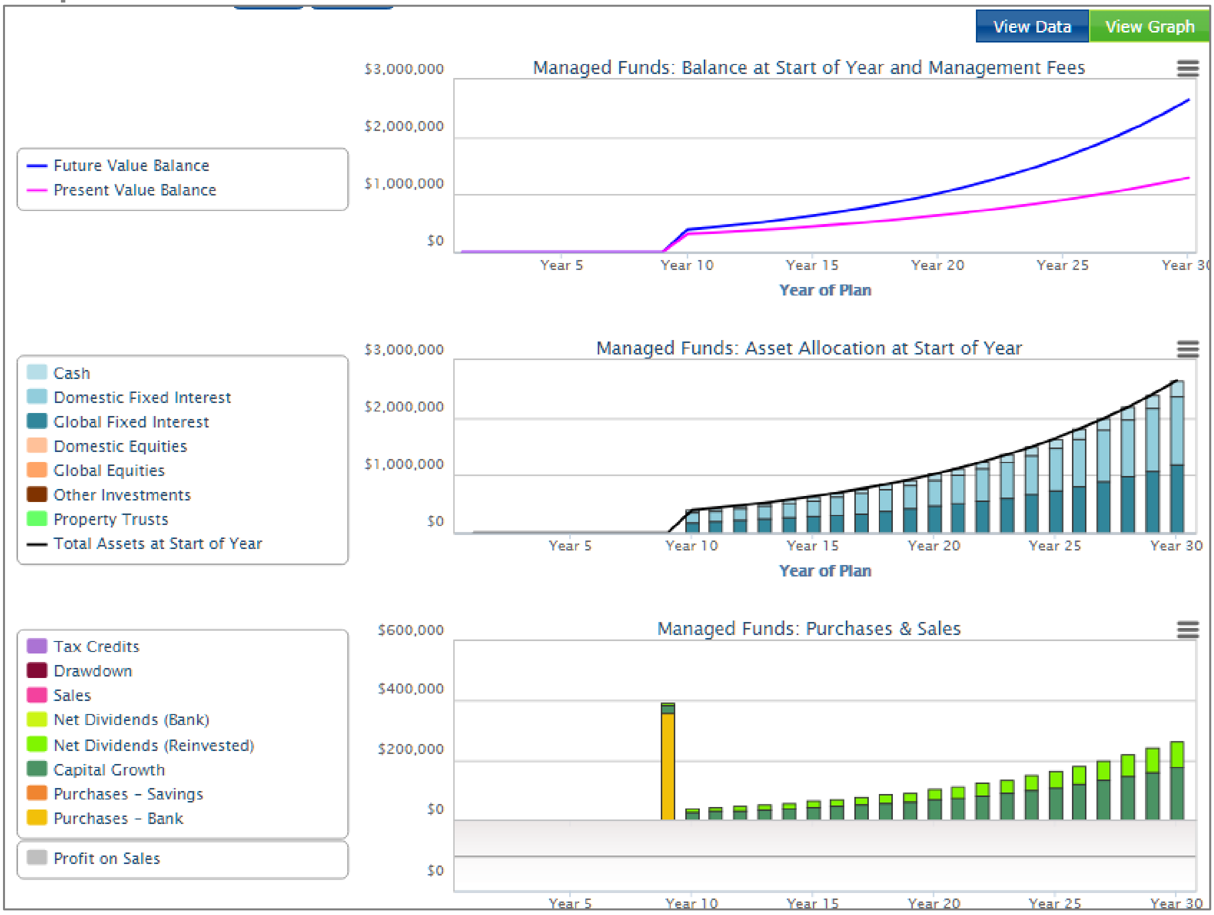
Purchase Bond Trust



The ***Asset Allocation*** will be as follows. The **Investment Return** is 6% Income and 2% Capital Growth, and all dividends are reinvested. There is no Drawdown from the fund.



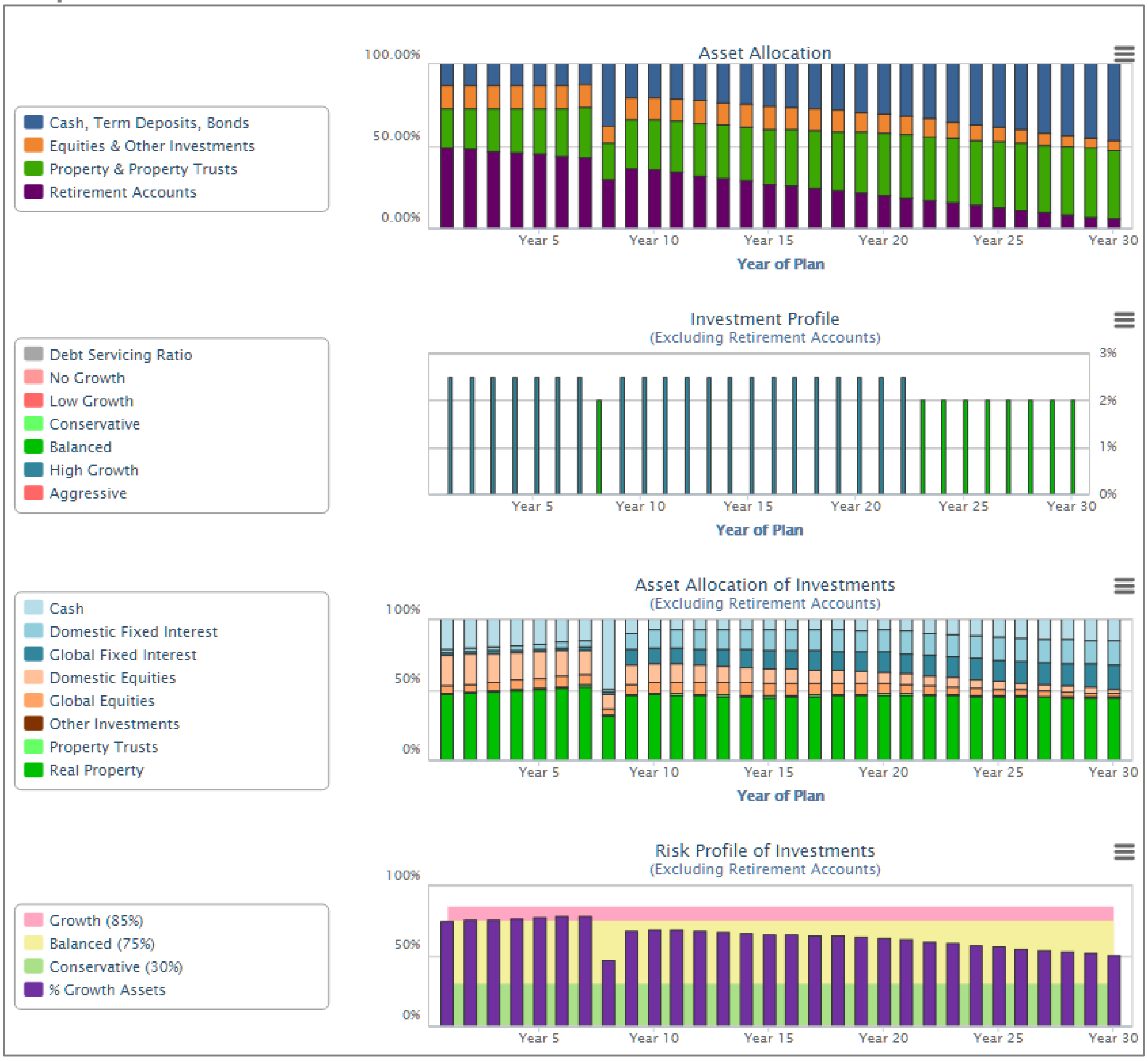
Graph View Bond Trust



Advice Online – Additional Resources

This injection of $300,000 Defensive Assets, has reduced the **Percentage of Growth Assets**, from Year 9.

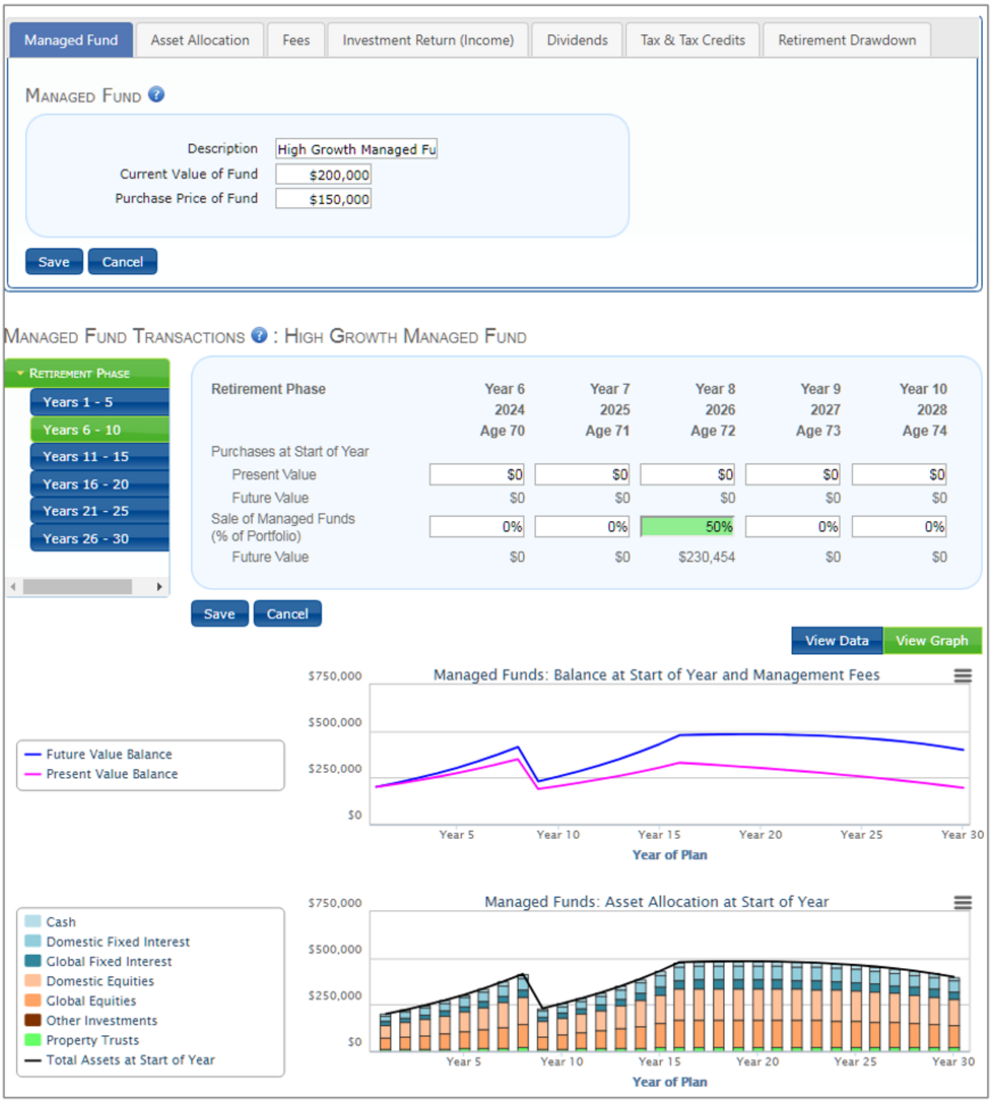
Graph View Plan Outcomes



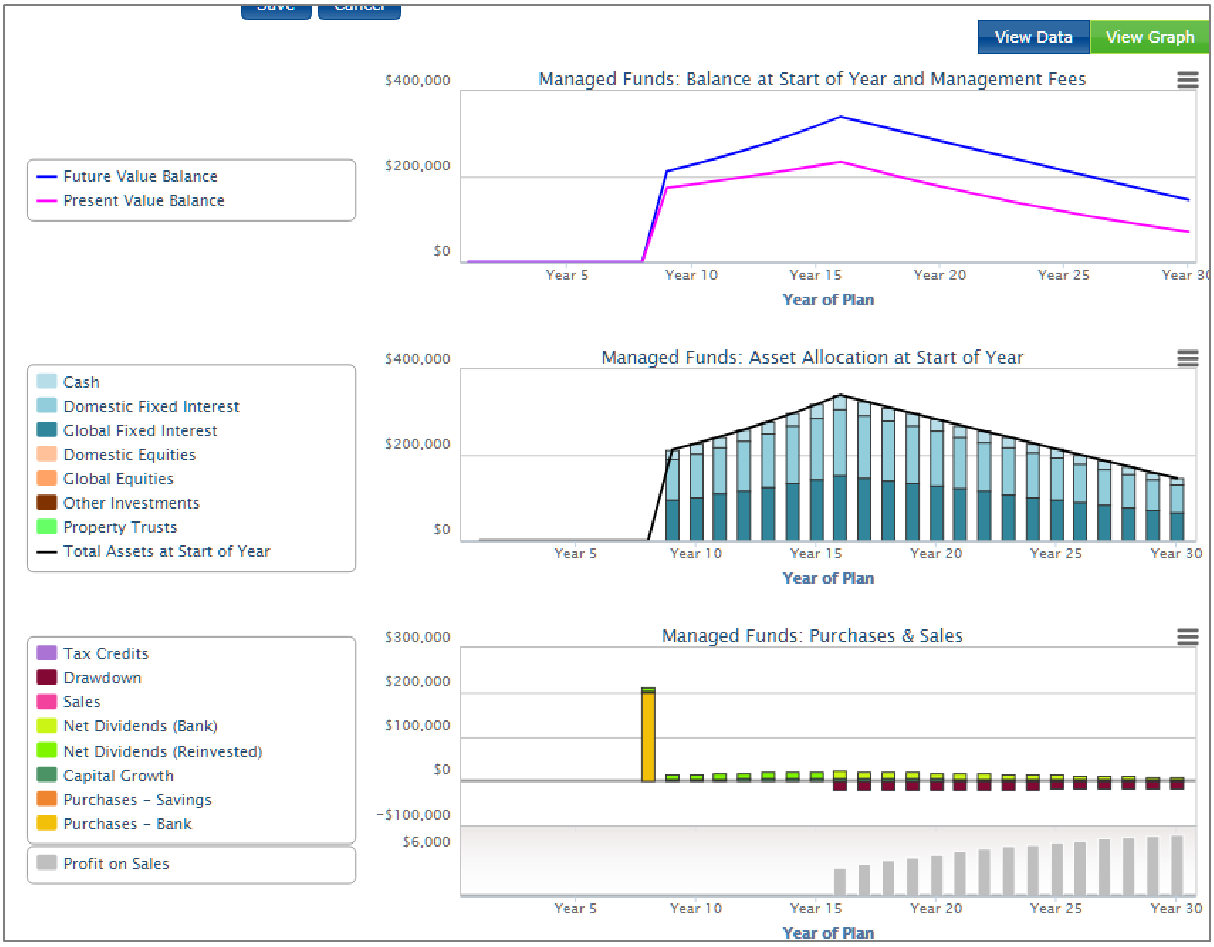
Sell 50% of High Growth Managed Funds and Buy a Bond Trust with the Funds

At the end of Year 8, the value of the **High Growth Managed Funds** is estimated to be **$378,388** (PV).

50% of the funds will be sold at the end of Year 8 and at the start of Year 9, $150,000 (PV) will use to purchase a ***Bond Trust***, using the same parameters as the previous example. Fund need to be kept aside for ***Capital Gains Tax***.



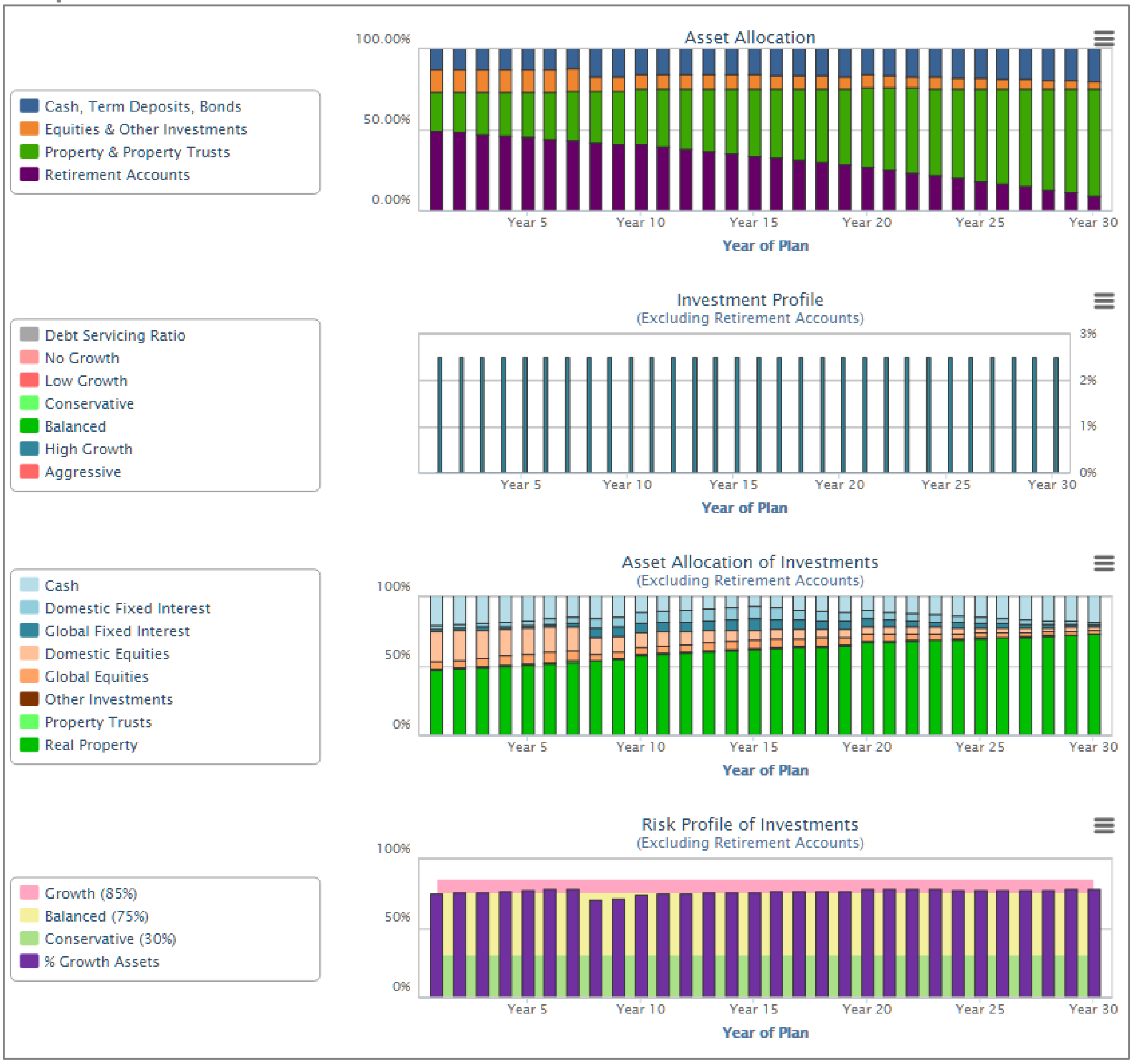
The same Drawdown is maintained as that of the High Growth Managed Funds.


View Data
View Graph
Managed Funds: Balance at Start of Year and Management Fees
Future Value Balance
Present Value Balance
$400,000
$200,000
$0
Year 5
Year 10
Year 15
Year 20
Year 25
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
$400,000
$200,000
$0
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan
Managed Funds: Purchases & Sales
Tax Credits
Drawdown
Sales
Net Dividends (Bank)
Net Dividends (Reinvested)
Capital Growth
Purchases – Savings
Purchases – Bank
Profit on Sales
$300,000
$200,000
$100,000
$0
-$100,000
$6,000
Year 5
Year 10
Year 15
Year 20
Year 25
Year 30
Year of Plan

Advice Online – Additional Resources

This injection of $150,000 Defensive Assets has reduced the **Percentage of Growth Assets**, from Year 9.

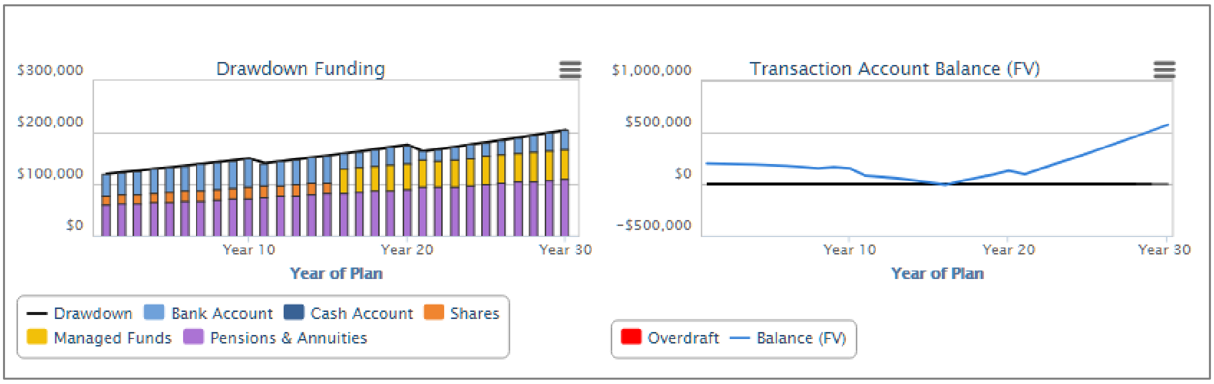
Graph View Plan Outcomes



Advice Online – Additional Resources

Note on Transaction Account Balance

As you commence looking at different strategies you need to be mindful of the **Bank Account Balance**. At the top of the ***Plan Outcomes*** page are a set of 4-graphs called your ***Key Indicator Graphs***. These are graphs of your **Salary**, **Investment Plan**, **Drawdown Funding** and the **Bank Account Balance**. In a ***Retirement Plan***, only the last two are relevant. The graphs will quickly show if you have missed something or the **Bank Account is overdrawn**. As you can see in this graph the balance is just below the horizontal axis briefly for one year.



Capital Gains Tax Liability

Triggering a ***Capital Gains Tax Liability*** is always something the adviser will monitor, trying to find the most opportune time. Note the Capital Gains Tax in Year 8.

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.

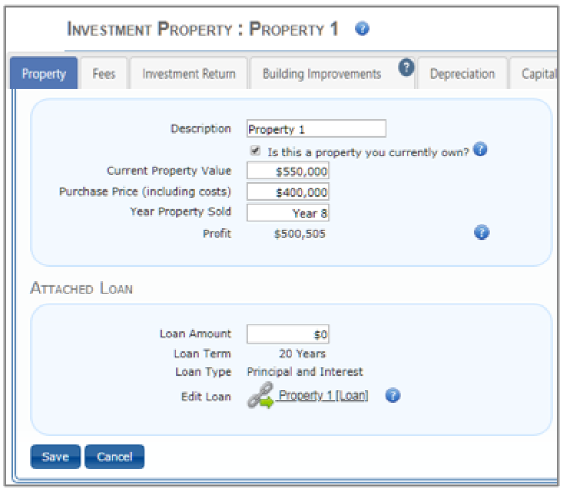
View Data View Graph

Retirement Phase
- Years 1 - 5
- Years 6 - 10
- Years 11 - 15
- Years 16 - 20
- Years 21 - 25
- Years 26 - 30

Retirement Phase	Year 6 2024 Age 70	Year 7 2025 Age 71	Year 8 2026 Age 72	Year 9 2027 Age 73	Year 10 2028 Age 74
Total Income and Capital Gains	**$130,445**	**$134,100**	**$248,331**	**$142,779**	**$143,633**
Taxable Income Taxed at Income Tax Rate	$54,556	$55,860	$59,666	$59,722	$58,139
Income Taxed at Specified Rate	**$0**	**$0**	**$0**	**$0**	**$0**
Tax Free Income	**$66,992**	**$68,453**	**$69,973**	**$71,512**	**$73,110**
Capital Gains	**$8,897**	**$9,787**	**$118,692**	**$11,545**	**$12,385**
Total Tax Credits	**$1,200**	**$1,231**	**$1,264**	**$857**	**$850**
Non-Refundable Tax Credits	$0	$0	$0	$0	$0
Refundable Tax Credits	$1,200	$1,231	$1,264	$857	$850
Total Tax Due (After Tax Credits)	**$9,592**	**$9,926**	**$30,288**	**$11,439**	**$10,787**
Tax Due - Investments	$0	$0	$0	$0	$0
Tax Due - Personal Income	$8,869	$9,126	$15,185	$10,431	$9,748
Tax Due - Capital Gains	$723	$800	$15,103	$1,008	$1,038
Tax Due - HECS-HELP	$0	$0	$0	$0	$0
Average Tax Rate					
Income and Investment Net Income	7.30%	7.34%	11.71%	7.95%	7.43%
Capital Gains	8.13%	8.17%	12.72%	8.73%	8.38%

Sell Investment Property to purchase Property Trust & Bond Trust

At the end of Year 8, the Value of the ***Investment Property*** is **$747,000 (PV)**.



Sale of Property			
Sale Price	$0	$0	$854,693
Selling Costs	$0	$0	$34,188
Sale Price - Selling Costs	$0	$0	$820,505
Purchase Price + Purchase Costs	$0	$0	$400,000
Capital Works Deduction	$0	$0	$80,000
Profit on Sale	$0	$0	$500,505

Capital Gains Tax in Year 8 will be **$92,962**, FV, of which a small portion will be due to the sale of Shares for the Drawdown. These large **Capital Gains Tax Liabilities** could be one of the reasons, clients prefer not to sell real estate if there are other options.

Back **Tax Estimator**

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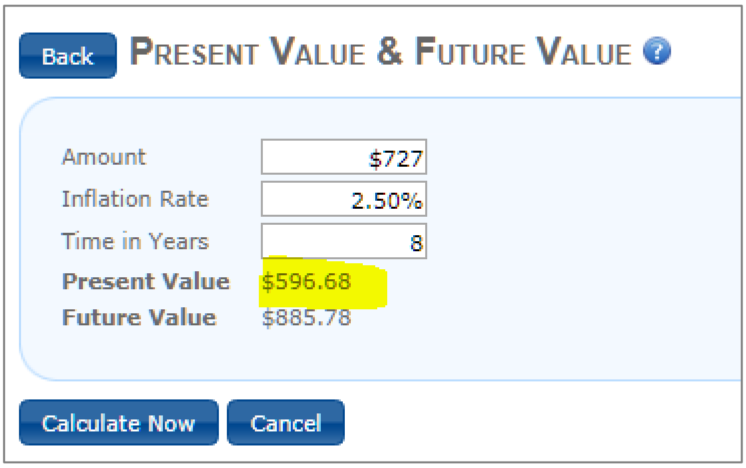
View Data View Graph

Retirement Phase: Years 1 - 5 | Years 6 - 10 | Years 11 - 15 | Years 16 - 20 | Years 21 - 25 | Years 26 - 30

Retirement Phase	Year 6 2024 Age 70	Year 7 2025 Age 71	Year 8 2026 Age 72	Year 9 2027 Age 73	Year 10 2028 Age 74
Total Income and Capital Gains	**$130,445**	**$134,100**	**$638,355**	**$155,262**	**$156,239**
Taxable Income Taxed at Income Tax Rate	$54,556	$55,860	$57,201	$72,205	$70,745
Income Taxed at Specified Rate	**$0**	**$0**	**$0**	**$0**	**$0**
Tax Free Income	**$66,992**	**$68,453**	**$69,973**	**$71,512**	**$73,110**
Capital Gains	**$8,897**	**$9,787**	**$511,181**	**$11,545**	**$12,385**
Capital Losses from previous years	$0	$0	$0	$0	$0
Shares 1	$8,897	$9,787	$10,676	$11,545	$12,385
High Growth Managed Fund	$0	$0	$0	$0	$0
Property 1	$0	$0	$500,505	$0	$0
Total Tax Credits	**$1,200**	**$1,231**	**$1,264**	**$1,302**	**$1,344**
Non-Refundable Tax Credits	$0	$0	$0	$0	$0
Refundable Tax Credits	$1,200	$1,231	$1,264	$1,302	$1,344
Total Tax Due (After Tax Credits)	**$9,592**	**$9,926**	**$113,768**	**$15,301**	**$14,642**
Tax Due - Investments	$0	$0	$0	$0	$0
Tax Due - Personal Income	$8,869	$9,126	$20,805	$14,168	$13,464
Tax Due - Capital Gains	$723	$800	$92,963	$1,133	$1,179
Tax Due - HECS-HELP	$0	$0	$0	$0	$0
Average Tax Rate					
Income and Investment Net Income	7.30%	7.34%	16.36%	9.86%	9.36%
Capital Gains	8.13%	8.17%	18.19%	9.81%	9.52%

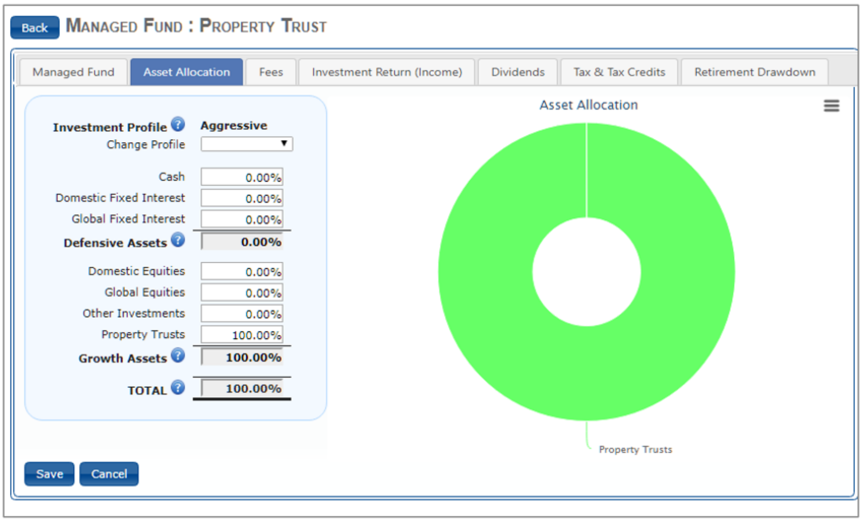
The sale of the property after tax and selling costs is $727,000. Using the ***Handy Quick Cals*** calculator, **Present Value** is calculated as $596.00 (PV).



Two Managed Funds are created, where all the **<u>Dividends are paid into the Bank Account, as would have been the Rental Income</u>**.

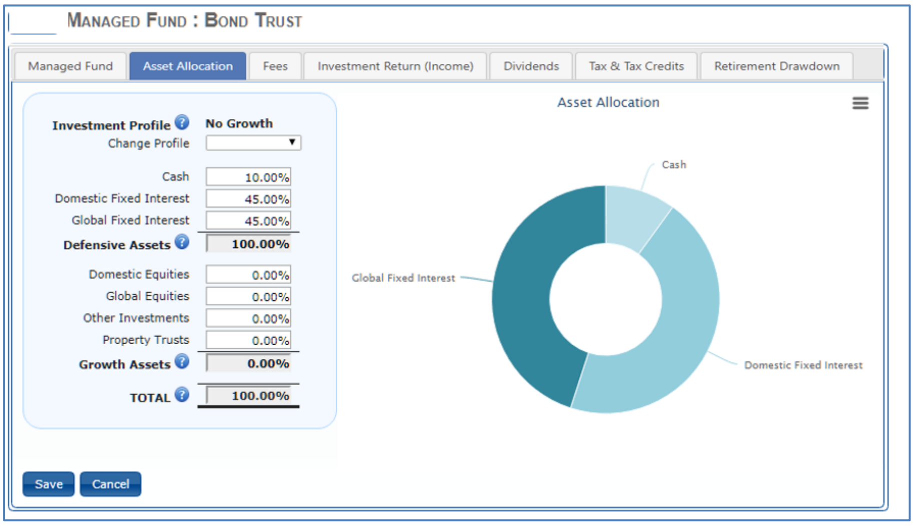
<u>Property Trust</u>

$390,000 (PV) is invested in the ***Property Trust***. Investment Return is 5% Income and 7% Capital Growth.



<u>Bond Trust</u>

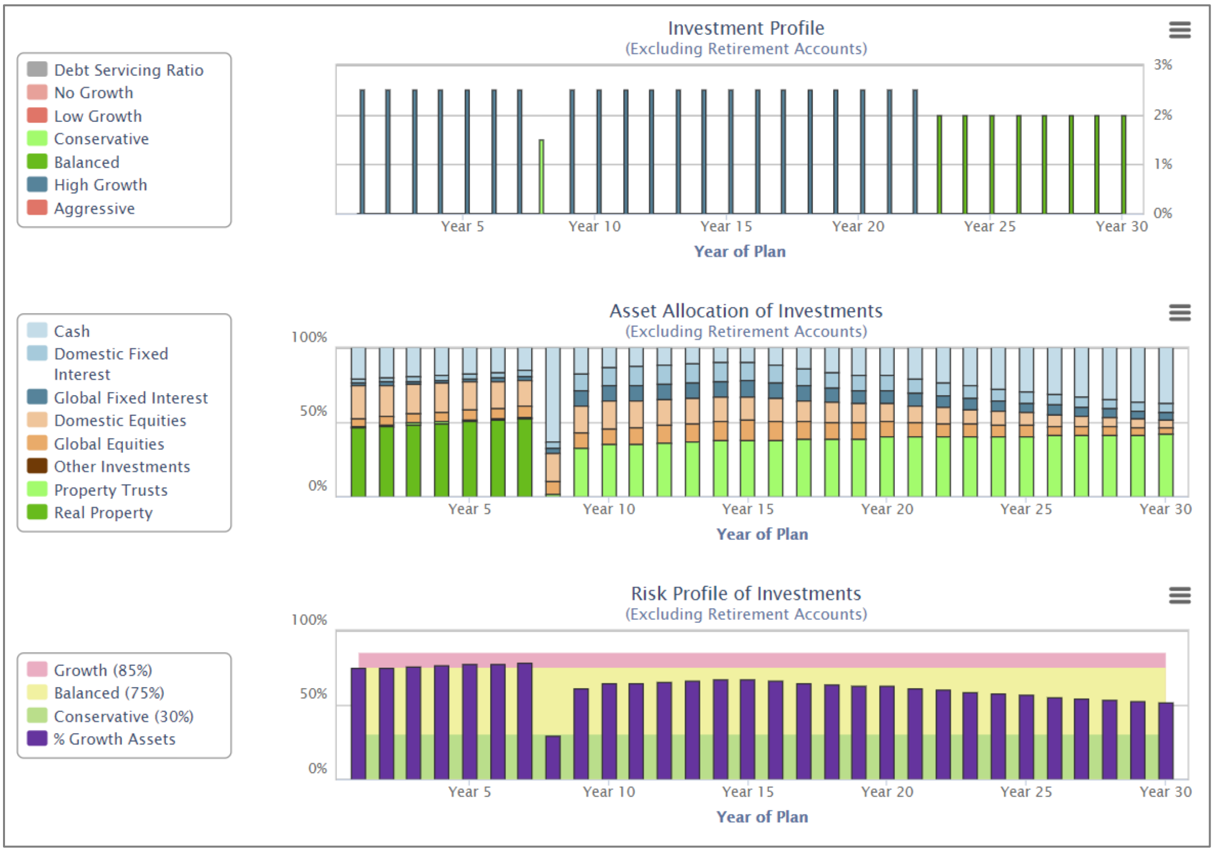
$200,000 (PV) is invested in a ***Bond Trust***, with Investment Return of 6% Income and 2% Capital Growth.



Graph View Plan Outcomes – Asset Allocation (Value & Income)

Note: *Financial Mappers was recently updated annuities and as a result, Asset Allocation is not displayed for both the value of the assets and the income. The reason is that annities have no dollar value and have no allocation in the Asset Allocation (Value)*

Graph View Plan Outcomes – Investment Profile, Asset Allocation and Risk Profile



Conversational SmartPanels

Using the Report, ***Plan Map***, this **Conversational SmartPanel** information has been extracted:

Salary & Retirement Income

Salary & Retirement Income

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

Retirement Income

The drawdown for retirement income commences from Age 65. Pensions from external sources are not included in the retirement income.

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

The plan has allocated the following retirement income:

- **Years 1 to 10:** $120,000
- **Years 11 to 20:** $110,000
- **Years 21 to 50:** $100,000

Home

Homes

This plan has 1 home. 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.

There are no building improvements planned for this home.

At the end of the plan, this home is worth $2,522,681 (which is $5,291,493 in FV).

Loans

You have no home loans.

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 $200,000. 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 $740,540 (which is $1,553,333 in FV).

The following funds are withdrawn from the Transaction Account and transferred to the Budget for personal expenses:

- **Year 10:** $40,000
- **Year 20:** $40,000

Cash Account: *Emergency Cash*

Emergency Cash is an existing cash account with a value of $50,000 at the start of the plan.

The investment return is 5.37% and interest is reinvested. The interest is taxed as income.

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

The Retirement Drawdown has not been activated.

At the end of the plan, this cash account is worth $114,489 (which is $240,148 in FV).

Shares

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: *Shares 1*

Shares 1 is an existing share portfolio with a value of $200,000 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:

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

The Retirement Drawdown commences in Year 1 of the Reitrement Phase and the funds are drawn down over 15 Years.

At the end of the plan, this share portfolio is worth $0.

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

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 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	10.00%
Domestic Fixed Interest	45.00%
Global Fixed Interest	45.00%
Defensive Assets	**100.00%**
Domestic Equities	0.00%
Global Equities	0.00%
Other Investments	0.00%
Property Trusts	0.00%
Growth Assets	**0.00%**

The estimated income from dividends is 6.00% and the estimated capital growth rate is 2.00%, a total return of 8.00%.

Dividends from this portfolio are:

- Paid to the Transaction Account 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 9:** $196,000

The Retirement Drawdown has not been activated.

At the end of the plan, this managed fund is worth $176,009 (which is $369,191 in FV).

Managed Fund: *High Growth Managed Fund*

High Growth Managed Fund is an existing managed fund with a value of $200,000 at the start of the plan.

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

Cash	5.00%
Domestic Fixed Interest	15.00%
Global Fixed Interest	10.00%
Defensive Assets	**30.00%**
Domestic Equities	35.00%
Global Equities	30.00%

Other Investments	0.00%
Property Trusts	5.00%
Growth Assets	**70.00%**

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 until Year 16, 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 30.00% of the fund will be eligible for these tax credits.

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

The Retirement Drawdown commences in Year 16 of the Reitrement Phase and the funds are drawn down over 25 Years.

At the end of the plan, this managed fund is worth $362,798 (which is $760,994 in FV).

Managed Fund: *Property Trust*

Property Trust is an existing managed fund 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%
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:

- Paid to the Transaction Account 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 9:** $382,200

The Retirement Drawdown has not been activated.

At the end of the plan, this managed fund is worth $983,578 (which is $2,063,121 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 1 investment property. 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 $550,000 at the start of the plan. The purchase price including costs was $400,000.

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.

This investment property is sold at the end of Year 8. It is estimated that the profit after selling costs is $421,057 (which is $500,505 in FV).

Loans

You have no investment property loans.

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%.

Superannuation

Superannuation/Pension Funds

This plan has 1 superannuation/pension fund that is employer sponsored and is a defined contribution fund. Note all values are listed in "Today's Dollar Value" (PV), unless listed as (FV), the inflation-indexed value.

Super/Pension/KiwiSaver Fund: *Super 1*

Super 1 is a fund for John. Employer contributions are paid to this superannuation account.

At the start of the plan, the total value of the fund is $1,200,000. The account balances are:

- Employer funded contributions: $1,200,000
- 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 $1,200,000.

The drawdown amount has been calculated to be drawn down over 35 Years.

At the end of the plan, this super/pension/KiwiSaver fund is worth $239,916 (which is $503,241 in FV).

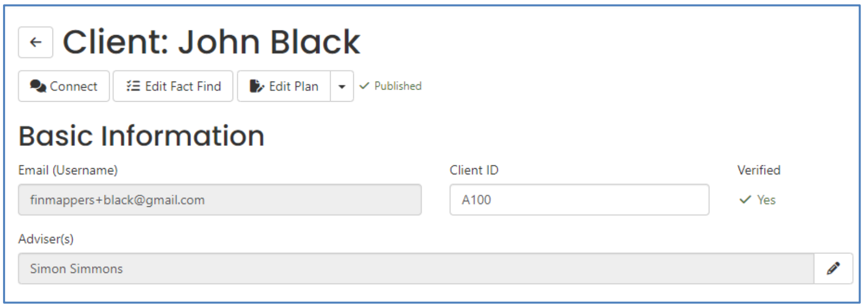
Sharing Plan with Team Members

How to Share your Plan – Client Details

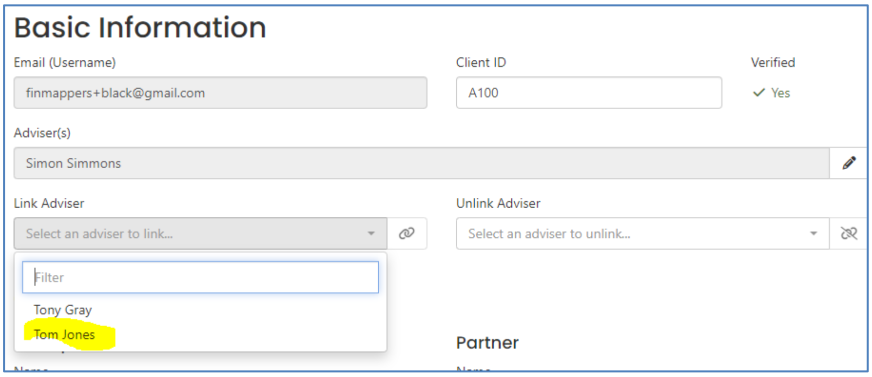
With *Advice Online*, there is only one plan for each client *Advice Episode*.

When you click on the Client's Name, you will find a heading **Basic Information.**

This will list the name of the adviser:



If the adviser wishes to share the plan with another adviser or paraplanner, they click on the pencil and the following editing options will be displayed:



In this case, the Paraplanner is selected and the chain link used to confirm the person who has been given access to the plan. That person can edit the plan and reports. When their work is completed, the adviser should Unlink the Adviser.

Paraplanners

The most common example of this is where a ***Paraplanner*** is working on behalf of the adviser. In the software, all paraplanners are automatically assigned the ***Read & Write*** option. The adviser must remember they are responsible for the work carried out by the paraplanner and should ensure that the changes made are following instructions given to the paraplanner.

Other Advisers

There may be times when your Company wants to review your work by accessing some of your client files. For junior advisers, the Company may want to review your work before it is sent to the client. The adviser would need to share the client's information as described previously.