my wealth report

WILL & KATE

12TH SEPTEMBER 2017

millennium3

leadership | advice | community

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Will & Kate
25 Anderson Street
Torquay, VIC 3228

12 September 2017

Dear Will & Kate,

Welcome to your Wealth Report. The purpose of this report is to provide relevant information that is personalised for you. It is designed to give you a snapshot of where you stand today as a basis for achieving your future financial and lifestyle goals.

The content in this report is based around the information you entered into the Wealth Game. So you can see that the more accurate information you enter, the more value you'll get from the report.

If you want to add more information, just log back in using your unique login and password:

Login: **kirbysmith@australiamail.com**
Password: ****** (if you've forgotten, you can reset it)

This report is purely educational. It is not advice.

To enhance the value of your report, simply click on the following link and Two Mile Bay Pty Ltd can provide guidance, as well as refer you to a specific professional if you wish. Or call us on 0409 253 429.

Russell McConachy
Financial Planner
Authorised Representative

The information contained within this report is of a general nature only. You should not act on it without obtaining professional financial advice specific to your circumstances. The signatory above is an authorised representative of Millennium3 Financial Services Pty Ltd ABN 61 094 529 987, AFSL 244252. All assumptions in this report are shown in the Assumptions section starting page 25.

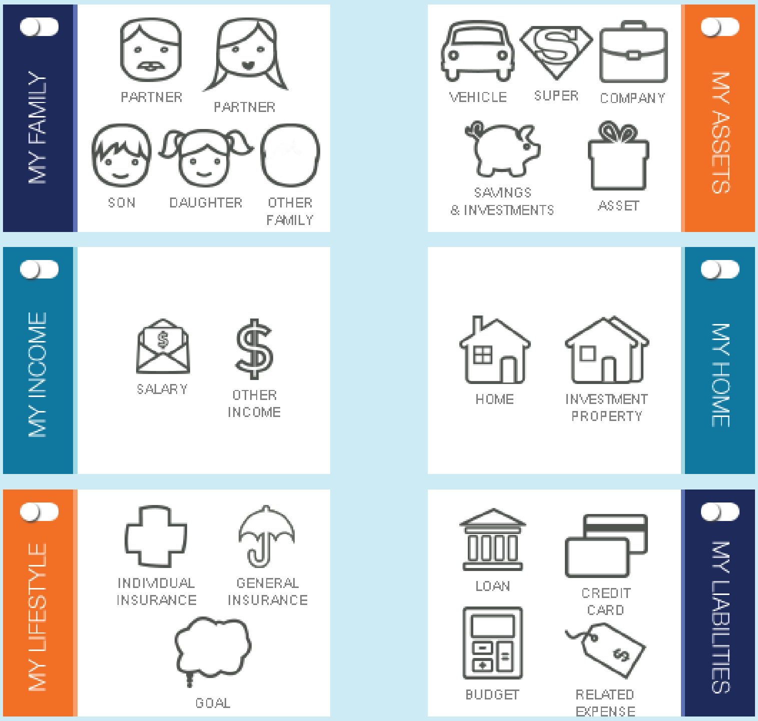
Contents

my personal details

My Dashboard

Will & Kate, enjoy your Wealth Report!

If you'd like to change anything in this report, visit m3wealthreport.com to update.



Below are the details you have provided. Please ensure they are accurate, as the education this report provides is largely based on these details:

My Personal Details

Names	Will & Kate
Ages	32 and 32 years
E-mail	kirbysmith@australiamail.com

The data above has been supplied by you, with the last update being 12/9/2017.

My Home	Suburb	State
25 Anderson Street	Torquay	VIC

My Family	
Child #1	Henry (5 years)
Child #2	Charlotte (2 years)

My Income	
My Salary (per annum)	$100,000
Kate's Salary (per annum)	$20,000

My Assets	
25 Anderson Street (residence)	$500,000*
My Superannuation (Growth)	$50,000
Kate's Superannuation (Default/Balanced)	$50,000

My Expenses	
Total Living/Luxury Budget (per month)	$4,465

* Based on estimated value outlined on page 9. The data above has been supplied by you, with the last update being 12/9/2017.

my trivia

Will is:

32 years old

Here are some light-hearted snippets of information to really put his age into perspective!

* Current life expectancy tables show that a 32 year old male may **statistically live to 83 years of age**, on average.

* When Will was 18, the big movie was **The Lord of the Rings: The Return of the King**. It cost $94,000,000 to make and grossed over $1,119,929,521.

* The hit song when Will was 18 was **"Don't Know Why"** by Norah Jones.

* When Will was 18, **John Howard** was Prime Minister.

* When Will was 18, the racing world was abuzz with talk of **Makybe Diva** winning the Melbourne Cup.

* Assuming Will started work at 18 and retires at 67, he has already completed **29% of his working life**. he has 35 years to go!

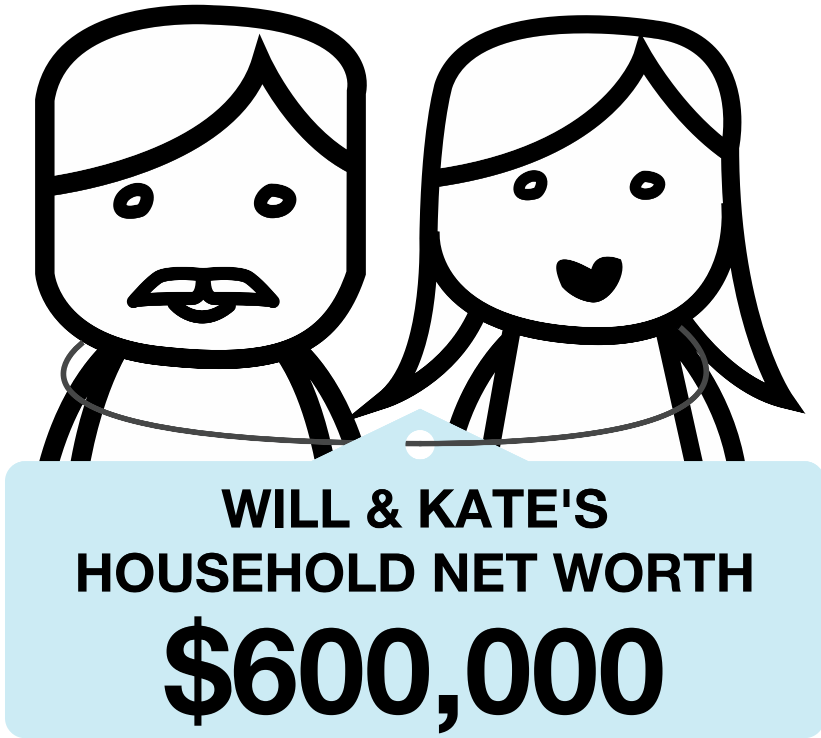
* Will is 32 years of age. Your 21st was 11 years ago and your 40th is less than 8 years away.

* When you were 18, Brisbane Lions were the AFL premiers.

Refer to page 25 for sources of information in this report, including the life expectancy calculation above.

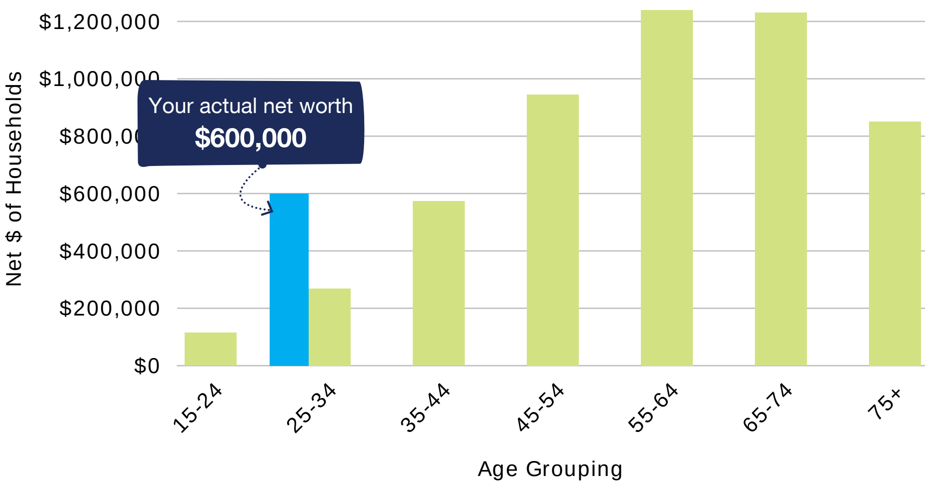
my net worth

Will & Kate, your net worth is a measure of your 'dollar value'. This is done by working out your total assets minus your liabilities.



Your net worth is based on the values of the assets and liabilities that you have provided or have been calculated.

How do you stack up?



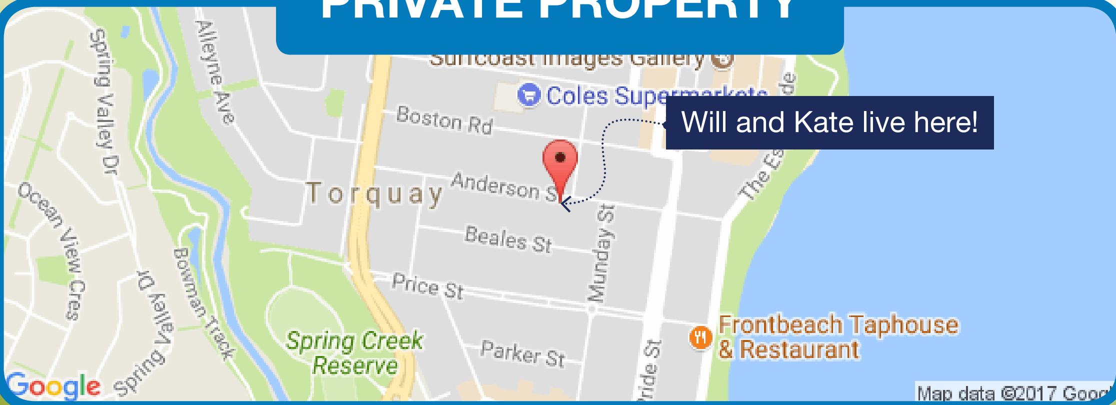
The graph above shows the average household net worth across various age groups in Australia (source: ABS 2013-2014). The blue bar indicates how you compare against the average for your age group.

Refer to page 25 for further details around how we calculate your Net Worth.

my home

Torquay Snippets

PRIVATE PROPERTY



25 Anderson Street, Torquay, VIC

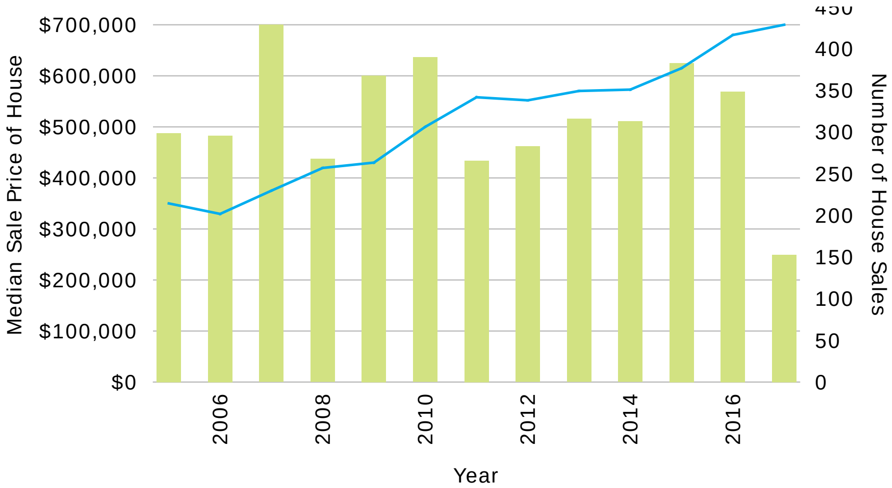
A SNAPSHOT OF TORQUAY

Average price for a house sold in 2016: **$731,425**	Total value of house sales in 2016: **$255,267,614**	Houses sold last year: **349 (153 so far this year)**
Households who've paid off their mortgage: **2% of households**	Total population in 2011: **10,141 people**	Residents in your age bracket (30-39) in 2011: **15% of residents**
Top occupations in 2011: **Professionals (26%) and Managers (15%)**	Residents in full-time employment in 2011: **37% (22% part time, 31% not in the workforce)**	Majority of households (49%) have: **Two cars**

Suburb snippets provided by APM PriceFinder (Property Data Solutions ABN 50 110 242 129) and the Australian Bureau of Statistics. See page 25 for details.

Will & Kate, details specific to your property are below:

25 Anderson Street



Purchase Price	$500,000
Purchase Year	2017

For the period 2004-2017 Torquay houses grew an average of 6.43% per year. Taking this trend into account and current market expectations, your estimated value of $500,000 could grow by $2,500* per month. Based on the growth projections, this means your home may be increasing **your total net worth by $2,500 every month.**

Sales in Torquay

Date	Address	Price
12/07/2017	3 ST ANNES DR beds: 4, baths: 2, cars: 2	$900,000
12/07/2017	3 ST ANNES DR beds: 4, baths: 2, cars: 2	$900,000
10/07/2017	16 SHOREBREAK ST beds: 3, baths: 2, cars: 2	$728,500
10/07/2017	16 SHOREBREAK ST beds: 3, baths: 2, cars: 2	$728,500

Equity is the current market value of your home, less any outstanding mortgage amounts.

You have an estimated $500,000 of equity in your home. This represents 83% of your total household net worth.

Given your equity of $500,000 a financial adviser can review how to make this money work harder for you.

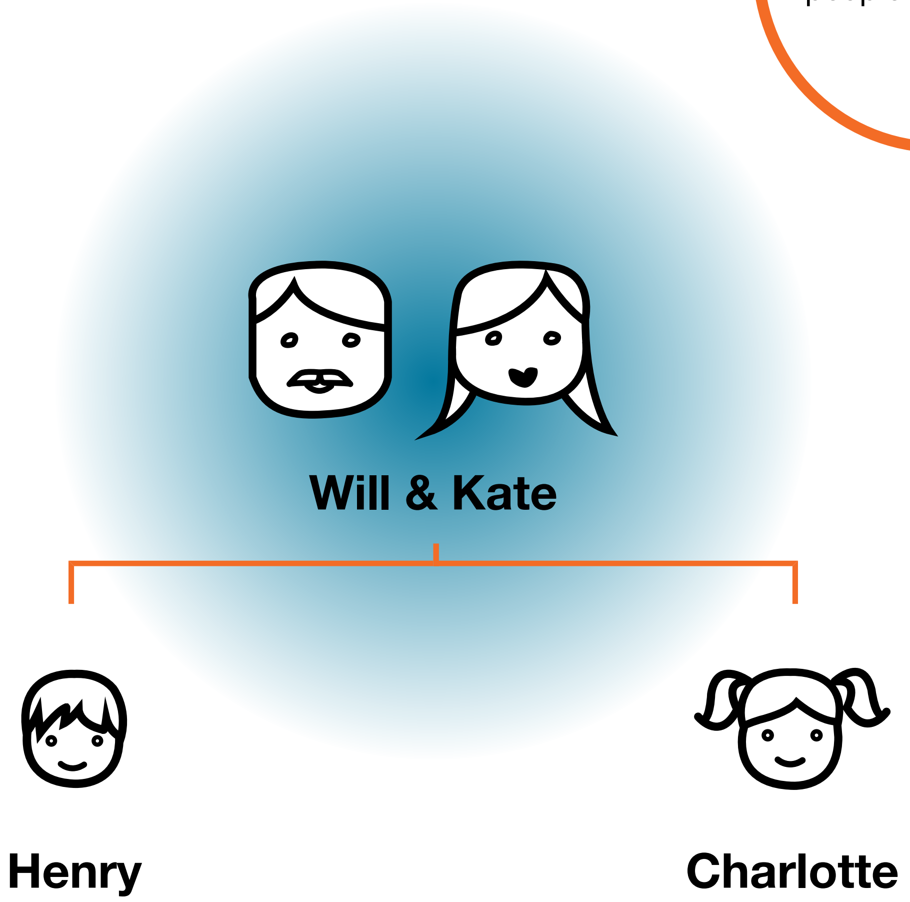
* Estimated values and equity are calculated by applying published suburb growth rates, subject to certain limits, to indicated purchase price. They are a guide only and may not be accurate.

my family

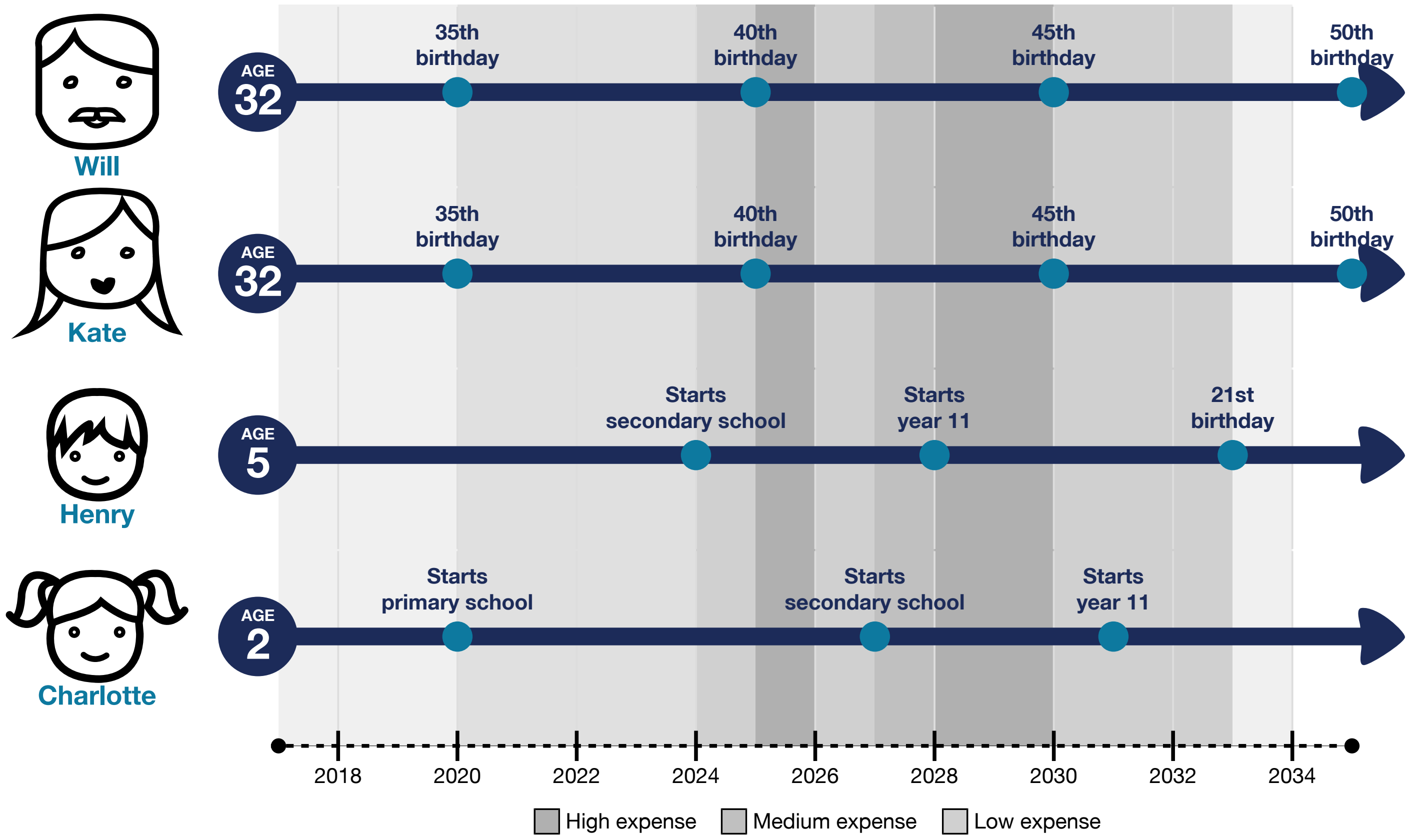
Your family situation underpins a lot of the decisions you'll make in terms of generating short or long-term wealth. Your outlook (and priorities) are most likely to be different to a person who doesn't have a family.

In Torquay, there are 1,343 couples with children

In Torquay 57% of people are married



You need to plan for short, medium and long-term expenses. Below is a timeline that helps look at when certain financial obligations may arise. The highlighted columns represent your years of potential highest expense:



Important Expense Milestones	When?	Time from now
Charlotte will be starting primary school	2020	3 years
Henry will be starting secondary school	2024	7 years
You may be wanting a 40th birthday party and Kate may be wanting a 40th birthday party	2025	8 years
Charlotte will be starting secondary school	2027	10 years

Will & Kate, the year 2025 is a big one! You may be wanting a 40th birthday party and Kate may be wanting a 40th birthday party, Henry will be in year 8 and Charlotte will be in year 5. This is worth planning for.

There are a range of issues to consider regarding your family:

* Are all of your insurances in order?
* Do you have a will, powers of attorney and guardianship for Henry and Charlotte?
* Have you organised funding for Henry and Charlotte's education?
* What is the ideal work/life balance?
* Where do you aspire to live (short and long term)?

The highlighted columns on the timeline are a guide to the estimated expense years based on the ages entered. They only consider schooling years, average marriage ages (source: ABS 2015), milestone birthdays, and retirement ages.

my income

In Torquay, the majority of households (57%) gross at least $1,000 per week

Will, you have a stated total annual salary of $100,000 and Kate is earning a total of $20,000 (excluding super). Without considering any tax deductions you may be entitled to, this means:

Will's gross income is
$100,000

Kate's gross income is
$20,000

Your combined income tax is
$24,632

Take-home pay (estimate)	Will's salary	Kate's salary	Total
Annually	$73,368	$20,000	**$93,368**
Monthly	$6,114	$1,667	**$7,781**
Weekly	$1,411	$385	**$1,796**

Assuming 3.5% growth to your salaries each year, Will may earn an estimated gross total of **$4,166,000** from now until age 67 (in today's dollars) and Kate may earn **$833,000**.

The continuity of this income is critical to your lifestyle, both before and after you retire.

Gross income amounts do not include annual employer super contributions ($9,500 for you and $1,900 for Kate).

When it comes to paying tax, your responsibility is to pay as much as you are legally required to pay - certainly no less, but definitely no more!

Remember Will pays around **$24,632** in income tax and $2,000 Medicare levy.

Talk to Russell McConachy to discuss wealth strategies that may improve your tax efficiency and **protect your income** (see page 22).

The tax calculations above are based on the total annual salary entered and the standard tax rates from ATO Tax Tables. Super contributions are proportional to 9.5% of the gross salary. We do not take into consideration any other special benefits or circumstances.

Henry and Charlotte's Education

On average, parents can expect to spend the following amounts in schooling costs per child (including tuition fees and extracurricular activities):

* **Government sector:** $47,290 - $60,836
* **Catholic sector:** $160,331 - $218,077
* **Private sector:** $294,439 - $448,034

My Cashflow

From the information you've provided, your monthly cashflow position is as follows:

Net Income:	**$7,781**
Expenses:	**$4,465**
Cashflow:	**+$3,316**

The above calculation shows that you're earning more than you're spending, which means you have capacity to keep your debt under control and put money aside for other things.

my expenses

It is estimated that in 2012 Australian Households spent a total of $642 billion on general living costs.

The estimated 2012 household monthly spend of a couple with children (eldest under 5) was:

	Couple with children (eldest under 5)
TOTAL	$6,431

We have listed the most common types of expenses below (grouped into three basic categories), and what you have estimated that you spend in each category:

Expense Category	Estimated monthly household spend
Bills You have not specified any repayments on loans or insurance premiums.	**$0**
Lifestyle budget Includes groceries, utilities, repairs/ maintenance, phone, credit card debt, laundry, medical, transportation and similar necessary expenses that vary from one month to the next.	**$3,116**
Luxury budget Includes gifts, recreation, entertainment, eating out, movies, holidays, furniture, gym membership, charitable donations and other expenses that aren't strictly necessary for survival.	**$1,349**
TOTAL ESTIMATED MONTHLY SPEND	**$4,465**

Therefore your household currently spends $1,966 a month less than average.

Where does all this money go? Two Mile Bay Pty Ltd can help you set and maintain a budget.

Sources: ABS Household Expenditure Survey, 2009-10; ASFA Retirement Standard March Quarter 2017

my health

"Health is a state of complete physical, mental and social well being, and not merely the absence of disease or infirmity" - World Health Organization

Will is 32 years of age. Kate is 32. Given your ages, it's worth looking at the statistics below. Keep in mind they are not designed to spook you but rather highlight the absolute importance of looking after yourself and having a health plan.

Will has a 37% chance of dying, becoming totally and permanently disabled or suffering a critical illness before age 65. Kate has a 28% chance of the above happening, and there is a 55% chance it will happen to one of you.

Will & Kate, it is important to both maintain a healthy lifestyle and have the appropriate insurance cover.

Cause of death	Rank	Males	Females	Persons
Ischaemic heart diseases	1	9,780	9,780	21,513
Cerebrovascular diseases	2	6,824	6,824	11,251
Dementia and Alzheimer disease	3	6,596	6,596	9,864
Trachea, bronchus and lung cancer	4	3,155	3,155	8,114
Chronic lower respiratory diseases	5	3,087	3,087	6,570
Diabetes	6	2,031	2,031	4,209
Colon, sigmoid, rectum and anus cancer	7	1,839	1,839	4,087
Blood and lymph cancer Including leukaemia)	8	2,024	2,024	3,978
Heart failure	9	n/a	n/a	3,488
Diseases of the urinary system	10	1,804	1,804	3,386

Refer to page 25 for sources of information used in this report.

my insurance

If you passed away, suffered a critical illness or were permanently unable to work due to sickness or injury, imagine the strain on your partner and your 2 children. There are different types of insurance that should be considered.

Cover yourself. Call 0409 253 429 to arrange a complimentary review of your Life, TPD, Income Protection and Trauma insurance *(see page 23)*

Life and TPD insurance

You have not indicated that you have any Life and TPD insurance.

Income Protection

Based on current salary, and assuming 3.5% growth each year, Will may earn a total of $4,166,000 (in today's dollars) from now until age 67. You may wish to consider whether you want to protect this.

Trauma Insurance

Trauma Insurance may help cover you in the event of a critical illness.

Home Insurance

25 Anderson Street is home to you and your family. So you'll want to feel reassured that the building and its contents are adequately protected against unforeseen events.

Health

Will has a 37% chance of dying, becoming totally and permanently disabled or suffering a critical illness before age 65. Kate has a 28% chance of the same, so there's a 55% chance it will happen to one of you.

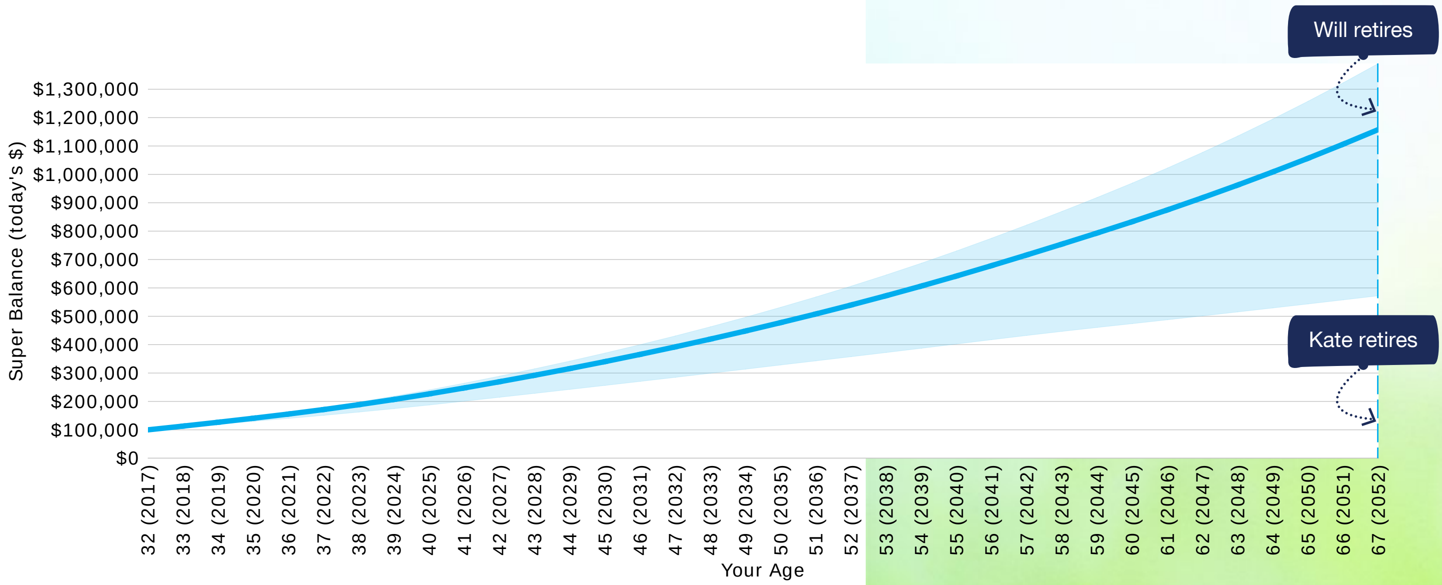
my super

Will you have enough?
How much super will you have at age 67?

The amount of super you will have depends, among other things, on your approach to investing. It's important to remember that investments can go up or down, and past performance should not be relied upon as an indicator of future performance.

Current combined superannuation: $100,000

Will has **35 years** until he turns 67. It's important to make this work for you. Below is a simple projection or estimate showing how much you may have at age 67 based on Will's current age (32), your combined account balance ($100,000), combined gross salary ($120,000), statistical estimates and other assumptions on page 26. Please read these assumptions.



The line on the graph projects your chosen approach to investing (you selected Growth, an estimated return of 7.2% p.a.). The shaded area shows an estimate based on a projection of the most aggressive and least aggressive statistical returns. Please read the assumptions on page 25 for further details.

Are you on track for a comfortable lifestyle?

Projected combined balance at retirement	$1,158,000
Expected adequacy at retirement	$708,000

The average life expectancy for a person your age (32) is **83**. You are projected to have enough savings to fund your desired lifestyle through this time, given your stated expenses.

By the year **2077** (which is 5 years past life expectancy for a couple currently aged 32 and 32), you are projected to still have **$60,000** remaining in superannuation. You're also projected to have **$4,197,000 of equity** (including your home) outside of super.

Congratulations Will & Kate! It seems you're on track.

You may have excess superannuation of $708,000 at retirement

my net worth

continued from page 7

Your net worth is a guide only, because the true market value of some assets (such as houses) can be difficult to estimate, but it gives you something to think about:

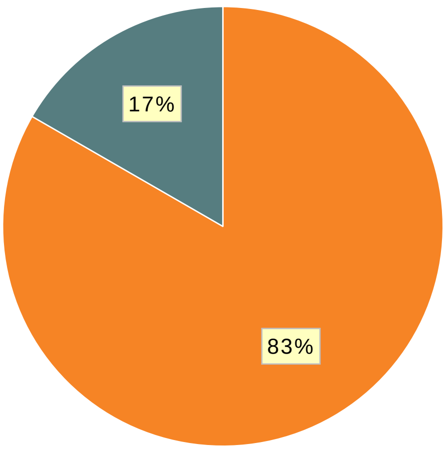
Your stated assets include:	
25 Anderson Street (residence)	$500,000*
My Superannuation (Growth)	$50,000
Kate's Superannuation (Default/Balanced)	$50,000
TOTAL ASSETS	**$600,000**

Your stated liabilities include:	
TOTAL LIABILITIES	**$0**

Total Household Net Worth

$600,000

Breakdown of your assets



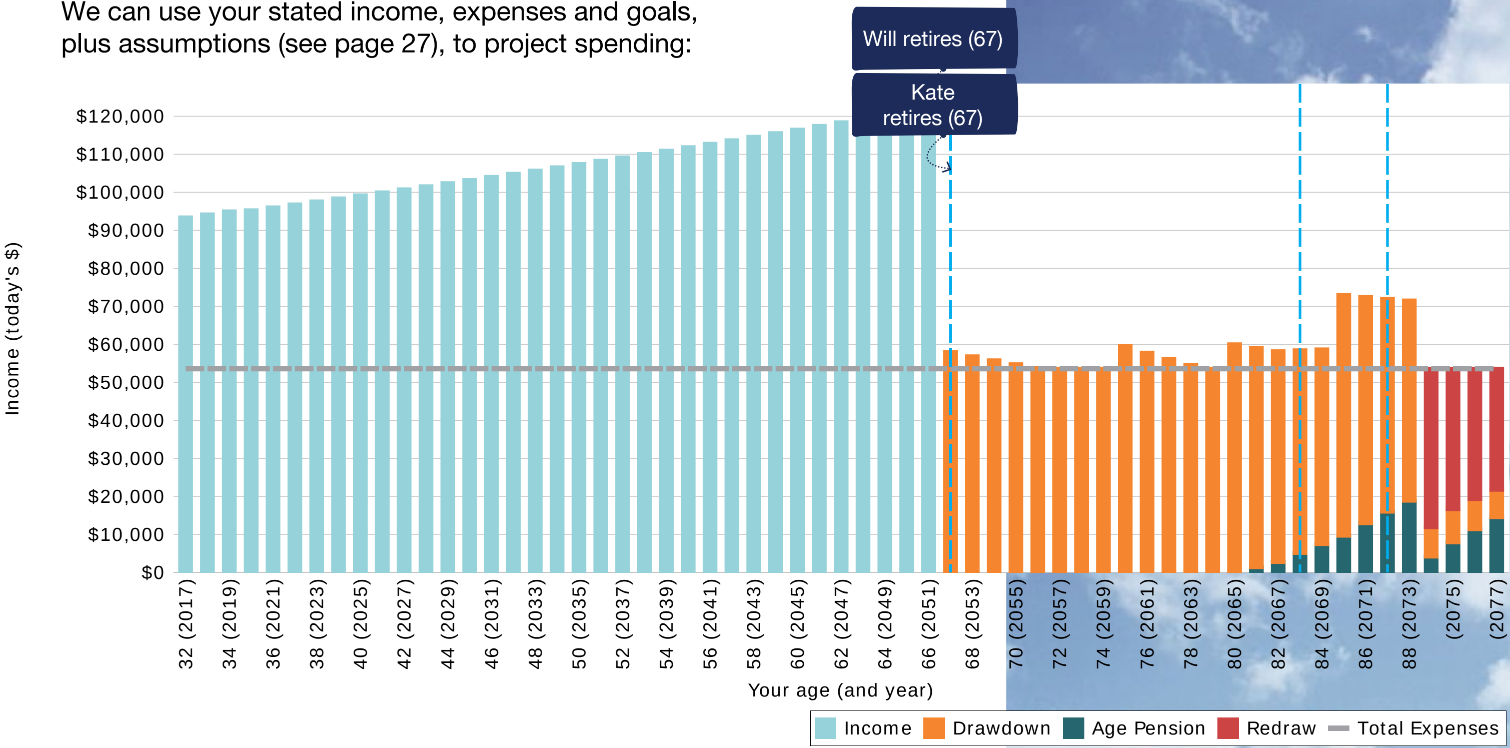
* Based on formula outlined on page 9.

my future

Will & Kate, let's look forward and see where you could be in the future.

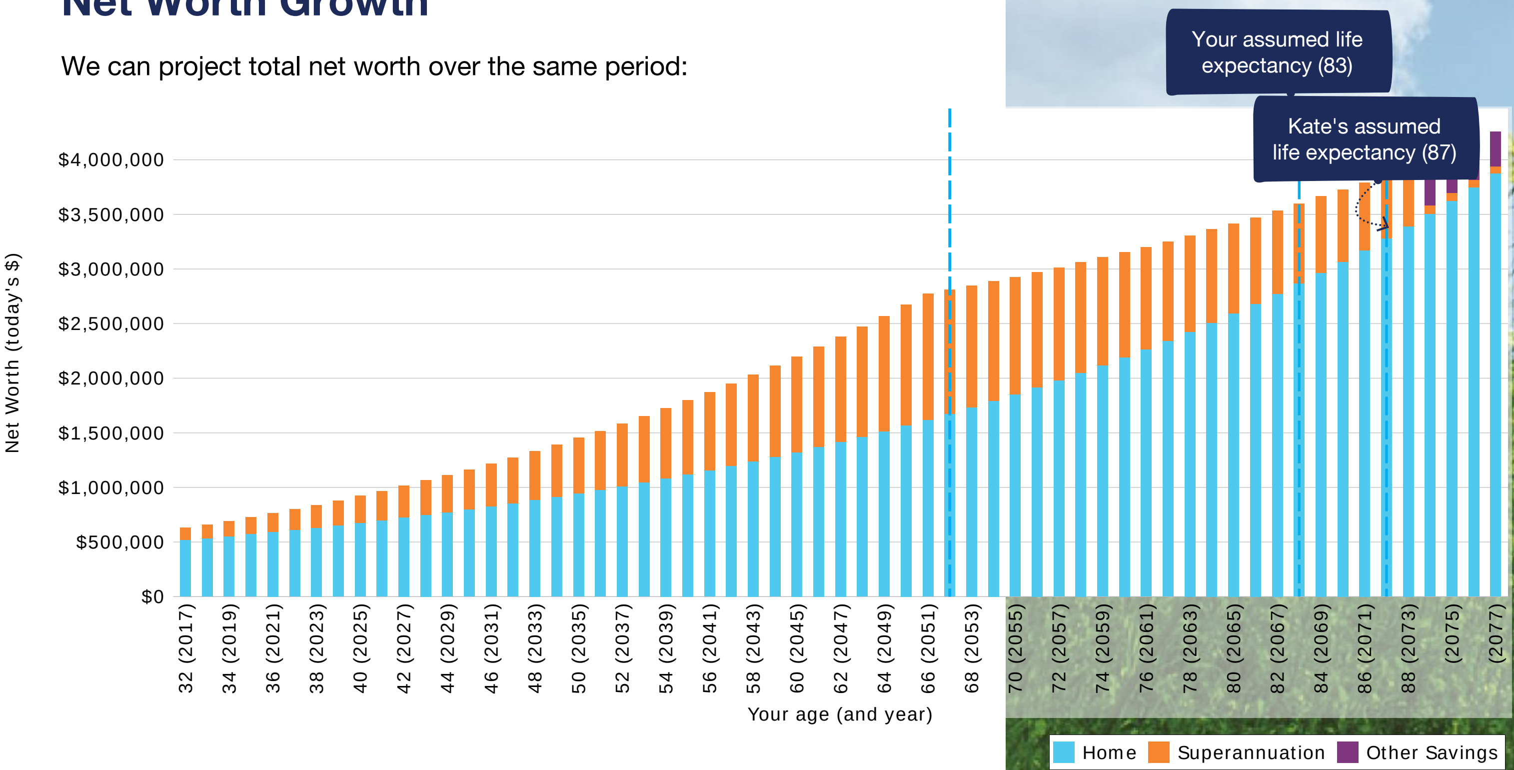
Cashflow

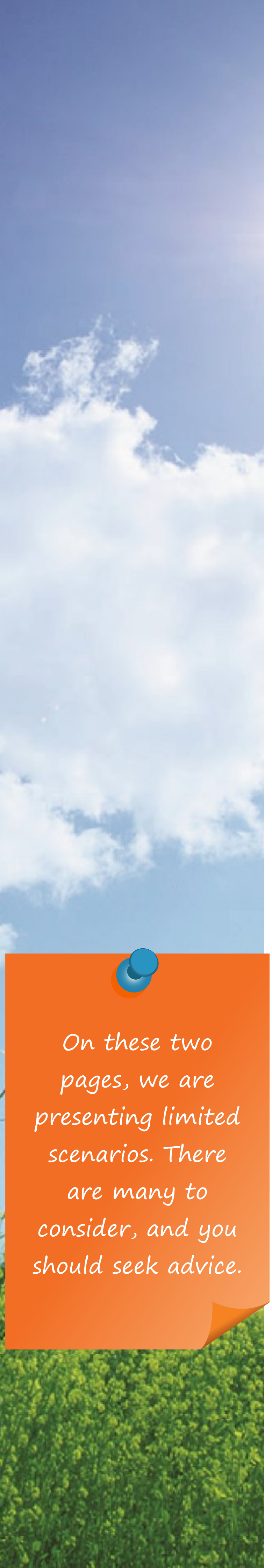
We can use your stated income, expenses and goals, plus assumptions (see page 27), to project spending:



Net Worth Growth

We can project total net worth over the same period:





On these two pages, we are presenting limited scenarios. There are many to consider, and you should seek advice.

Cashflow

Your cashflow is projected over the next 60 years. The dotted grey line represents annual expenses. The blue bars represent income. Pay close attention to any year in which the blue bars do not reach the dotted grey line, as these are the years where you cannot afford your expenses.

* Between ages 32 and 66, you're projected to have excess income (blue bar goes above dotted grey line). **This could be salary sacrificed, or put towards new goals, to help your retirement.**
* From age 67 onwards, we've simulated drawing down $1,261,700 from your combined super (orange bar).
* From 2066, you will start receiving an age pension of $1,388 per annum, based on the Asset and Income Test.
* From 2074 onwards, we've simulated drawing $144,700 from your cash reserves to fund your lifestyle (red bar).

Net Worth Growth

Your net worth is also projected over the same period. In any year the top graph contains an orange bar (super drawdown) or red bar (savings redraw), your net worth is being depleted.

* By the end of 2077 (which is 5 years past life expectancy for a couple currently aged 32 and 32), you are projected to have **equity of $4,256,000** ($60,000 of it in super).
* We've estimated houses in Torquay to grow in the future at 6% p.a. In reality this is likely to fluctuate over time. Note past growth rates are not a reliable indicator of future growth rates.
* You are projected to have enough savings to fund your desired lifestyle well past assumed life expectancy. This can change if your circumstances change, or due to changes in the market.

This is not advice. You should speak to Two Mile Bay Pty Ltd and they can prepare a financial plan that is tailored to you.

my financial fitness

Will & Kate, below are some ratios to give you an indication of your overall wealth position. They are calculated based on what you have entered into the Wealth Game.

Cashflow Ratio : 174%

Method of calculation: Total Net Income / Total Expenses

Are you spending more than you earn? A strong cashflow ratio (i.e. well over 100%) gives you greater peace of mind and the ability to consider extra things like investments or additional money into superannuation. It is important to keep a close eye on your cashflow ratio over time as your circumstances change and consider financial advice around the most appropriate way to utilise any excess funds available to you.

Lifestyle Asset Ratio : 83%

Method of calculation: Lifestyle assets incl. home / Total Assets

The ratio above measures how much of your assets are either investments or lifestyle related (the latter including your home). Having a higher level of investment assets compared to lifestyle assets means you have more types of assets that can work for you when you don't.

things to consider

Will & Kate, below are some specific comments related to the information you entered, that you should consider in achieving your wealth objectives:

- Will is **32 years of age** and has an estimated investment timeframe of **35 years** until he turns 67. Reviewing your risk profile could impact your long-term investment strategy.
- You have **equity in your home** that you may wish to use for wealth creation strategies.
- **Henry and Charlotte** are growing up and the main years of schooling aren't far away. You may need investment strategies to fund this education.
- You are projected to have an estimated **$1,158,000 of combined superannuation** by age 67.
- By the end of 2077 (which is 5 years past life expectancy for a couple currently aged 32 and 32), you are projected to have **equity of $4,256,000** ($60,000 of it in super).
- You have a combined **55% chance** of encountering death, temporary or permanent disablement or a critical illness.
- Your current **net worth is $600,000**. What do you aspire to grow this to, and by when?

It's now up to you!

Refer to page 25 for details of assumptions used in this report.

my adviser

Will, this Wealth Report may have identified some opportunities for you and even highlighted some issues.

The aim of Two Mile Bay Pty Ltd is to use our knowledge and expertise to help you achieve your financial goals and give you financial peace of mind.

Please visit us at http://www.twomilebay.com.au to learn more about me and how I can help you achieve your financial goals.

After we get to know you, we can prepare a more detailed financial plan that will outline the actual strategies you can put in place to improve your situation.

We look forward to helping you act on this Wealth Report.

my next steps

Will & Kate, below are two options for taking control of your finances to ensure you achieve your wealth goals.

1. Go it alone

Now that you have a snapshot of where you stand today, you may feel that you want to manage any changes or improvements yourself. You can update your report any time:

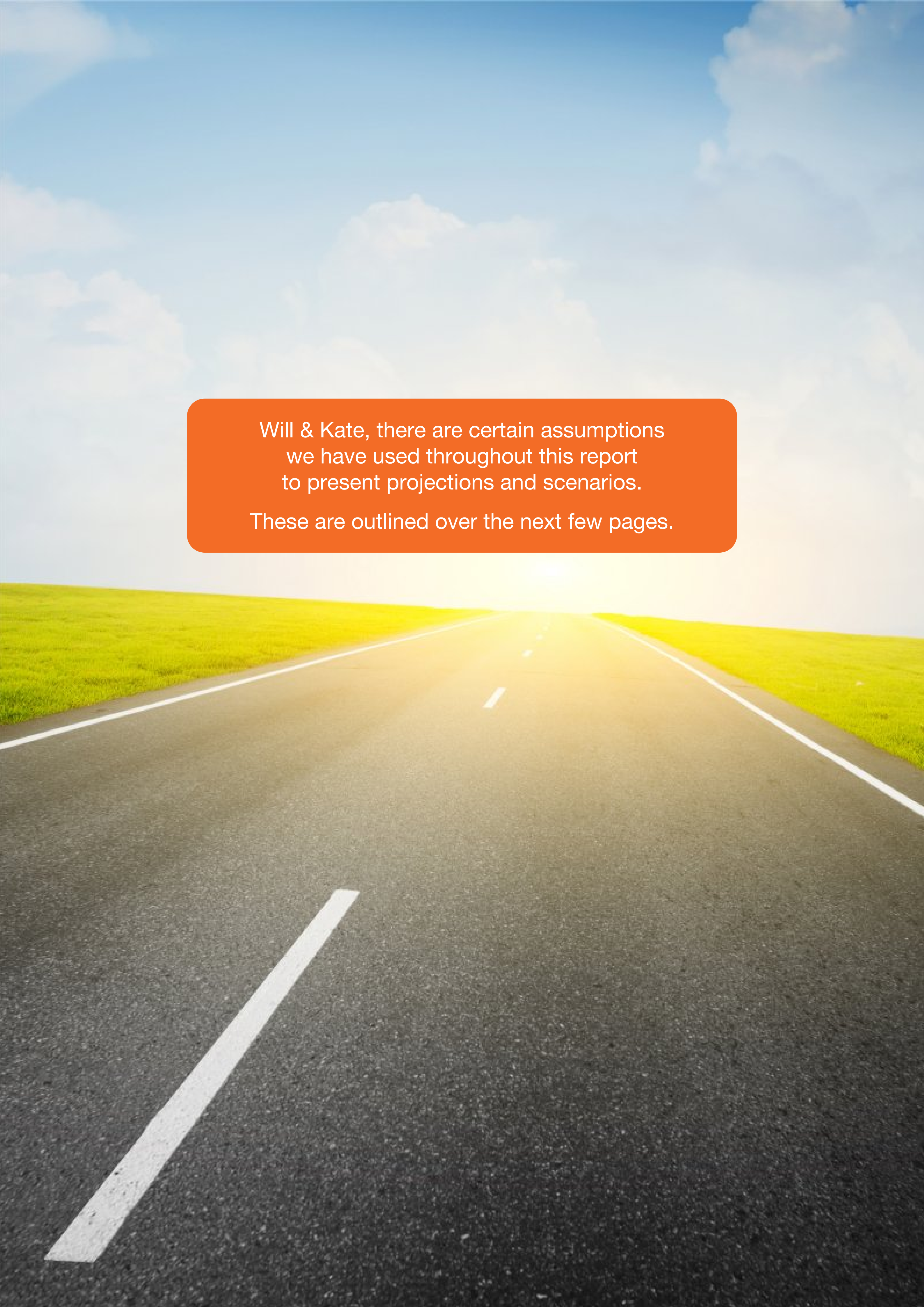
m3wealthreport.com
Login: **kirbysmith@australiamail.com**
Password: ****** (if you've forgotten, you can reset it)

2. Ask for professional advice and/or guidance

We would like to meet with you for an obligation-free discussion around your Wealth Report. This can happen at a time convenient to you. Our contact details are:

Russell McConachy
Two Mile Bay Pty Ltd
Unit 7, 1 Anderson Street
Torquay VIC

Tel: 0409 253 429
Email: russell@twomilebay.com.au



Will & Kate, there are certain assumptions
we have used throughout this report
to present projections and scenarios.

These are outlined over the next few pages.

Assumptions

general disclaimer

This Wealth Report does not consider your complete personal circumstances. You should not act on it without first obtaining professional financial advice specific to your circumstances. Millennium3 Financial Services Pty Ltd ABN 61 094 529 987, AFSL 244252.

All calculations are based on taxation and superannuation laws July 2017. These assumptions should only be considered current until 30 June 2018.

my trivia

Aged based life expectancies are calculated based on ABS Population Projections Australia 2012-2101, 2015 mortality table with a "medium" mortality improvement assumption.

my net worth

The net worth calculation is based on the value of the assets and liabilities entered by you, with the exception of the property values. The 'how do you stack up' section shows a comparison of the your situation and the average household net worth sourced through Australian Bureau of Statistic (ABS) as at 2013.

my home

Maps and photos provided are courtesy of a license arrangement with Google Limited. The snippets and suburb growth rates are provided by APM PriceFinder (Property Data Solutions ABN 50 110 242 129) and the Australian Bureau of Statistics (ABS) Census of Population and Housing (tables T01, T02, T06, T09 and T10). The value of properties is calculated based on the purchase price and year you entered, and then a general suburb growth rate applied to estimate the current value. They do not take into consideration any improvements to the property. Past growth rates are not a reliable indicator of future growth rates. Future expected growth rates are subject to a minimum of 2.5% p.a. and a maximum of 6.0% p.a. Equity is assumed to be the current value of the property minus any mortgage.

my family

The timelines and graphs provided in this section are based on the ages entered by you, and are intended to provide a guide around upcoming milestones.

my health

Chances of dying, becoming totally and permanently disabled or suffering a critical illness based on Australian Life Tables 2003-05 with a major insurance provider's TPD and CI experience. The table featuring 'cause of death' is sourced through ABS as at 2012.

my insurance

The insurances shown on page 15 are based on the information you have provided. This is not advice. We are stating the insurances that could be considered based on the individual's situation.

Assumptions

my income

The calculations are based on the gross annual salary and other income provided by you and the standard personal tax rates from 2017/18 ATO Tax Tables have been applied. Medicare levy is assumed to be 2% of taxable income (increasing to 2.5% from 2019) subject to family and low income reductions. The Low Income Tax Offset has been allowed for. The calculations do not take into account any other tax offsets or rebates you may be entitled to. Medicare Surcharge Levy has not been taken into account. Living and luxury expense templates are based on the ASFA Retirement Standard (March Quarter 2017), but may be modified by you.

my super

You have provided your current superannuation balance and Kate's current superannuation balance (page 5). Fees have been deducted from the projection at the start of each year. We are assuming a 1% management fee and $50 member fee (indexed by 2.5%) per annum. Source: Rice Warner Superannuation Fees Financial System Inquiry July 2014. Please note if you have insurance inside super, the cost of your insurance premiums has not been taken into account. If it was, the results would be lower than the figures shown.

Your super is increased at the end of each year with a compound rate of return (net of earnings tax and investment-related expenses) which is based on your selected risk profile. The annual rates of return for each risk profile are: High Growth (7.6%) Growth (7.2%) Balanced Growth (6.7%) Balanced/ Default (5.7%) Defensive (5%) Preservation (3.5%).

The projections are calculated on the basis that you retire at age 67 (and Kate retires at age 67). You have provided your salary and Kate's salary (page 5) and they are assumed to be the salaries for superannuation purposes. We have assumed that there are no interruptions in the earning of annual contributions (unless otherwise specified).

Inflation is 2.5% p.a. Salary growth rate is 3.5% p.a. Your employer contributions (including Superannuation Guarantee (SG) contributions) are projected annual contributions of 9.5%. Rates of 9.5% increase to 12% over the period to 1 July 2025 as legislated by the Federal Government and remain at that rate until retirement. SG contributions are only required to be paid on a maximum salary of $211,040 per year (indexed at 3.5% p.a. and capped as legislated). Your salary sacrifice contributions, expressed as a dollar amount, were advised by you. Any part of your concessional contribution (salary sacrifice + employer contributions) that is in excess of the Government's concessional contribution limit of $25,000 p.a. (indexed by 3.5% p.a.) is assumed to be taxed at 47%. Your additional non-concessional (personal) contributions, expressed as a dollar amount, are as advised by you, subject to available net income. Any part of your non-concessional contribution that is in excess of the non-concessional contribution limit of $100,000 p.a. (indexed by 3.5% p.a.) is assumed to be taxed at 47%. If your super balance at the beginning of the year exceeds the Transfer Balance Cap ($1,600,000 for the 2017/18 year and indexed by 2.5% p.a.) your non-concessional contribution limit for that year is nil. Your contribution amounts are indexed by 3.5% p.a. All contributions are added at the start of each year. Government co-contributions are added at the end of the year. 15% contributions tax (or 30% in respect of high income earners or tax on excess contributions) is deducted at the time they are made.

The results displayed are in today's dollars and are rounded to the nearest $1,000.

Assumptions

my adequacy

The estimated Cashflow and Net Worth Growth projections are provided as a general guide only and based on information you provided through the Wealth Report and various underlying assumptions. Inflation is 2.5% p.a. Salary growth rate is 3.5% p.a. Results are in today's dollars.

Income and Taxes

Your salary is increased with the relevant salary growth rate each year as per the previous assumption. Share income is increased as a percentage of the original investment. Positively geared investment property income and expenses are increased as a percentage of the original investment. Other income are assumed to increase at the inflation rate.

The 2017/18 ATO Tax Tables and Medicare levy have been assumed to apply for all future years. The personal income tax brackets (and Medicare levy thresholds) are assumed to increase at the inflation rate. Your salary sacrifice amounts have been taken into consideration. HECs repayments have been taken into consideration, but without including reportable fringe benefits or exempt foreign income. Other factors which may affect the amount of tax deducted are not considered.

Expenses

Regular expenses are assumed to increase at the inflation rate. Your goal expenses have been allowed for. Your loans are increased at the end of each year with rates of interest as follows: Mortgages (5.5% p.a.), Credit Cards (17.5% p.a.), Vehicle Loans (6.5% p.a.), Personal Loans (7.5% p.a.), Margin Loans (7.25% p.a.), Business Loans (5.5% p.a.). HECS loans are increased at the end of each year in line with inflation (2.5% p.a.). They are assumed to already be at least 11 months old. HECS brackets are increased at the end of each year by salary growth (3.5% p.a.).

Assets

Your residential and investment properties are increased at the end of each year using the relevant long term capital growth rates.

Your other assets are increased at the end of each year with a compound rate of return as follows: Cash (2.5% p.a.), Government Bonds (3.25% p.a.), Managed Funds (5.0% p.a.), Shares (7.0% p.a.), Term Deposit (3.25% p.a.), Lifestyle assets (2.5% p.a.), Businesses (2.5% p.a.). Vehicles depreciate at 12.5% p.a.

Pension assets are increased at the end of each year with a compound rate of return (gross of earnings tax and but net of investment-related expenses) which is based on your selected risk profile. The annual rates of return for each risk profile are: High Growth (7.6%) Growth (7.2%) Balanced Growth (6.7%) Balanced (5.7%) Defensive (5%) Preservation (3.5%). Fees have been deducted from the projection at the start of each year. We are assuming a 1% management fee and $50 member fee (indexed by 2.5%) per annum for non-cash portfolios. Source: Rice Warner Superannuation Fees Financial System Inquiry July 2014

Assumptions

my adequacy

Goals

Goals are expected to occur at the beginning of the year. Expense amounts that occur more than once are indexed to inflation.

Change job: you (or your partner) are assumed to cease your current salaries and will earn the salary amounts for the period you stated.

Retire: you (or your partner) are assumed to retire at the age you stated.

Reduce working hours: you (or your partner) are assumed to reduce your working hours for the period you stated.

Buy a new home/downsize home: rent is assumed to stop, and existing homes sold, at the time of a new home purchase. Costs associated with selling existing homes have not been taken into account. Stamp duty (and incidental costs) on properties is assumed to be 4% and is in addition to the purchase price. Actual stamp duty paid will depend on the location of the property and its value. No rebates or concessions were allowed for. Deposits on properties are assumed to be at least 20%. Where there is sufficient cash, this is put towards the home purchase. If not, a mortgage (at 5.5% p.a.) is taken out. Future expected growth rate is 6% p.a.

Buy/sell assets: if cash is required to purchase new assets, savings such as shares and managed funds which do not have a loan or income associated with them are assumed to be liquidated incrementally. Savings that do have a loan or income component, as well as businesses and investment properties, are assumed to be liquidated as a lump sum with remaining equity converted to cash. Costs associated with the purchase/liquidation have not been taken into account. Capital Gains Tax on liquidated assets assumed to be 45% on half capital gains. Future assets are increased at the end of each year with a compound rate of return as listed in the section above. On selling an asset with an associated loan/income, the loan is assumed to be paid off and the associated income is stopped.

Buy new investment property: stamp duty (and incidental costs) on properties is assumed to be 4% and is in addition to the purchase price. Actual stamp duty paid will depend on the location of the property and its value. No rebates or concessions were allowed for. Deposits on properties assumed to be 20% (30% if purchased through an SMSF). An interest-only mortgage (at 5.5% p.a.) is taken out on the remaining purchase value. Future expected growth rate is 6% p.a. Annual expenses on the property is assumed to be $5,000 (indexed to inflation) plus 1.5% of the property value.

Assumptions

my adequacy

Pension Withdrawals

You and Kate are assumed to commence an account-based pension with your superannuation at the time of full retirement (subject to preservation rules) and is capped at the Transfer Balance Cap ($1,600,000 for the 2017/18 year and indexed by 2.5% p.a.). Any excess amount on retirement remains in the superannuation balance (subject to superannuation earnings rates) and is drawn on first where required. Regular pension payments are assumed to be paid annually in advance. Pension payments are made at the required drawdown amounts (or minimum drawdown rate, whichever is higher). It is assumed you will not make other lump sum withdrawals. Pension withdrawals from age 60 are assumed to be tax-free.

Centrelink

You are eligible to receive an age pension amount depending on your pension age:

Date of Birth	Qualifying age at
1 July 1952 to 31 December 1953	65 years and 6 months
1 January 1954 to 30 June 1955	66 years
1 July 1955 to 31 December 1956	66 years and 6 months
From 1 January 1957	67 years

You are assumed to be a couple for age pension purposes (where appropriate). Your age pension amount is calculated subject to the income test and asset test. Effective 1 July 2017, this is:

Asset Test	Full Pension	Part Pension
Single non-homeowners	$456,750	$753,000
Couple non-homeowners	$583,500	$1,030,000
Single homeowners	$253,750	$550,000
Couple homeowners	$380,500	$827,000

The pension reduces by $3 per fortnight for each $1,000 over the minimum threshold.

Income Test	Full Pension	Part Pension
Single	$168	$1,944.60
Couple	$300	$2,978.40

The pension reduces by 50c per fortnight for each $1 over the minimum threshold (no work bonus or transitional rules are included).

It is assumed you have no assets or income, other than the amounts you inputted, which affect your age pension payment. The age pension payment is assumed to be included in your assessable income for taxation purposes.

Your salary income and other income (allowing for the Work Bonus) are assumed to be included in the income test. Relevant assets, after deducting any relevant debt, have been included in the asset test. The income test and assets test thresholds are assumed to be indexed at the inflation rate.

Will & Kate, thank you for
completing the Wealth Report.

We hope you have enjoyed the experience
and gained some benefit from the outputs.
For any questions, please call 0409 253 429.

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