

STRATEGY SUMMARY

**MR JACOB AND MRS CLAIRE DEMO
'STRATEGY 1'**

6 DECEMBER 2018

Prepared by

Leslie Knope

of

Parks Financial Planning

WARNING

The following document is a sample of Optimo Financial's 'Strategy Summary' document. It is for example purposes only and should be taken as actual advice. You should not rely on any advice contained in this document for making any financial or investment decisions.

CONTACT OPTIMO FINANCIAL

Please contact us for more information about the Optimo Pathfinder modelling software.

www.optimofinancial.com.au

02 8622 2296

info@optimofinancial.com.au

Suite 204, 10-12 Clarke St, Crows Nest NSW 2065

Adviser details

Leslie Knope

Authorised representative number: 123456

Phone: 02 0000 0000

Email: leslie@parksFP.com.au

Parks Financial Planning

AFSL: 123456

Phone number: 02 8622 2296

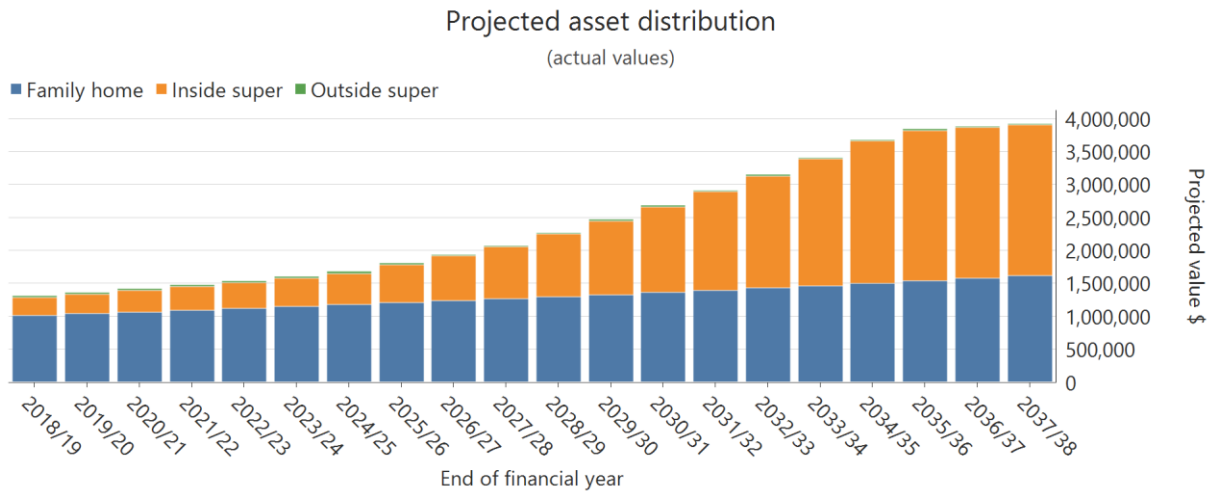
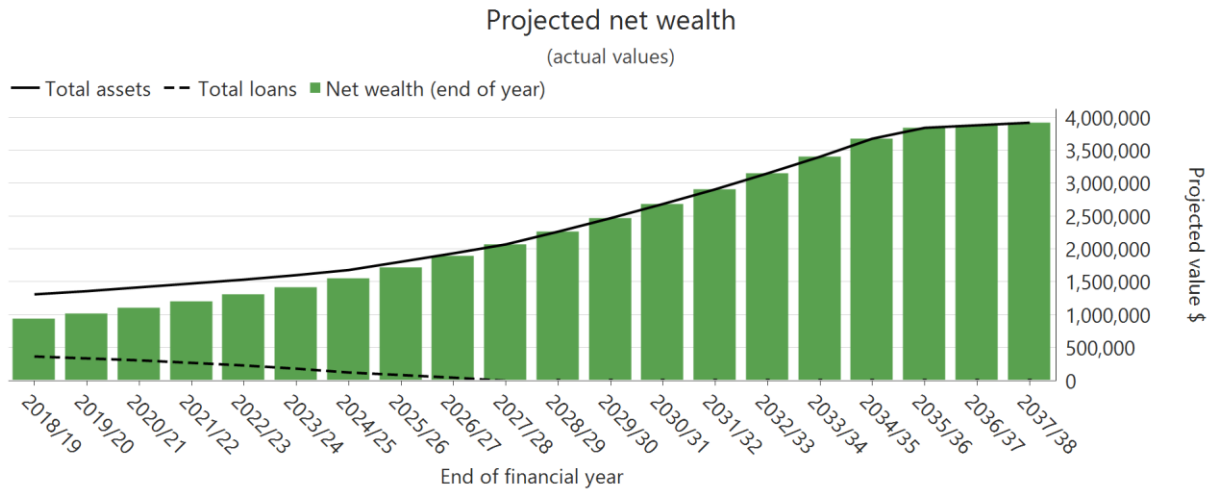
Address: PO Box 000
CROWS NEST NSW 2065

Note these results are presented as actual values. An actual value (also known as 'nominal value' or 'future value') is the undiscounted dollar value for the future year you are looking at. Actual values contrast with present values (also known as 'today's dollars') which are the actual value discounted to today's dollars using the CPI value given in the 'Assumptions' report, below. A present value provides a better perspective when projecting many years into the future because it is adjusted for general price level changes over time (i.e. inflation or deflation).

Wealth summary

- Total net wealth at the end of the analysis \$3,921,701 (present value \$2,453,133):
 - Family home \$1,611,913 (present value \$1,008,296)
 - Total other assets \$25,000 (present value \$15,638)
 - Home mortgage \$0
 - Total Superannuation \$2,284,788 (present value \$1,429,198)
- Length of analysis 20 years.

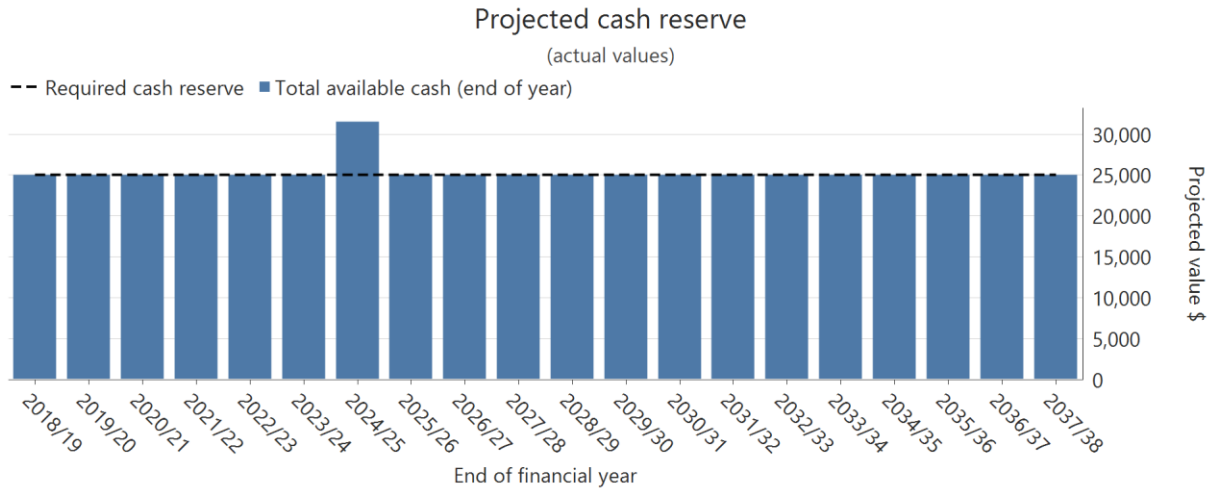
TOP TIP: If you would like to add some additional comments for your clients, then you can add a text box like this one.



SAMPLE

Cash reserve

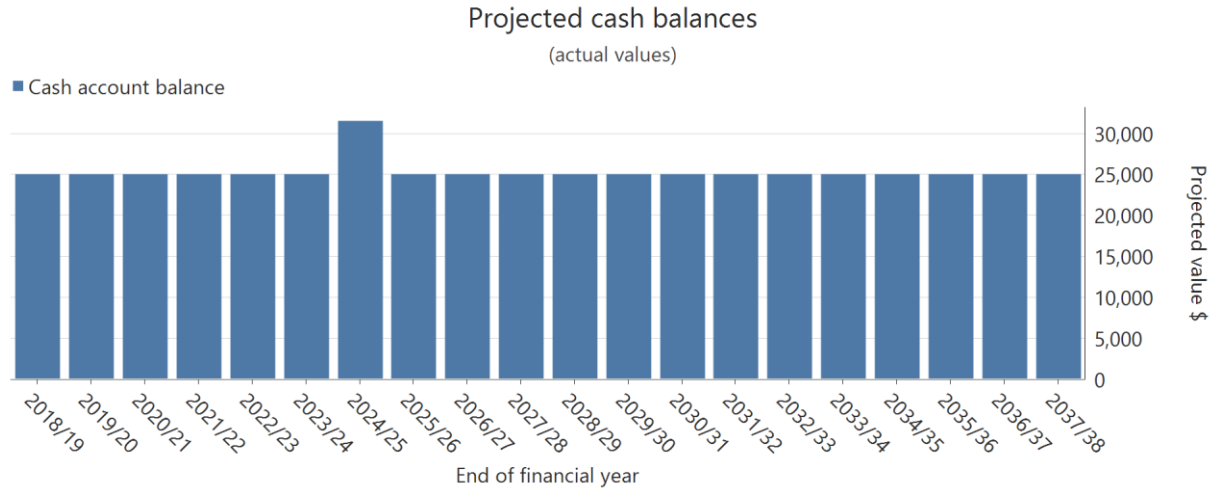
- Required cash reserve \$25,000
- Highest amount of cash over required reserve \$6,556 (reached in year 2024/25)



SAMPLE

Your cash and offset accounts

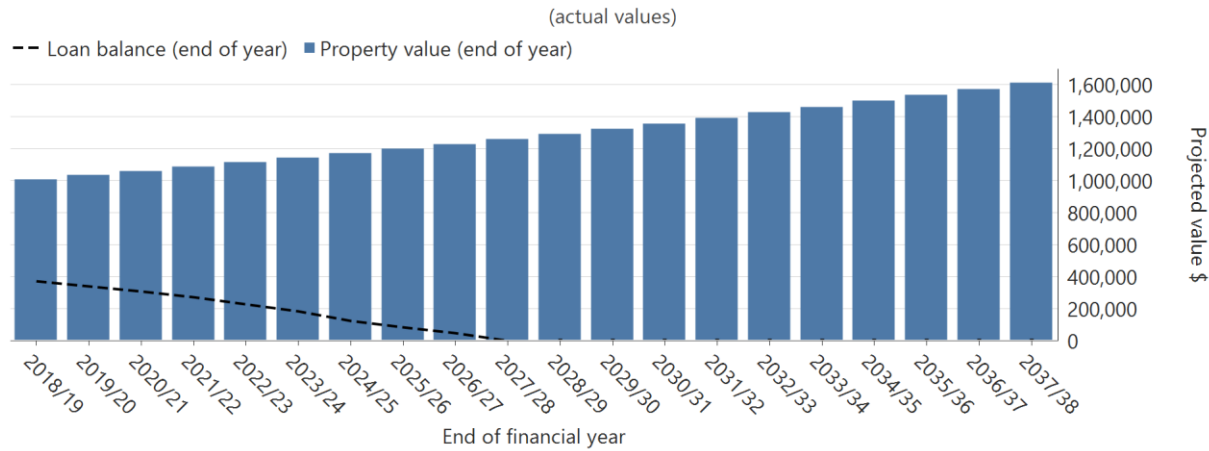
- Initial cash balance \$72,000
- Cash is kept in a cash account
- Minimum total cash \$25,000 (reached in 2018/19)
- Maximum total cash \$31,556 (reached in 2024/25)
- Projected cash balance at the end of the analysis \$25,000.



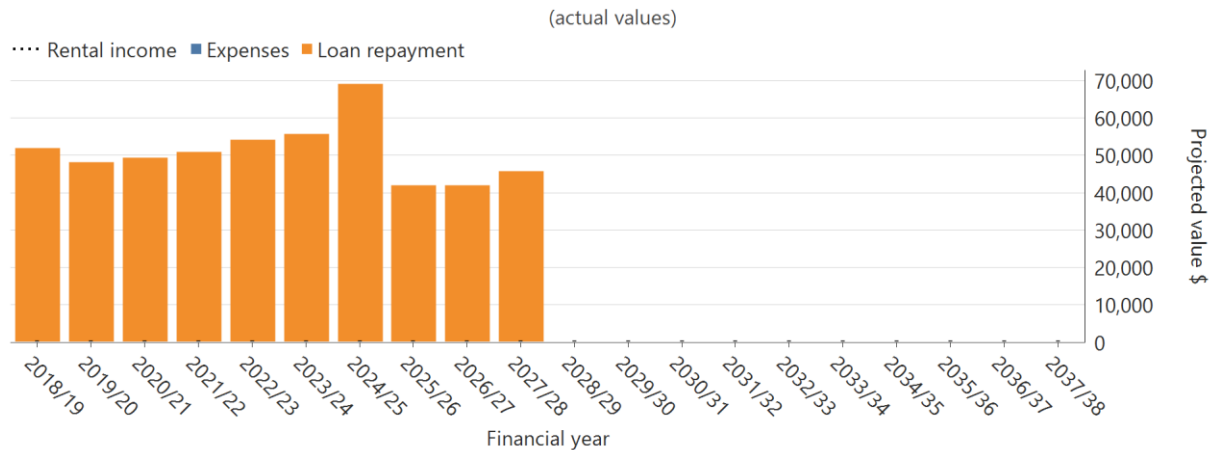
Family home (Family home)

- At the start of the analysis:
 - Home value \$996,000
 - Loan balance \$402,000
- At the end of the analysis:
 - Projected home value \$1,611,913
 - Loan projected to be fully repaid in 2027/28

Projected property value and loan balance

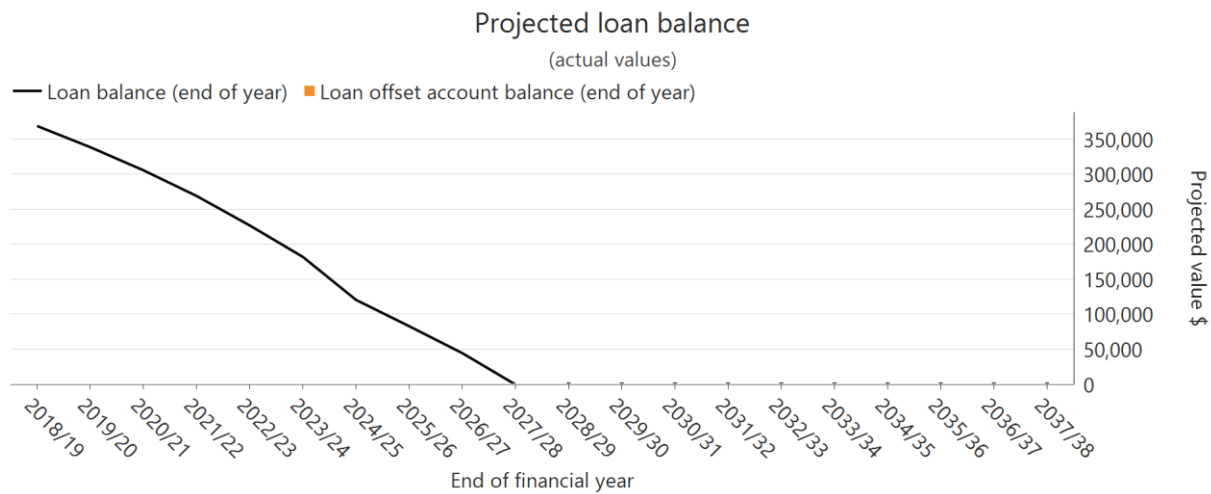
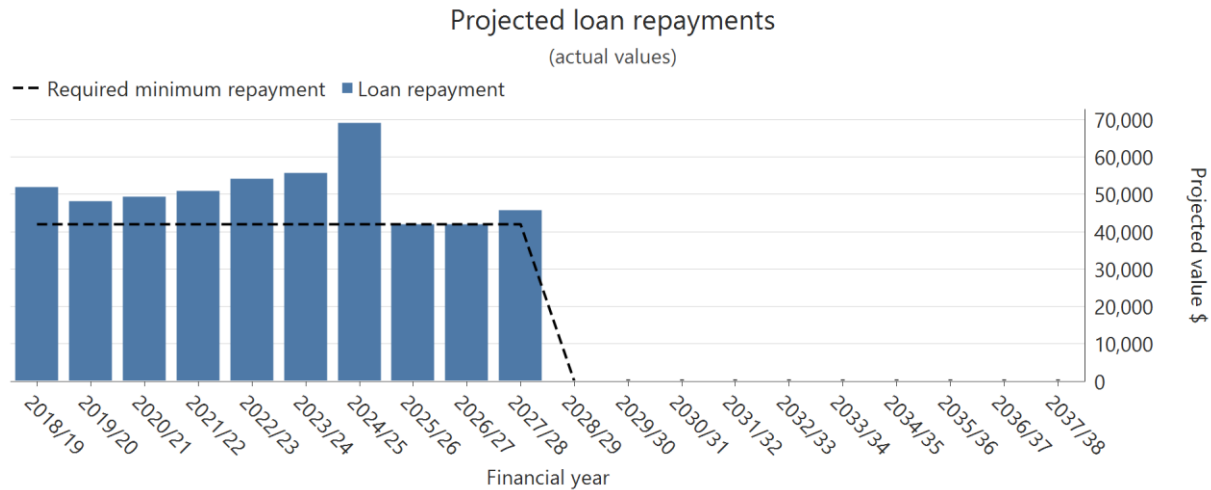


Projected property income vs expenses



Home mortgage (a P&I loan) secured by Family home

- Initial loan balance \$402,000
- Loan repayments above the minimum required amount are made
- Loan projected to be fully repaid in 2027/28. Projected final loan repayment is \$45,684



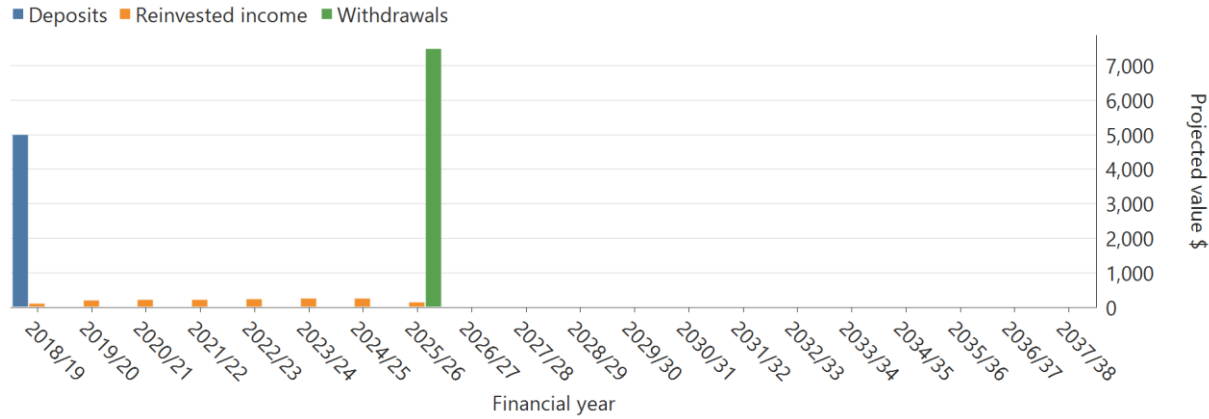
SAMPLE

New shares (shares/managed fund)

- Initial deposit of \$5,000 made in 2018/19
- Largest deposit \$5,000 (2018/19)
- Largest withdrawal \$7,493 (2025/26)
- The highest projected balance is \$7,280 (reached in 2024/25)
- Account closed in 2025/26

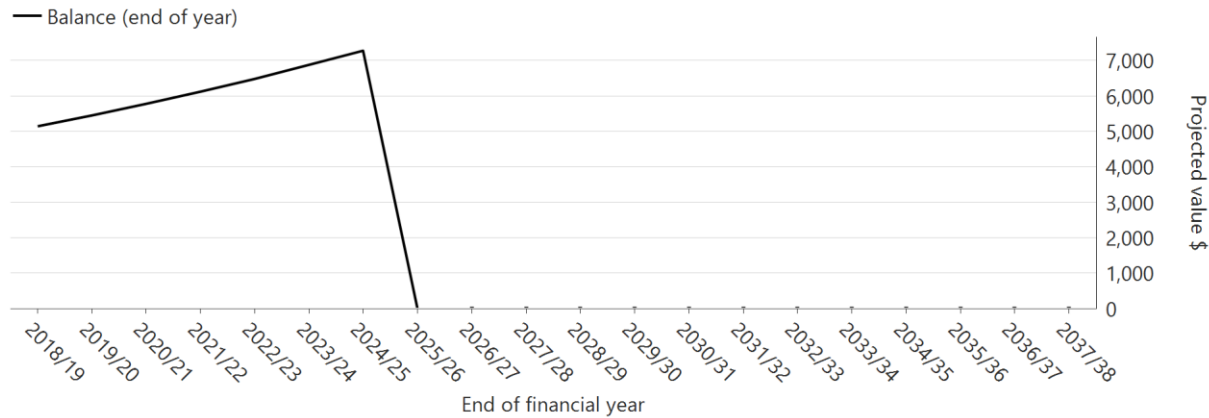
Projected purchases and withdrawals

(actual values)



Projected net balance

(actual values)



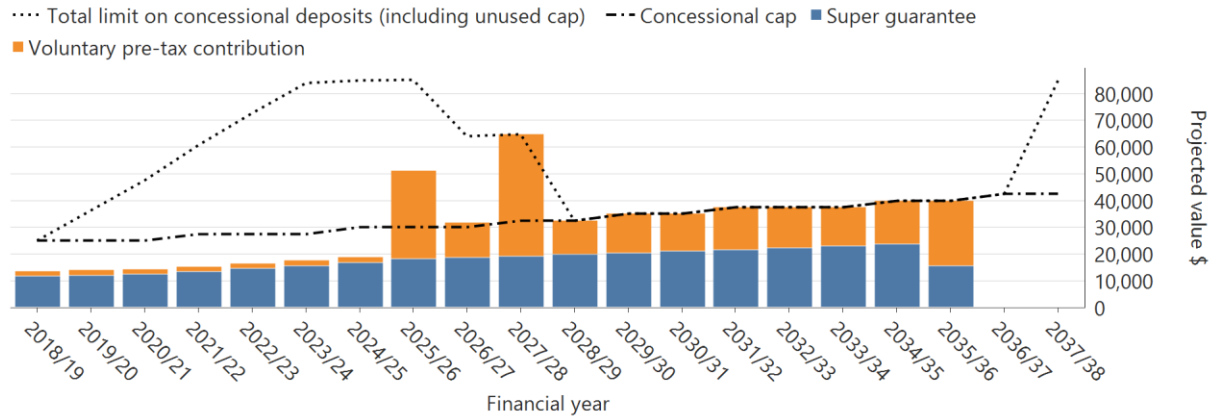
SAMPLE

Jacob Demo: Build super

- Voluntary pre-tax contributions are made
- Non-concessional super deposits are made

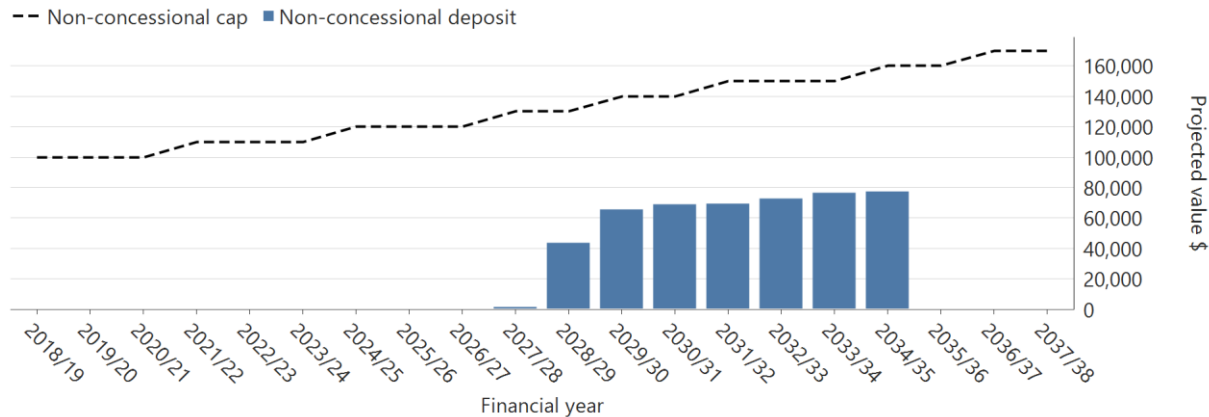
Projected pre-tax super contributions

(actual values)



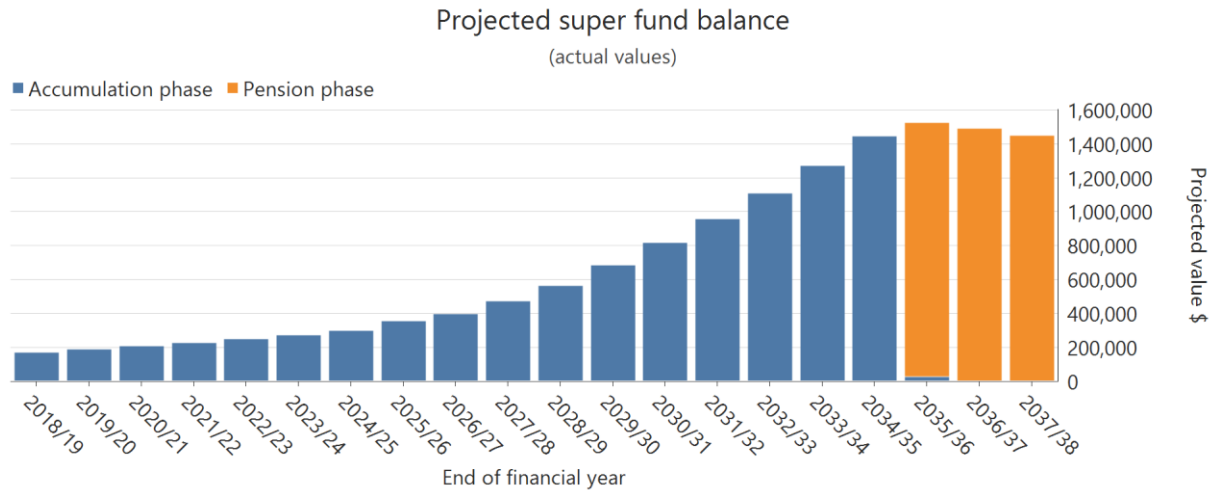
Projected after-tax super contributions

(actual values)



Jacob's Super (Jacob Demo's superannuation fund)

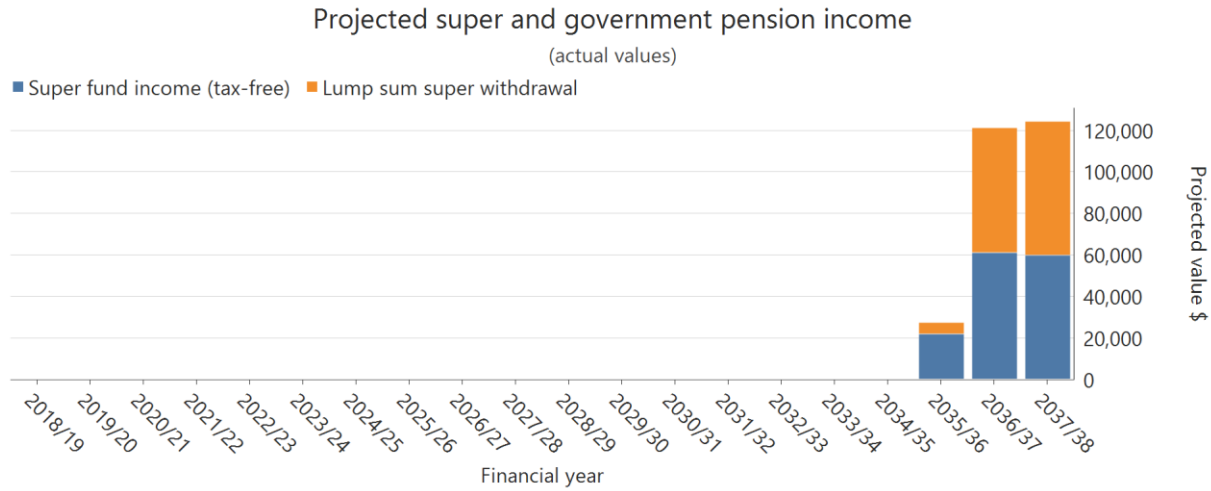
- Initial total balance \$153,000
 - All funds in accumulation phase
- Projected final balance \$1,449,299:
 - All funds in pension phase



SAMPLE

Jacob Demo: Retire

- Projected to retire at age 60 (18 February 2036) with \$1,525,206 in super
- Account-based pension started in 2035/36



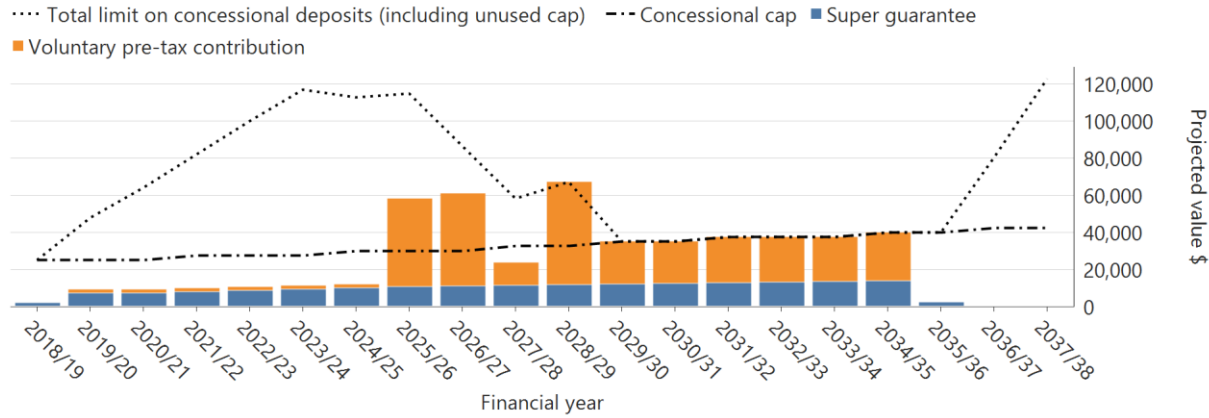
SAMPLE

Claire Demo: Build super

- Voluntary pre-tax contributions are made
- Non-concessional super deposits are made

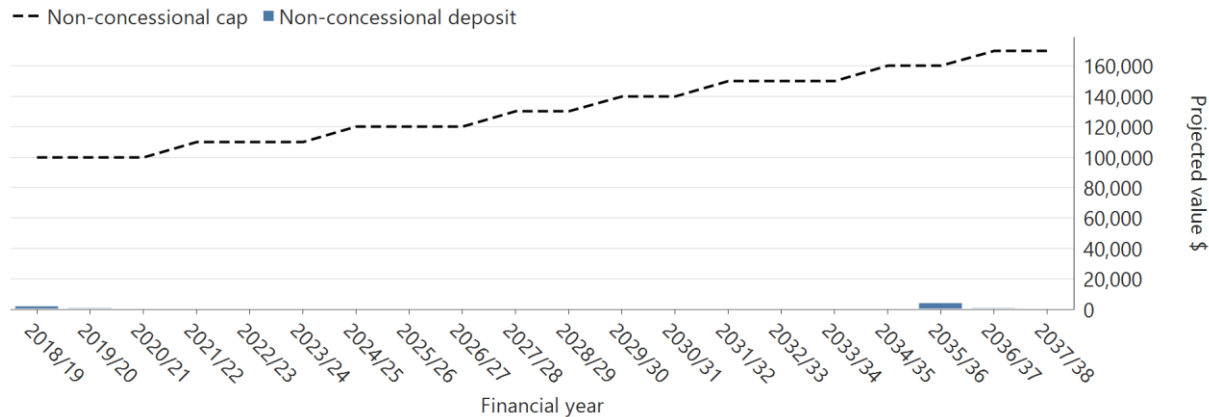
Projected pre-tax super contributions

(actual values)



Projected after-tax super contributions

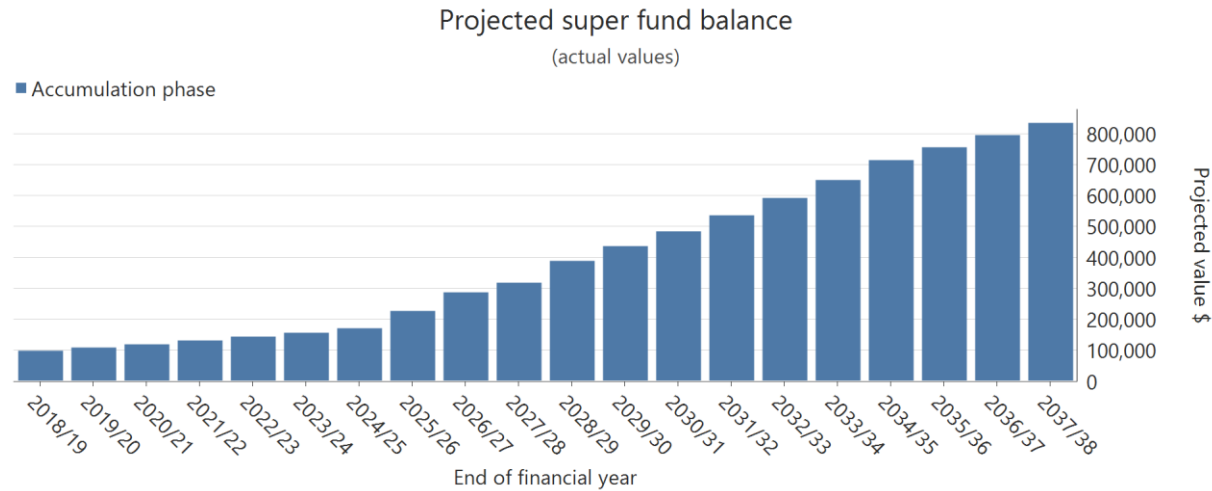
(actual values)



SAMPLE

Claire's Super (Claire Demo's superannuation fund)

- Initial total balance \$94,000
 - All funds in accumulation phase
- Projected final balance \$835,489:
 - All funds in accumulation phase



SAMPLE

Cash flow projections

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue										
Salary: Jacob Demo	122,000	125,660	129,430	133,313	137,312	141,431	145,674	150,045	154,546	159,182
Salary: Claire Demo	21,012	73,839	76,054	78,335	80,685	83,106	85,599	88,167	90,812	93,537
Withdrawals from 'Jacob's Super' accumulation: Jacob Demo	0	0	0	0	0	0	0	0	0	0
Withdrawals from 'Jacob's Super' pension: Jacob Demo	0	0	0	0	0	0	0	0	0	0
Superannuation income stream from 'Jacob's Super': Jacob Demo	0	0	0	0	0	0	0	0	0	0
Shares/managed fund (Income): New shares	93	194	206	218	231	245	260	135	0	0
Shares/managed fund (Disposal): New shares	0	0	0	0	0	0	0	7,493	0	0
Fixed interest (Income): Cash	728	375	375	375	375	375	424	424	375	375
Fixed interest (Withdrawal): Cash	47,000	0	0	0	0	0	0	6,556	0	0
Total revenue: (A)	190,833	200,068	206,065	212,241	218,604	225,158	231,957	252,819	245,733	253,094
Expenditure										
Tax paid: Jacob Demo	33,746	35,346	36,846	38,351	38,011	39,608	40,241	31,055	39,365	29,747
Tax paid: Claire Demo	0	15,900	16,666	17,455	18,258	19,096	19,967	4,767	4,767	19,024
Super contribution to spouse from Jacob Demo	1,000	0	0	0	0	0	0	0	0	0
Voluntary pre-tax super contributions: Jacob Demo	2,000	2,000	2,000	2,000	2,000	2,000	2,000	33,130	13,192	45,670
Voluntary pre-tax super contributions: Claire Demo	0	2,000	2,000	2,000	2,000	2,000	2,000	47,674	50,000	12,517
Non-concessional super deposit: Jacob Demo	0	0	0	0	0	0	0	0	0	1,632
Non-concessional super deposit: Claire Demo	1,000	0	0	0	0	0	0	0	0	0
Shares (Purchase): New shares	5,000	0	0	0	0	0	0	0	0	0
Shares (Reinvested income): New shares	93	194	206	218	231	245	260	135	0	0
Fixed interest (Deposit): Cash	0	0	0	0	0	0	6,556	0	0	0
Loan (Repayment): Home mortgage	51,865	48,147	49,454	50,852	54,203	55,711	69,170	42,000	42,000	45,684
Annual expenditure: Annual living - Jacob Demo	78,000	79,950	81,949	83,997	86,097	88,250	90,456	92,717	95,035	97,411
Miscellaneous expense: Timothy's school fees - Jacob Demo	15,000	15,375	15,759	16,153	16,557	16,971	0	0	0	0
FPS fee: Initial plan fee - Jacob Demo	2,000	0	0	0	0	0	0	0	0	0
Insurance premium: New IP insurance (Jacob) - Jacob Demo	1,128	1,156	1,185	1,215	1,245	1,276	1,308	1,341	1,374	1,409
Total expenditure: (B)	190,833	200,068	206,065	212,241	218,604	225,158	231,957	252,819	245,733	253,094

	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38
Revenue										
Salary: Jacob Demo	163,958	168,877	173,943	179,161	184,536	190,072	195,774	127,820	0	0
Salary: Claire Demo	96,343	99,233	102,210	105,276	108,435	111,688	115,038	18,130	0	0
Withdrawals from 'Jacob's Super' accumulation: Jacob Demo	0	0	0	0	0	0	0	5,582	0	0
Withdrawals from 'Jacob's Super' pension: Jacob Demo	0	0	0	0	0	0	0	0	60,270	64,726
Superannuation income stream from 'Jacob's Super': Jacob Demo	0	0	0	0	0	0	0	21,820	61,008	59,594
Shares/managed fund (Income): New shares	0	0	0	0	0	0	0	0	0	0
Shares/managed fund (Disposal): New shares	0	0	0	0	0	0	0	0	0	0
Fixed interest (Income): Cash	375	375	375	375	375	375	375	375	375	375
Fixed interest (Withdrawal): Cash	0	0	0	0	0	0	0	0	0	0
Total revenue: (A)	260,675	268,484	276,528	284,812	293,345	302,135	311,187	173,727	121,653	124,695
Expenditure										
Tax paid: Jacob Demo	42,714	43,740	45,685	46,826	48,889	51,014	52,116	25,291	0	0
Tax paid: Claire Demo	4,767	17,340	18,491	18,813	20,033	21,290	21,498	0	0	0
Super contribution to spouse from Jacob Demo	0	0	0	0	0	0	0	3,000	0	0
Voluntary pre-tax super contributions: Jacob Demo	12,825	14,735	14,127	16,001	15,356	14,691	16,507	24,662	0	0
Voluntary pre-tax super contributions: Claire Demo	55,530	23,092	22,735	24,867	24,488	24,097	26,195	0	0	0
Non-concessional super deposit: Jacob Demo	43,548	65,755	69,072	69,228	72,774	76,440	77,405	0	0	0
Non-concessional super deposit: Claire Demo	0	0	0	0	0	0	0	1,000	0	0
Shares (Purchase): New shares	0	0	0	0	0	0	0	0	0	0
Shares (Reinvested income): New shares	0	0	0	0	0	0	0	0	0	0
Fixed interest (Deposit): Cash	0	0	0	0	0	0	0	0	0	0
Loan (Repayment): Home mortgage	0	0	0	0	0	0	0	0	0	0
Annual expenditure: Annual living - Jacob Demo	99,847	102,343	104,901	107,524	110,212	112,967	115,791	118,686	121,653	124,695
Miscellaneous expense: Timothy's school fees - Jacob Demo	0	0	0	0	0	0	0	0	0	0
FPS fee: Initial plan fee - Jacob Demo	0	0	0	0	0	0	0	0	0	0
Insurance premium: New IP insurance (Jacob) - Jacob Demo	1,444	1,480	1,517	1,555	1,594	1,634	1,675	1,088	0	0
Total expenditure: (B)	260,675	268,484	276,528	284,812	293,345	302,135	311,187	173,727	121,653	124,695

Assumptions

This report lists the assumptions used in the analysis for fees, returns and the economy. You should review them to ensure that they are in line with your expectations, and so you understand which assets are assumed to have better returns than others, as this can influence the strategy. Also note that these values are an estimate, and may turn out to be higher or lower than assumed.

In conducting our analysis, we have made the following assumptions:

- AWOTE 3%pa.
- CPI 2.5%pa.
- Cash account return 1.5%pa.
- Balanced fund outside super return 2.13%pa capital growth and 3.67%pa income (including franking credits) before tax and after fees.
- Returns for Balanced funds inside super:
 - Accumulation phase of super 4.95%pa (after tax and fees);
 - Pension phase of super 5.7%pa (after fees).
- For family home:
 - Value \$996,000 for 'Family home' (as at 2018/19);
 - Capital growth 2.5%pa;
 - Acquisition costs 5% (including stamp duty etc.);
 - Disposal costs 2.5%.
- Interest rates:
 - Secured 'Home mortgage' principal and interest loan 5%pa.
- The analysis starts from 1 July 2018.
- We have assumed that the legislated default super guarantee increases over time to 12%, in accordance with Government legislation.