

# HUNTER FINANCIAL

Level One, 58-60 Hunter Street, Newcastle NSW  
2300  
PO BOX 617, Newcastle NSW 2300  
Phone 02 4943 4876  
Email [support@hunterfinancial.com.au](mailto:support@hunterfinancial.com.au)  
[www.hunterfinancial.com.au](http://www.hunterfinancial.com.au)

Hunter Financial Pty Ltd  
ABN 74 606 965 584  
Trading as Hunter Financial Planning

04 February 2021

Mr Noel and Mrs Kathryn Cratchley  
2 THE ESPLANADE  
NARRABEEN NSW 2101

Dear Noel and Kathryn,

I am pleased to enclose your Statement of Advice. This document contains all the information you need to ensure you have the right structures and strategies in place to achieve your financial goals.

## **A record of your financial plan**

This Statement of Advice is based on our discussions about your current financial situation and your goals. My advice and recommendations are outlined in this Statement of Advice, along with the reasons why I believe they are suitable.

## **Making it clear**

It's important that you understand, and are comfortable with, the information in the Statement of Advice. Where financial strategies contain technical concepts, I have included a Fact File to give you more information. If you do come across any information that is not clear when reading your Statement of Advice, please note it down and come back to me with any questions.

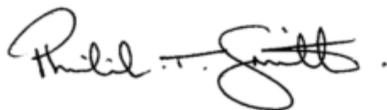
## **A secure financial future**

I look forward to helping you implement the strategies outlined in this Statement of Advice, and working in partnership with you to keep everything on track.

## **Helping you**

If you would like to discuss any aspect of this Statement of Advice, please don't hesitate to call me on 0413351228.

Yours sincerely



Philip Smith, Director / Senior Financial Adviser  
**Hunter Financial Pty Ltd**  
**Authorised Representative of Count Financial Limited**



Professional Partnerships, Trusted Advice  
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Prepared by:

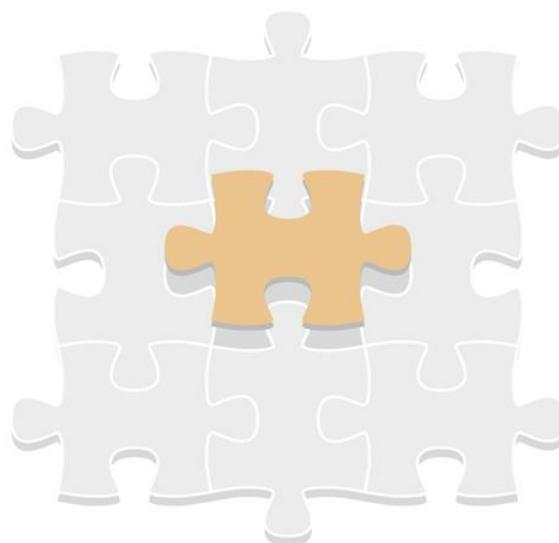
**Hunter Financial Pty Ltd**  
**Corporate Authorised Representative of**  
**Count Financial Limited**  
**ASIC ID: 001234266**  
**ABN: 74606965584**

Philip Smith  
Authorised Representative of  
Count Financial Limited  
Level One, 58-60 Hunter Street  
NEWCASTLE NSW 2300

## Statement of Advice (SoA)

Prepared for  
Noel and Kathryn Cratchley

04 February 2021



Count Financial Limited (Count)  
ABN: 19 001 974 625  
AFS Licensee: 227232  
Level 8, 1 Chifley Square  
Sydney NSW 2000  
P: 1300 650 432  
E: [info@count.com.au](mailto:info@count.com.au)  
W: [www.count.com.au](http://www.count.com.au)

## Table of contents

	<b>Your personal and financial details</b>	4
	<b>Your goals and objectives</b>	8
	<b>Your tolerance to investment risk</b>	9
	<b>What this advice covers</b>	11
	<b>Summary of advice</b>	14
	<b>Recommended strategy</b>	15
	<b>Recommended products</b>	29
	<b>Financial outcomes of recommendations</b>	33
	<b>Products to be replaced</b>	47
	<b>Costs and other important information</b>	50
	<b>Important documents</b>	52
	<b>Agreement to proceed</b>	53
	<b>How to implement this advice</b>	55
	<b>Further explanation of this advice</b>	56



## Your personal and financial details

This section contains key information about your current circumstances and forms an important part of our advice to you.

Please review this section carefully and let us know if any important information is missing or shown incorrectly. Where we have requested information from you that has not been provided, we have noted this below. If the information you have provided is incomplete or inaccurate, you will need to consider if this advice is appropriate for your circumstances and objectives before you act on it.

### Personal Details

Details	Noel	Kathryn
Age	73	71
Date of Birth	26/12/1947	08/01/1950
Marital Status	Married	Married
Occupation	Builder	Administration
Retirement Age	75*	73*

\*Noel and Kathryn, you have not provided a specific retirement goal at this time, however, you have mentioned that you would like to retire in less than five years' time. For the purpose of our cashflow projections later disclosed in this document, we have assumed you both retire by 1 July 2023 when Noel reaches age 75.5, to be conservative. Please refer the 'Financial Outcomes' section of this document for further information.

### Dependant details

Name	Date of Birth	Living at home	Still at school
Allison Williams (49)	Unknown*	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Noel Cratchley (47)	Unknown*	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Sally Cratchley (43)	Unknown*	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

\*We note that you have not provided us with the Dates of Birth for your three children at this time.

### Income details

Income	Owner	Amount
Gross Self-Employment Income	Noel	\$67,462**
BT SuperWrap Pension Payment	Noel	\$5,410*
Gross Self-Employment Income	Kathryn	\$68,064**
BT SuperWrap Pension Payment	Kathryn	\$3,790*
Rental Income - Byron Bay	Joint	\$41,600*
<b>TOTAL</b>		<b>\$186,326</b>

\*Based on the information you have provided to us.

\*\*Based on your 2019 Financial Report as provided by your accountant, Sidcor.

## Expense details

Expense	Owner	Amount
Estimated Income Tax and Medicare Levy	Noel	\$18,975**
Estimated Income Tax and Medicare Levy	Kathryn	\$19,183**
Living Expenses	Joint	\$72,800*
Home Mortgage Repayments	Joint	\$7,200*
Annual Holidays / Travel Expenses	Joint	\$30,000*
Kulnura Farm Loan Repayments	Joint	\$4,160*
<b>TOTAL</b>		<b>\$152,318</b>

\*Based on the information you have provided to us.

\*\*Please note, this is only an estimate based on your Gross Self-Employment Income as per your 2019 Financial Reports and rental income. Please refer to your accountant for further information regarding your annual taxation.

Based on the above information, we estimate you to have a cash flow surplus of approximately \$34,008 per annum.

## Lifestyle asset details

Type	Owner	Amount
Primary Residence	Joint	\$3,000,000*
<b>TOTAL</b>		<b>\$3,000,000</b>

\*Based on the information you have provided to us.

## Investment assets excluding superannuation

Type	Owner	Amount
Business Bank Account	Joint	\$250,000**
Personal Bank Account (Byron Sale)	Joint	\$900,000**
Kulnura Farm (50% Ownerships)*	Joint	\$800,000*
Factory Warehouse - Byron Bay	Joint	\$800,000**
<b>TOTAL</b>		<b>\$275,000</b>

\*Noel and Kathryn, you have told us that Kulnura Farm is valued at approximately \$1,600,000 and you jointly own 50% of this property, with your daughter and her husband, Alison and Paul, owning the other 50%.

\*\*Based on the information you have provided to us.

## Financial assets

### Superannuation/Pension accounts

Position	Market Value
<b>CRATCHLEY, NOEL</b>	
<b>BT Compact SuperWrap Pension (M04622499)</b>	
Cash Account	\$518.00
Advance Moderate Multi-Blend Fund	\$237,697.25
<b>Total for BT Compact SuperWrap Pension (M04622499):</b>	<b>\$238,215.25</b>
<b>BT Compact SuperWrap Super (M04618852)</b>	
Cash Account	\$34,732.69
Advance Moderate Multi-Blend Fund	\$99,898.99
<b>Total for BT Compact SuperWrap Super (M04618852):</b>	<b>\$134,631.68</b>
<b>Total for CRATCHLEY, NOEL:</b>	<b>\$372,846.93</b>
<b>CRATCHLEY, KATHRYN</b>	
<b>BT Compact SuperWrap Pension (M04622552)</b>	
Cash Account	\$111.51
Advance Moderate Multi-Blend Fund	\$166,767.27
<b>Total for BT Compact SuperWrap Pension (M04622552):</b>	<b>\$166,878.78</b>
<b>BT Compact SuperWrap Super (M04618940)</b>	
Cash Account	\$34,774.67
Advance Moderate Multi-Blend Fund	\$99,293.65
<b>Total for BT Compact SuperWrap Super (M04618940):</b>	<b>\$134,068.32</b>
<b>Total for CRATCHLEY, KATHRYN:</b>	<b>\$300,947.10</b>
<b>Grand Total:</b>	<b>\$673,794.03</b>

### Liability details

Type	Owner	Term	Repayment	Frequency	Amount
Kulnura Farm Loan	Joint	25 Years	\$80	Weekly	\$100,000*
ATO Tax Bill	Joint	N/A	One-off	One-off	\$330,000**
Home Mortgage	Joint	25 Years	\$600	Monthly	\$25,000*
<b>TOTAL</b>					<b>\$455,000</b>

\*Based on the information you provided to us,

\*\*Noel and Kathryn, you have an ATO Tax Bill of approximately \$330,000 due in May 2021 from the sale of your investment property, 18 Centennial Crt, Byron Bay. You have told us that you will utilise funds from your Personal Bank Account to pay this bill.

### Personal insurance details

You have no personal insurance policies at this time.

## Estate planning details

Details	Noel	Kathryn
Will in Place	Yes*	Yes*
Will Last Updated	2010	2010
Testamentary Trust	No	No
Power of Attorney	No	No
Enduring Guardian	No	No

\*You have told us that you currently have existing Wills in place, however, you do not have Powers of Attorney, Enduring Guardianships or Testamentary Trusts. You both understand the advantages of having a comprehensive Estate Plan in place, however, you have told us that you do not wish to receive advice in this area at this time.



## Your goals and objectives

*This section describes the reasons that you came to me for financial advice and highlights what you want to achieve.*

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Understanding your goals and objectives is an essential part of developing a personalised financial strategy that is right for you.

The goals you want to achieve, as well as additional needs that we identified from your personal and financial details, have been summarised below. The recommendations made in this Statement of Advice have been designed to meet both your goals and objectives.

### Your stated goals:

Noel and Kathryn, your goals are:

- Noel and Kathryn, you have told us that your main goal is to establish a Self- Managed Super Fund (SMSF) as you value the flexibility and the nature of an SMSF, with the ability to invest in direct property which meets your investment goals and objectives. During our last meeting, we explained the trustee and corporate trustee structures of an SMSF, and how you could both be shareholders within a corporate trustee structure. We further explained the compliance requirements of the different SMSF ownership structures. You both understood this and told us that you saw value in the corporate trustee structure. We discussed the process of investing in direct property via an SMSF and explained that all purchases and sales occur within the SMSF. You have told us that you would like to request a full rollover from your existing BT SuperWrap Super and Pension accounts and invest these funds in cash within an SMSF until you find a property you would like to buy to the value of approximately \$800,000. You understand the risk of holdings funds in cash and investing only in direct property, and the asset allocations within your SMSF not aligning with your Growth risk profile benchmark asset allocation. You also understand the lack of investment diversification and limited liquidity associated with holding majority of your investments within direct property. You understand that your funds invested in cash will need to cover all ongoing SMSF maintenance costs, property maintenance and management fee and your pension payments or withdrawals from the fund. You also understand the importance of holding cash to fund the unexpected should your property not produce any income for a period of time.
- Noel and Kathryn, you would like to maximise contributions into your SMSF to reduce your overall tax liability where possible and maximise your cash holdings with the intent to purchase direct property within your SMSF. You have told us that you would like to utilise funds from your personal bank account to make a \$100,000 non-concessional contribution each and utilise funds from your business bank account to make a \$25,000 concessional contribution each into your SMSF this financial year (2020/2021).
- Noel and Kathryn, you have told us that you would like to maintain your current lifestyle which includes living expenses of approximately \$1,400 per week (\$72,800 per annum) and an additional \$30,000 per annum for travel.



## Your tolerance to investment risk

*This section describes the level of investment risk that you are comfortable with and shows how we will invest your money accordingly.*

During our meetings we have discussed your thoughts and feelings on investing, along with fundamental investment concepts such as risk, return, volatility and diversification. This included your level of comfort with various investment risks, as well as the returns and volatility that are associated with different investments.

You also completed a risk profile questionnaire to provide us with more specific details about your attitude to the risks involved in investing.

The purpose of these discussions and completion of the risk profile questionnaire was to identify your risk profile. Your risk profile is simply a description of how much risk you are comfortable with in order to achieve your goals and it is used to guide decisions around how your money is invested.

For further details on the nature of each risk profile, including the potential return expectations, please refer to the 'Further explanation of this advice' section and the attached fact files.

### Results for Noel and Kathryn

The results from the risk profile questionnaire you have completed show that you have a '**Growth**' risk profile.

We have discussed what this means for you, including:

- The types of investments that are appropriate for this risk profile.
- The risks associated with the various investments that fall within this risk profile.
- Your tolerance to market fluctuations.

Following our discussion, we have agreed that a 'Growth' risk profile accurately reflects your tolerance to investment risk.

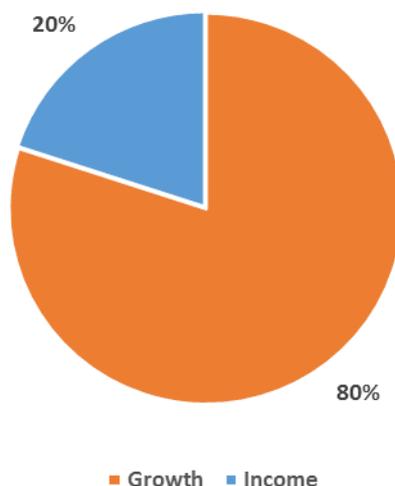
You have a longer-term investment horizon and are prepared to accept higher volatility as a trade-off for greater returns. You understand that this strategy can produce higher returns over the long run, but can lead to higher short-term volatility. Nevertheless, you are prepared to wear this volatility to achieve your long-term goals. As such a higher exposure to growth assets would be appropriate, with limited exposure to income assets.

### Important details about your risk profile

The details below show how your money will be invested under your risk profile.

Noel and Kathryn		Benchmark Asset Allocation: Growth
Minimum Investment term		8 Years
Benchmark: net return objective		CPI plus 3%

### What broad allocation of assets would ordinarily be appropriate for a growth investor?



## Growth Assets

These types of assets have the potential for higher investment returns over the longer term, but they also tend to attract higher risk, particularly over shorter timeframes. We generally classify the following types of assets as 'growth':

- **Equities** relates to investment in companies listed in either Australian or international markets. Returns can come from capital growth or loss, i.e. the difference between the price of the shares when bought and sold, as well as any dividends paid to the shareholder from the company.
- **Property** typically includes high value commercial real-estate, including retail, office & industrial assets. It includes both Australian and international assets which can be unlisted or listed on various stock exchanges. These assets produce returns from both rental income and capital growth.
- **Infrastructure** generally refers to those assets which provide for essential services in an economy and are often heavily regulated entities. These include investments in assets such as airports, toll-roads, ports and energy transmission. Returns can come from capital growth and the underlying income generated from their activities.
- **Alternatives** is used to describe investment strategies that access alternative sources of return to those described above. These strategies typically have a strong emphasis on providing diversification and focus on niche markets. Common examples include: private equity, commodities and various hedge fund strategies.

## Income assets

These assets generally have lower investment risk, with more stable returns in the short term, but generally lower potential returns over the longer term.

- **Cash** includes investments where the predominant exposure is to assets such as bank bills, short-term deposits with financial institutions or corporate money market securities. Returns come from interest payments or any capital growth or loss if the asset is traded before maturity.
- **Fixed Interest** investments include securities such as bonds and debentures. Fixed interest securities essentially represent the lending, mostly to corporations or governments. Returns come from interest payments or any capital growth or loss if the asset is traded before maturity.



## What this advice covers

This section describes what is included in our advice, and any limitations of our advice. It also outlines areas of advice that we have agreed with you are not to be included and explains why.

### Advice addressed

- Superannuation Planning
- Self-Managed Super Fund (SMSF) (Limited to establishment)
- Cashflow Management (Limited)
- Retirement Planning (Limited)
- Debt Management (Limited)

### Advice not addressed

- Non-Superannuation Investments
- Insurance Planning
- Estate Planning
- Social Security / Centrelink

### Self-Managed Super Fund (SMSF) (Limited to establishment only)

Please refer to your accountant in relation to the setup and ongoing maintenance of your Self-Managed Super Fund (SMSF). Hunter Financial is not licensed to provide tax advice and the information on the establishment of an SMSF is not intended as legal, accounting or tax advice. You should be aware that super rules change frequently and you should always speak with your accountant/solicitor to ensure your SMSF is complying and your trust deed is always up to date and current.

### Cash Flow Management (Limited)

#### What is the objective?

Reviewing your cash flow, budget and savings.

#### Explanation and Consequences

This strategy would review your current position and provide assistance around cash flow management. Without this advice, you might not be apportioning income in the most suitable way to achieving your goals. You are comfortable with your current cashflow and do not feel you need assistance in this area. Furthermore, our advice is only limited to the cash flow projections based on the information you have provided to us. *Please refer to our projections in the 'Financial outcomes' section of this Statement of Advice document.*

### Retirement planning (Limited)

#### What is the objective?

Planning for your retirement

#### Explanation and Consequences

This strategy would review your current position and your intended plans around retirement to ensure you can meet your long-term retirement goals. Without this advice, you may find that your retirement planning and savings will not meet your goal at retirement and you may have insufficient funds to retire on and may not be able to have the same lifestyle that you are accustomed to. You may need to rely on Centrelink if applicable, or work longer. You have not provided a specific date for retirement at this time, but have indicated that you would like to retire in less than five years. To be conservative, we have assumed you both retire by Noel's age 75.5 (as of 1 July 2023). As such, we have limited our advice in this area to cash flows only at this time. This will be reviewed in the future as you draw closer to Noel's age 75 and planned retirement. *Please refer to our projections in the 'Financial outcomes' section of this Statement of Advice document.*

### Debt Management (Limited)

#### What is the objective?

Review your debt position.

#### Explanation and Consequences

This would cover a review of your total debt position to ensure you are repaying in the most efficient manner possible. The consequence of not reviewing your debt position, is that you may be paying a higher rate of interest or repaying in an ineffective manner. This could potentially increase your overall debt repayment timeframe and the total cost of your debt. You are comfortable with your current level and type of debt and will continue managing this yourselves at this time. You prefer to focus on your superannuation/pension portfolios at this time and therefore, our advice in this area is limited to cash flows only.

### Non-Superannuation Investments

#### What is the objective?

Review of bank accounts, Kulnura Farm and Byron Bay investment property.

#### Explanation and Consequences

Noel and Kathryn, you are aware that by having your bank accounts out of scope and allocating money to cash instead of other investments such as shares and property, you will minimise the risk of losing your money in a volatile market. On the other hand, you will also miss out on potential returns that you may receive when investing in these asset classes.

Without this advice, you may be invested in the wrong assets for your risk and return expectations. This may mean you either achieve lower returns than you may desire over the long term or suffer higher losses over the short and medium terms than you can withstand. In combination with this, you might not be benefiting from features that some investment choices may offer you.

We have explained to you that by not addressing the above, you may be missing out on better returns you could achieve by investing in other types of assets. As you have declined comprehensive advice regarding your non-superannuation investments, it is important to consider the appropriateness of our recommendations outlined in this Statement of Advice. The recommendations are based on the areas you have requested which is limited to superannuation contributions to your new Self-Managed Super Fund and may not be appropriate to your overall financial position. You will contact us if you wish to receive further advice in these areas.

## **Insurance planning**

### **What is the objective?**

Personal insurance review

### **Explanation and Consequences**

This strategy would review your current position and your existing level of insurance to ensure you have sufficient cover. Without an analysis of your insurance needs, you may not consider the full impact that death, TPD, your inability to work or a trauma event could have for you and your family. By not holding insurance cover appropriate for you, you and your family may suffer preventable financial and emotional stress. Noel and Kathryn, you currently have no insurance cover and you do not feel that you require insurance at this stage of your life. Due to your current ages, you may be ineligible to receive new cover. If you would like us to review this with you, please let us know.

## **Estate Planning**

### **What is the objective?**

Reviewing your Estate Planning needs

### **Explanation and Consequences**

This strategy would consider reviewing your Wills, Powers of Attorney, Executor and any other relevant Estate Planning requirements. Without this advice, you may find that nobody will be legally able to manage your affairs if you are unable to personally attend to them or that upon your death your estate assets may not be distributed as per your wishes. You have told us that you currently have existing Wills in place, however, you do not have Powers of Attorney, Enduring Guardianships or Testamentary Trusts. You both understand the advantages of having a comprehensive Estate Plan in place, however, you have told us that you do not wish to receive advice in this area at this time. If you would like us to provide advice around Estate Planning in the future, please let us know.

## **Social Security / Centrelink**

### **What is the objective?**

Reviewing your Centrelink entitlements.

### **Explanation and Consequences**

This strategy would review your situation and advise on what benefits you may be entitled to receive. Without this advice, you may find that you are not maximizing your position and receiving entitlements that you would otherwise be entitled to. Due to your asset and income position, you are not currently entitled to a Centrelink Age Pension benefit at this time. We have not reviewed your eligibility for any other Centrelink benefits at this time.

## **General and health insurance**

We are not authorised or qualified to provide advice regarding general insurance products or health insurance products. These products play an important part in your overall financial plan and we recommend that you seek advice in these areas to ensure that:

- Your assets (for example, your home, contents and motor vehicle) are protected from loss or damage.
- You and your family are provided with the required level of health care and hospital cover.

## **Tax issues**

Hunter Financial Pty Ltd is registered with the Tax Practitioners Board as a Registered Tax (Financial) Adviser. Based on the information collected from you, our financial advice considers the tax consequences that relate directly to the financial advice being provided. However, this financial advice does not include an assessment of your overall tax position. To determine how our financial advice fits with your overall tax position, you should seek separate tax advice about liabilities, obligations or claim entitlements that arise, or could arise, under a taxation law.

## **Products that you wish to avoid**

You have advised us that you wish to avoid the products below:

- Share Investments

## **Products that you wish to retain**

You have advised us that you wish to retain the products below:

Prepared on 04 February 2021

- Personal Bank Account
- Business Bank Account
- Kulnura Farm
- Byron Bay Investment Property

You have advised us that you do not wish for us to make any recommendations concerning the above product/s. Any decision to add to, retain or dispose of such product/s must be made by you and nothing in our relationship should be taken as advice in relation to them.

### **Product recommendations and services beyond our responsibility**

The investments listed below are an example of investments covered by the 'Services Count is not Responsible For' section of our Financial Services Guide:

- Personal Bank Account
- Business Bank Account
- Kulnura Farm
- Byron Bay Investment Property
- Self-Managed Super Fund (SMSF), underlying investments and ongoing management

As such, we cannot make any recommendations on this/these investment/s as Authorised Representatives of Count. We may maintain records of these products and we may consider it in the overall context of your investment portfolio, but we will limit this consideration to its impact on the asset allocation of our recommendations and your projected income and tax position.

If we do this, we will rely on information that you provided and you should therefore ensure that this information is accurate and complete. Any failure of the product/s, such as a failure to meet expected income returns or underlying value, will affect your ability to achieve your financial goals. You should therefore consider factors such as product quality, volatility, liquidity and potential impact on your other investments.

**Hunter Financial are not licenced to give direct property advice and you should discuss your investment property with a qualified property researcher and or your Tax Accountant. We have not reviewed the suitability of these investment properties to your circumstances.**

### **Important information in relation to limited advice**

If you have sought advice on a specific subject you need to be aware that my advice will be limited to that subject and your circumstances relevant to that subject only. Before acting on the limited advice you need to consider how appropriate it is for you by taking your 'overall' objectives, financial situation and needs into account.

If now or at any time in the future you decide that you would like advice on the areas that have not been addressed in this SoA, please contact our office.



## Summary of advice

This section summarises our discussion of the recommendations that have been made to meet your goals and objectives.

### Superannuation and Pension Planning

#### **Strategy 1 – Establish a Self-Managed Super Fund (SMSF) with a Corporate Trustee**

Noel and Kathryn, we recommend you complete the following:

- Schedule an appointment with your Accountant and establish a Self-Managed Super Fund (SMSF) with a Corporate Trustee as per your goal.
- With your Accountant, establish a SMSF investment strategy to ensure it is in line with your goal of purchasing direct property, the recommended cash holdings and is within the benchmark asset allocation of a 'Growth' risk profile. Please confirm all fund investments comply with the super laws and are allowed under the Trust Deed. We recommend that this strategy be reviewed annually with your accountant.

Noel and Kathryn, we believe that the below ranges will be suitable to your Growth risk profile and investment goals:

Asset Classes	Proposed Weight
Australian Shares	0% - 75%
International Shares	0% - 75%
Global Property and Infrastructure	0% - 45%
Alternative Investments	0% - 25%
Australian Bonds	0% - 20%
Global Bonds (hedged)	0% - 20%
Cash	0% - 100%
Direct Property	0% - 100%

- Establish a Binding Non-Lapsing and/or a Reversionary Beneficiary nomination within your new SMSF to ensure your wishes are carried out accordingly.
- Open a Bank Account within your SMSF for your cash holdings with the intent to purchase direct property as per your goal.
- Noel, we recommend that you make a full rollover from your BT SuperWrap Account (\$134,631.68) and BT SuperWrap Pension Account (\$238,215.25) into the Bank Account within your SMSF.
- Kathryn, we recommend you make a full rollover from your BT SuperWrap Account (\$134,068.32) and BT SuperWrap Pension Account (\$166,878.78) into the Bank Account within your SMSF.
- Discuss your accumulation versus pension phase components with your Accountant when opening the SMSF and prior to purchasing any future property.
- Should any funds be entered into pension phase, draw down the minimum pension payments required prior to 30 June 2021. Please note, we are unable to calculate this amount at this time. Please speak to your Accountant to confirm your minimum pension drawdowns required for the 2020/21 financial year.

#### **Strategy 2 – Superannuation Contributions**

Noel and Kathryn, we recommend you complete the following:

- Utilising a portion of your funds from your business bank account, maximise your concessional contribution caps by making a \$25,000 concessional contribution each into the bank account of your newly established SMSF prior to 30 June 2021. Please consult with your accountant prior to making any contributions to ensure you do not exceed any contribution caps. *Please refer to the 'Risks and Disadvantages' section of strategy 2 below for further information.*
- Utilising a portion of your funds from your personal bank account, maximise your non-concessional contribution caps by making a \$100,000 non-concessional contribution each into the bank account of your newly established SMSF prior to 30 June 2021. Please consult with your accountant prior to making any contributions to ensure you do not exceed any contribution caps. *Please refer to the 'Risks and Disadvantages' section of strategy 2 below for further information.*

#### **Cash flow, Debt and Retirement Planning Goals**

Noel and Kathryn, please refer to the 'Financial Outcomes' section of this document for further information in relation to projections/assumptions we have used to formulate the most appropriate advice for you based on your existing goals and objectives.



## Recommended strategy

This section provides details of the strategies that we have recommended and explains how they meet your objectives.

### Strategy 1 – Establish a Self-Managed Superannuation Fund (SMSF) with a Corporate Trustee

#### Goal(s) this meets

Noel and Kathryn, you have told us that your main goal is to establish a Self-Managed Super Fund (SMSF) as you value the flexibility and the nature of an SMSF, with the ability to invest in direct property which meets your investment goals and objectives. During our last meeting, we explained the trustee and corporate trustee structures of an SMSF, and how you could both be shareholders within a corporate trustee structure. We further explained the compliance requirements of the different SMSF ownership structures. You both understood this and told us that you saw value in the corporate trustee structure. We discussed the process of investing in direct property via an SMSF and explained that all purchases and sales occur within the SMSF. You have told us that you would like to request a full rollover from your existing BT SuperWrap Super and Pension accounts and invest these funds in cash within an SMSF until you find a property you would like to buy to the value of approximately \$800,000. You understand the risk of holding funds in cash and investing only in direct property, and the asset allocations within your SMSF not aligning with your Growth risk profile benchmark asset allocation. You also understand the lack of investment diversification and limited liquidity associated with holding majority of your investments within direct property. You understand that your funds invested in cash will need to cover all ongoing SMSF maintenance costs, property maintenance and management fee and your pension payments or withdrawals from the fund. You also understand the importance of holding cash to fund the unexpected should your property not produce any income for a period of time.

#### Noel and Kathryn, establish a Self-Managed Superannuation Fund (SMSF) with a Corporate Trustee

Noel and Kathryn, we recommend you complete the following:

- Schedule an appointment with your Accountant and establish a Self-Managed Super Fund (SMSF) with a Corporate Trustee as per your goal.
- With your Accountant, establish a SMSF investment strategy to ensure it is in line with your goal of purchasing direct property, the recommended cash holdings and is within the benchmark asset allocation of a 'Growth' risk profile. Please confirm all fund investments comply with the super laws and are allowed under the Trust Deed. We recommend that this strategy be reviewed annually with your accountant.

Noel and Kathryn, we believe that the below ranges will be suitable to your Growth risk profile and investment goals:

Asset Classes	Proposed Weight
Australian Shares	0% - 75%
International Shares	0% - 75%
Global Property and Infrastructure	0% - 45%
Alternative Investments	0% - 25%
Australian Bonds	0% - 20%
Global Bonds (hedged)	0% - 20%
Cash	0% - 100%
Direct Property	0% - 100%

- Establish a Binding Non-Lapsing and/or a Reversionary Beneficiary nomination within your new SMSF to ensure your wishes are carried out accordingly.
- Open a Bank Account within your SMSF for your cash holdings with the intent to purchase direct property as per your goal.
- Noel, we recommend that you make a full rollover from your BT SuperWrap Account (\$134,631.68) and BT SuperWrap Pension Account (\$238,215.25) into the Bank Account within your SMSF.
- Kathryn, we recommend you make a full rollover from your BT SuperWrap Account (\$134,068.32) and BT SuperWrap Pension Account (\$166,878.78) into the Bank Account within your SMSF.
- Discuss your accumulation versus pension phase components with your Accountant when opening the SMSF and prior to purchasing any future property.
- Should any funds be entered into pension phase, draw down the minimum pension payments required prior to 30 June 2021. Please note, we are unable to calculate this amount at this time. Please speak to your Accountant to confirm your minimum pension drawdowns required for the 2020/21 financial year.

## How this strategy meets your objectives and places you in a better position

### Establish an SMSF

SMSFs are sometimes referred to as 'do it yourself' superannuation funds. SMSFs provide a greater degree of control and flexibility than a public offer superannuation fund, making them suitable for sophisticated investment and retirement strategies.

The main difference between SMSFs and other types of superannuation funds is that an SMSF member also acts as a trustee (or director of a corporate trustee) and must prepare and implement an investment strategy for their fund and manage the benefit payments.

With an SMSF:

- You have a greater degree of control and flexibility over your superannuation.
- You have the ability to invest in assets not traditionally available within the superannuation environment, such as direct property or alternative assets.
- You are able to borrow to invest under a limited recourse loan arrangement.
- You have the scope to purchase business commercial property and lease it back to your business.
- You can implement tailored estate planning strategies within your SMSF. It is important to consult a legal professional in relation to estate planning matters.
- Assets held in SMSF's are generally protected from creditors in the event of bankruptcy.

To ensure your retirement savings grow over time it is important to:

- Have an appropriate investment strategy for your SMSF to ensure your funds are invested in accordance with the SMSF's risk profile.
- Consolidate your superannuation funds into the SMSF. This reduces the amount of product fees you pay, meaning you have more investment assets accumulating wealth in preparation for retirement.
- **Noel and Kathryn, as a result of the recommended transfer of funds from your BT SuperWrap Super and Pension funds into your newly established SMSF, personal contributions and holding your funds in cash with the intent to purchase an investment property, the ongoing annual fees may decrease by \$3,799.79 (0.41%) in the first year. This is based on your balance of \$923,794.03. As a percentage of your account balance, your fees will decrease from 0.73% to 0.32%. Please note that it is only an estimate and we are unable to provide exact fees at this time. Speak to accountant for further info regarding underlying fees associated within a SMSF.**

### Corporate Trustee

- Having a corporate trustee is useful in situations where a single member wants full control over how the fund is managed, where the SMSF members may change, where a member has a high risk of personal litigation, or where the SMSF may wish to borrow to invest.
- The main difference between SMSFs and other types of superannuation funds is that an SMSF member also acts as a trustee (or director of a corporate trustee).
- The benefits of implementing a corporate trustee structure are:
  - Greater administration efficiency for changes of membership.
  - It is easier to identify the fund's assets and ensure they are kept separate from other money (e.g. your own personal assets).
  - Limited liability for directors provides greater personal asset protection.
  - Simpler succession planning.
  - Access to limited recourse borrowing arrangements via external lenders.
  - If the ATO issues an administrative penalty for a breach, the directors will be jointly and severally liable for the penalty amount instead of each individual trustee being issued with a separate penalty.
- To implement my recommendation:
  - Establish a company to act as Trustee through your accountant and register this company with the Australian Securities and Investment Commission (ASIC).

### Investment Strategy

- Allows you to develop a plan for investing the SMSF's assets in line with the objectives of its members.
- Provides a framework in which to construct and monitor the asset allocation of the fund and the fund's insurance requirements.
- Will ensure your fund is compliant with the regulations that govern the administration of SMSFs.
- The fund's investment strategy provides a defence against claims for loss or damage suffered by a person as a result of making an investment in accordance with the investment strategy.

### Death Benefit Nomination

- Nominating a binding death beneficiary ensures you have control over who receives your

- superannuation death benefits.
- A **non-lapsing binding** death benefit nomination allows you to specify to whom (amongst your dependants and your estate) and in what proportions you would like your benefit paid in the event of your death. This nomination will not automatically lapse. It will remain in force until revoked or amended. A binding death benefit nomination will automatically lapse every 3 years.
- Other benefits of having a death benefit nomination on your account include:
  - It simplifies the administration of your estate.
  - It provides opportunity for you to express your wishes and provide for your chosen beneficiaries. Careful planning can also help to manage tax implications of assets distributed.
  - It reduces the potential for family disputes over the distribution of your assets.
  - Timely payment of death benefits to beneficiaries.
  - The ability to cancel or change your nomination at any time.
  - The person you nominate as your reversionary nomination beneficiary will continue to receive your pension following your death as long as the nominated beneficiary remains an eligible beneficiary to receive a death benefit income stream at the time of your death. Their 'personal transfer balance cap' (which limits the amount they can transfer to retirement phase income streams) may affect how much death benefit they can receive as an income stream.
  - Your reversionary beneficiary can rollover the death benefit and commence a death benefit income stream from their fund of choice.

### **Cash Account**

- Your cash hub/bank account will need to accept rollovers and contributions and be the gateway for all your investments and fund payments. It will facilitate the efficient ongoing administration and management of your SMSF.
- Opening up a bank account within your SMSF allows you to have immediate access to your funds, particularly when you are ready to purchase direct property inside your SMSF as per your goal.
- A SMSF bank account with high online functionality will assist with the reporting and compliance of your SMSF.
- The money is invested in a secure low-cost product.

**Noel and Kathryn, please note we have recommended your cash account include an initial cash balance of \$923,794.03 (including our recommended personal contributions), with the intent to purchase direct property within your SMSF.**

### **Rollover your Super and Pension Accounts**

- By consolidating your superannuation funds and contributions into your SMSF:
  - You will be able to invest according to your superannuation goals and preferences.
  - Your super will be easier to track.
  - You won't be doubling up on account keeping fees.
  - The SMSF fees are generally a fixed cost and you may find cost efficiencies by having a higher balance in your SMSF.
- Please see the Products to be replaced section for a complete analysis of the current and recommended superannuation funds.
- To implement my recommendation:
  - The process to fully establish your SMSF will take approximately 3-6 weeks. At the end of the process you will receive the funds' TFN and/or ABN. You can then apply to rollover your existing superannuation into the SMSF cash hub/bank account.

### **Account Based Pension**

- As you are over 60 years of age, your pension payments and all earnings within your pension account will continue to be tax free.
- You have the flexibility to vary your payment amounts to meet your living requirements. This is subject to a minimum amount you must withdraw each year based on your age. Please note, we are unable to calculate this amount at this time. Please speak to your Accountant to confirm your precise minimum pension drawdowns required for the 2020/21 financial year.
- There is no maximum limit on the amount you can withdraw so you can access a lump sum if you need to.
- A binding death benefit nomination enables you to nominate who will receive your death benefit, in what proportion and by what method it is to be received.
- Tax Exemptions in Retirement Phase: A complying self-managed super fund (SMSF) normally pays tax at the concessional rate of 15%. An SMSF can receive further tax concessions once it begins paying superannuation income streams (commonly known as pensions) that are in the retirement phase. Investment income a SMSF receives from its assets is tax exempt to the extent that those assets are supporting retirement phase income

streams. This income is called exempt current pension income (ECPI). You can claim ECPI in your SMSF annual return once your SMSF begins paying one or more retirement phase income streams. However, your SMSF is not automatically entitled to ECPI – there are steps that you must take to be able to claim it. We recommend consulting with your Tax Accountant on redeeming this exemption.

You can see the impact of this recommendation on your cashflow in the Summary of Financial Outcomes section of this document.

## Risks & disadvantages

### Establish an SMSF

- Establishing a SMSF is an important decision and there are a number of risks associated with SMSFs that potential members should be made aware of before deciding to set up an SMSF. I have gone through and explained these risks to you in detail including:
- As a SMSF trustee, you are ultimately responsible for the running of the fund and ensuring any decisions and transactions comply with the relevant laws.
- Failure to comply with regulatory and administrative requirements can result in you being required to rectify the breach and to undertake an approved course of education in relation to your trustee responsibilities. Depending on the seriousness of the breach, tax penalties can be applied to the fund and you may be subject to personal penalties including fines as well as civil and criminal charges.
- We have discussed the extra time required managing the fund, even where you engage professionals to assist.
- SMSFs are not regulated by the Australian Prudential Regulation Authority (APRA) but are subject to compliance-based regulation by the ATO, with the focus on compliance with superannuation laws. SMSF's pay an annual levy to the ATO for this.
- There is no Government compensation available where the fund suffers a loss due to theft or fraud.
- The SMSF trustees and members do not have access to the Superannuation Complaints Tribunal to resolve disputes.
- Each trustee is fully responsible for the decisions and operation of the fund - this includes overall legislative compliance.
- For funds with a lower level of assets, costs may be relatively high as a percentage of the fund's assets.
- Your superannuation account will be inactive if there have been no contributions or rollovers into your account over the past 16 months. Superannuation funds will be required to 'turn off' your insurance cover held within your superannuation account if it is inactive and you have not notified the fund that you wish to retain the insurance. Noel and Kathryn, as either of you have insurance, this does not apply to you.
- 

### Corporate Trustee

- A director is fully responsible for the decisions and operation of the fund – this includes overall legislative compliance.
- Failure to comply with regulatory and administrative requirements can result in the directors being required to rectify the breach and to undertake an approved course of education in relation to their responsibilities as a director of the corporate trustee. Depending on the seriousness of the breach, tax penalties can be applied to the fund and the directors may be subject to personal penalties including fines as well as civil and criminal charges.
- Even if one director will be more active in the day-to-day management of the SMSF, all directors are equally liable for the SMSF's compliance. Each director of the corporate trustee will be required to sign a declaration that they understand their obligations and responsibilities.
- It is important that no trustee receives any remuneration for duties performed as trustee (or as a director of the corporate trustee) in relation to the fund.
- There is a higher upfront cost of setting up a corporate trustee and ongoing costs apply for annual returns (see details in the fee section).
- It is important to have a succession plan in place.

### Investment Strategy

- Under the SIS Act a Trustee of an SMSF is solely responsible and directly accountable for the management of fund Members' benefits. Trustees have a duty to make, carry out, and document decisions on how SMSF assets are invested and to carefully monitor the performance of the investments. This duty involves formulating and implementing an investment strategy.
- You must confirm all fund investments comply with the super laws and are allowed under the trust deed.
- You have the obligation to ensure there is an appropriate investment strategy in place to

ensure members are likely to achieve their retirement objectives or is in line with the identified risk profile and investment preferences.

- You must review the investment strategy at least annually to ensure it remains appropriate for the SMSF.
- The investment strategy must be adopted by the fund before any investment decisions are made or implemented.
- Risk is the possibility of loss on an investment. There is a strong correlation between risk and return. This means that the Trustees must determine the acceptable level of risk and volatility of the returns in the light of the SMSF's circumstances.
- Diversification of investments may be desirable in order to disperse and manage risk; it also reduces the volatility of the returns on the investments. Diversification means spreading investments over a number of individual assets, classes of assets, countries, or investment managers. It may be difficult to achieve diversification in the early stages when the amount of funds available for investment may be limited. **Please note, your goal of holding funds in cash and direct property has limited diversification and will not align to your Growth risk profiles. You both understand the risk of this.**
- Please note, your SMSF will have ongoing costs such as accounting, maintenance and auditing costs. Please refer to your accountant for further details.
- **By investing only in cash and property and not remaining close to you your target allocations, you may be at risk of increasing your portfolio volatility. If your portfolio is left un-adjusted, the portfolio will either become too risky, or too conservative. If it becomes too risky, that will tend to increase long-term returns, which is desirable. But when the excessive risks show up in the short term, you might tend to do the worst possible thing at the worst possible time (i.e., sell at the bottom), thus dramatically diminishing the end wealth.**
- Rates of return on growth investments such as shares and property cannot be guaranteed. The capital value of these types of investments will fluctuate, both upwards and downwards from your initial investment, dependent on the market.
- Funds invested in cash and fixed interest carry the risk that returns over the long term will not be sufficient to maintain the 'real' value of your capital particularly after inflation.
- Investments should be held for a minimum of eight years to allow for market growth.
- Only cash deposits currently covered by the Government guarantee are free of risk.
- With a long-term strategic asset allocation strategy, you will inevitably have some exposure to market downturns.
- It is important to regularly review your cash reserve to check that it continues to hold sufficient funds. We will review your cash reserve at each annual review to determine if it needs to be topped up.
- Your investment performance will depend on market performance which may move up or down.
- Selling down investments to cash. During this process, as the funds will be held in cash, you may forgo investment growth if the market rises.

#### Death Benefit Nomination

- As non-lapsing binding death beneficiary nominations do not expire, if your personal circumstances have changed in the interim, resulting in a different preferred outcome for the distribution of your superannuation proceeds, but you have not changed your binding death benefit nomination to reflect the new circumstances, your superannuation proceeds may end up in the "wrong" hands.
- The superannuation death benefit can only be paid to a person's dependants and or to their estate.
- When you die, the taxable component of your superannuation fund may be subject to lump sum tax if paid as a lump sum to non-dependants, as defined for tax purposes.
- The tax treatment of superannuation death benefits depends on:
  - The tax free and taxable components of the death benefit,
  - The status of the recipient being a dependant or non-dependant for the deceased,
  - Whether the amount is paid as a lump sum or as an income stream.
- A 'dependant' for the purposes of taxation on death benefit payments means a person who is:
  - a spouse (whether married or defacto)
  - a minor child of the deceased,
  - a person who was financially dependent on the deceased, and
  - a person with whom the deceased had an "interdependency relationship".
- It is important to regularly review your cash reserve to check that it continues to hold sufficient funds. We will review your cash reserve at each annual review to determine if it needs to be topped up.

#### Cash Account

- The cash account is not intended to provide long term investment returns and therefore money left in this account for extended periods of time will not generate returns typically

- available from other long term alternatives.
- The return on cash investments over the long term is typically lower than that for other growth type investments such as shares and property.

#### **Rollover your Super and Pension Accounts**

- There is no guarantee that the SMSF will outperform your existing funds.
- Noel and Kathryn, by rolling over your BT super and pension funds into your new SMSF, you will incur buy/sell spread fees that are associated with your underlying Advanced Moderate Multi Blend Fund. The fee is 0.33% of the amount invested, therefore you will incur the following:
  - Noel BT SuperWrap Pension – \$784.40
  - Noel BT SuperWrap Super - \$329.67
  - Kathryn BT SuperWrap Pension – \$550.33
  - Kathryn BT SuperWrap Super – \$327.67
- Any fees and costs associated with consolidating your super will reduce your super balance.
- Noel and Kathryn, by rolling over your BT Super and Pension Funds into your SMSF may also incur tax implications with capital gains and losses realised. We are unable to calculate this at this time.
- There is no guarantee that consolidating your superannuation will provide a better outcome.
- If you are maintaining insurance cover in a large APRA regulated fund, the potential loss of insurance benefits as a result of switching from the large fund to an SMSF is an important consideration. Please note, as either of you don't have insurance cover at this time, this does not apply to you.
- Time out of the market during the transaction phase may result in the potential loss of returns on your investments during this time period.
- Possible loss of tax/franking credits from your current superannuation plans
- If you have made superannuation contributions to your current BT SuperWrap Super or Pension funds that you wish to claim as a tax deduction, you must lodge a valid notice with the fund (and have it acknowledged) before consolidating your superannuation.

#### **Account Based Pension**

- There is a cap on the amount of benefits that can be transferred to 'retirement phase' income streams, including the recommended account based pension. The 30 June value for the previous financial year of existing retirement phase income streams at that date, and the initial value of any new retirement phase income streams commenced from that date, will count towards your cap.
- Your personal transfer balance cap is \$1.6 million. If you exceed the cap, the excess amount plus notional earnings will need to be rolled back to your superannuation account or withdrawn from the superannuation system.
- For the 2017-18 financial year, an excess transfer balance tax will apply to the notional earnings at a rate of 15%. For 2018-19 and future financial years, an excess transfer balance tax will apply to the notional earnings at a rate of 15% for the first breach and 30% for subsequent breaches.
- Higher pension payments may result in your pension balance being depleted at a faster rate.
- Your account-based pension payments are not guaranteed for life or any fixed term.
- Your investment performance will depend on market performance which may move up or down.
- There is a minimum income requirement that must be drawn from your account-based pensions depending on your age. Noel and Kathryn, the minimum pension drawdown for your age is currently 2.5% of the account balance per financial year, due to COVID-19. The recommended pension drawdown is 2.5% of your account balance for 202/21 financial year. **Please note, we are unable to calculate this amount at this time. Please speak to your Accountant to confirm your precise minimum pension drawdowns required for the 2020/21 financial year.**
- Legislation may change and this may impact the outcomes of your pension strategy.
- Legislation could be changed in the future to affect the rules for superannuation including how contributions, account balances and benefit payments are taxed.



*For further information regarding this recommendation refer to the following attachments:*

- Superannuation
- Super Smart Strategies
- Self-managed super funds
- Retirement Income
- Investment fundamentals
- Investment choices

- Market volatility
  - Risk and Return
-

## Strategy 2 –Make Superannuation Contributions

### Goal(s) this meets

Noel and Kathryn, you would like to maximise contributions into your SMSF to reduce your overall tax liability where possible and maximise your cash holdings with the intent to purchase direct property within your SMSF. You have told us that you would like to utilise funds from your personal bank account to make a \$100,000 non-concessional contribution each and utilise funds from your business bank account to make a \$25,000 concessional contribution each into your SMSF this financial year (2020/2021).

### Noel and Kathryn, make superannuation contributions

Noel and Kathryn, we recommend you complete the following:

- Utilising a portion of your funds from your business bank account, maximise your concessional contribution caps by making a \$25,000 concessional contribution each into the bank account of your newly established SMSF prior to 30 June 2021. Please consult with your accountant prior to making any contributions to ensure you do not exceed any contribution caps. *Please refer to the 'Risks and Disadvantages' section of strategy 2 below for further information.*
- Utilising a portion of your funds from your personal bank account, maximise your non-concessional contribution caps by making a \$100,000 non-concessional contribution each into the bank account of your newly established SMSF prior to 30 June 2021. Please consult with your accountant prior to making any contributions to ensure you do not exceed any contribution caps. *Please refer to the 'Risks and Disadvantages' section of strategy 2 below for further information.*

You have advised that neither you nor your employer have made any prior concessional contributions in the current financial year. As a result of our recommendations, you will not breach the concessional contributions cap.

### How this strategy meets your objectives and places you in a better position

- Making additional contributions to your new SMSF will maximise the capital available for your intended property purchase within the structure to assist in meeting your goal.

#### Concessional Contributions

- Concessional contributions are contributions made from your pre-tax salary and are generally taxed at 15% in the fund rather than at your marginal rate of tax.
- By making concessional contributions into your superannuation fund and meeting certain conditions for the contribution to be deductible, you will be able to reduce your assessable income, therefore reducing the amount of tax payable this financial year.
- Making personal contributions into superannuation may help to build up your balance, reach your retirement goals.
- Moving your funds in to the superannuation environment will give you the opportunity to accumulate wealth as the funds will be invested in cash with the intent to purchase direct property.
- Currently the concessional contribution cap for the 2020/2021 financial year is \$25,000.
- Noel, by making a concessional contribution into your superannuation fund and meeting certain conditions for the contribution to be deductible, you will be able to reduce your assessable income by \$25,000, therefore reducing the amount of income and superannuation tax by an **estimated \$4,964** during the 2020/2021 financial year. Please refer to the table below:

	No Concessional Contributions	With Concessional Contributions
Taxable Income*	\$85,762*	\$60,762*
Concessional Contribution Amount	-	\$25,000
Tax & Medicare Levy on Assessable Income	\$18,975	\$10,261
Superannuation Guarantee	\$0	\$0
Concessional Contribution	\$0	\$25,000
<i>Total Concessional Contributions</i>	<i>\$0</i>	<i>\$25,000</i>
<i>Tax on Concessional Contributions</i>	<i>\$0</i>	<i>\$3,750</i>
Total Tax Payable	<b>\$18,975</b>	<b>\$14,011</b>

\*Based on your Gross Self-Employment Income as per the 2019 Financial Report and your rental income from Byron Bay investment property.

- Noel, your superannuation fund balance will increase by approximately \$21,250 this financial year once the concessional tax of 15% has been paid, thereby maximising your retirement savings.

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- Kathryn, by making a concessional contribution into your superannuation fund and meeting certain conditions for the contribution to be deductible, you will be able to reduce your assessable income by \$25,000, therefore reducing the amount of income and superannuation tax by an **estimated \$4,955** during the 2020/2021 financial year. Please refer to the table below:

	No Concessional Contributions	With Concessional Contributions
Taxable Income*	\$86,364*	\$61,364*
Concessional Contribution Amount	-	\$25,000
Tax & Medicare Levy on Assessable Income	\$19,183	\$10,478
Superannuation Guarantee	\$0	\$0
Concessional Contribution	\$0	\$25,000
<i>Total Concessional Contributions</i>	<i>\$0</i>	<i>\$25,000</i>
<i>Tax on Concessional Contributions</i>	<i>\$0</i>	<i>\$3,750</i>
Total Tax Payable	<b>\$19,183</b>	<b>\$14,228</b>

\* Based on your Gross Self-Employment Income as per the 2019 Financial Report and your rental income from Byron Bay investment property.

- Kathryn, your superannuation fund balance will increase by approximately \$21,250 this financial year once the concessional tax of 15% has been paid, thereby maximising your retirement savings.

#### Non-Concessional Contributions

- Non-concessional contributions are personal contributions into superannuation made with after-tax money.
- By making our recommended non-concessional contributions, you will increase your superannuation balance by \$100,000 each.
- No contributions tax is payable on non-concessional contributions and these contributions are not taxed on withdrawal. This can make pension payments in retirement more tax effective as these contributions are returned to you as a tax-free portion of your SMSF. You cannot claim a tax deduction outside superannuation for this type of contribution.
- There is a limit on the level of non-concessional contributions you can make to super each financial year. The current limit is \$100,000. However, individuals who have accumulated more than \$1,600,000 in total super assets at the end of the previous financial year may have a non-concessional contributions cap of nil.
- These contributions will allow you to achieve your goal of maximising capitals within your existing SMSF to have enough funds to purchase direct property as per your goal.

You can see the impact of this recommendation on your cashflow in the Summary of Financial Outcomes section of this document.

#### Risks & disadvantages

- **Noel and Kathryn, to be eligible to contribute to superannuation, you must meet the work test. The work test requires a person to be gainfully employed for at least 40 hours in 30 consecutive days during the financial year before concessional or non-concessional contributions can be made after reaching the age of 67. If you do not meet the work test, you may be eligible for the work test exemption to make the contribution. The work test exemption allows you to make contributions to super if you had met the work test in the previous financial year, have a total super balance at the end of the previous financial year of less than \$300,000, and have not made use of the work test exemption in a previous financial year.**

#### Concessional Contributions

- To be eligible to claim a tax deduction you must lodge a valid notice with the superannuation fund you are contributing to, and have it acknowledged by your fund. This can be done at the time of contribution, or at a later date provided it is within required timeframes.
- After meeting the eligibility requirements, you can claim the tax deduction for your personal concessional contributions in your tax return.
- Personal concessional contributions increase the taxable component of your superannuation funds.
- By making a personal concessional contribution you will reduce your disposable income.
- Personal concessional contributions will count towards your concessional contributions cap. The concessional contribution cap is \$25,000 per annum.
- It is important to note that if you exceed this cap, the excess contribution will be charged at your marginal tax rate less 15% offset. The excess will be included in your assessable income. You have the option to withdraw the excess contributions from superannuation less

15% fund tax.

- Noel and Kathryn, your concessional contributions are made up of your super guarantee contributions and any personal salary sacrifice contributions you make to superannuation. The current cap is \$25,000 for the 2020/2021 financial year. As you are both self-employed, our research indicates that you have not made any concessional or super guarantee contributions to your super fund this financial year. Therefore, we believe you are able to maximise your concessional contribution cap by making a \$25,000 concessional contribution each prior to 30 June 2021.
- Legislation regarding superannuation is likely to change each year so it is important that we review your concessional contribution arrangements each year.
- Investment earnings in superannuation are taxed at a maximum of 15% which may be higher than your marginal tax rate.
- Contributions to superannuation will not be accessible until you meet a condition of release.

#### **Non-Concessional Contributions**

- There is a cap on the amount of non-concessional contributions that you can make to superannuation each year before additional tax applies.
- There is a limit on the level of non-concessional contributions you can make to super each financial year. The current limit is \$100,000. However, individuals who have accumulated more than \$1,600,000 in total super assets at the end of the previous financial year may have a non-concessional contributions cap of nil.
- Making a non-concessional contribution will reduce your disposable income.
- If the total value of your non-concessional contributions exceed the non-concessional contributions cap you may elect within certain timeframes to have the excess contributions (plus 85% of a deemed earnings amount) refunded back to you. Where you make such an election 100% of the deemed earnings amount will then be included in your assessable income for the year in which the contribution is made and taxed at your marginal rate (less a 15% tax offset). However, it is important to note that if you fail to make the election within 60 days of being issued with an excess non-concessional contributions assessment by the Australian Tax Office, the excess contributions will not be able to be refunded and will be subject to excess non-concessional contributions tax of 47%.
- Investment earnings in superannuation are taxed at a maximum of 15% which may be higher than your marginal tax rate.
- Contributions to superannuation will not be accessible until you meet a condition of release.
- You can increase your superannuation balance in a tax effective way. These contributions are not taxed within superannuation.
- You cannot claim a tax deduction outside superannuation for this type of contribution.
- These contributions will contribute to your tax free portion of your SMSF benefits.
- These contributions will allow you to achieve your goal of maximising capitals within your newly established SMSF with the intend to purchase an investment property to the value of approximately \$800,000.



*For further information regarding this recommendation refer to the following attachments:*

- Superannuation
- Smart super strategies
- Self Managed Super Fund
- Investment Choices
- Investment Fundamentals
- Risk and Return
- Market Volatility

## How this advice will place you in a better position

- SMSFs are sometimes referred to as 'do it yourself' superannuation funds. SMSFs provide a greater degree of control and flexibility than a public offer superannuation fund, making them suitable for sophisticated investment and retirement strategies.
- The main difference between SMSFs and other types of superannuation funds is that an SMSF member also acts as a trustee (or director of a corporate trustee) and must prepare and implement an investment strategy for their fund and manage the benefit payments.
- With an SMSF:
  - You have a greater degree of control and flexibility over your superannuation.
  - You have the ability to invest in assets not traditionally available within the superannuation environment, such as direct property or alternative assets.
  - You are able to borrow to invest under a limited recourse loan arrangement.
  - You have the scope to purchase business commercial property and lease it back to your business.
  - You can implement tailored estate planning strategies within your SMSF. It is important to consult a legal professional in relation to estate planning matters.
  - Assets held in SMSF's are generally protected from creditors in the event of bankruptcy.
- **Noel and Kathryn, as a result of the recommended transfer of funds from your BT SuperWrap Super and Pension funds into your newly established SMSF, personal contributions and holding your funds in cash with the intent to purchase an investment property, the ongoing annual fees may decrease by \$3,799.79 (0.41%) in the first year. This is based on your balance of \$923,794.03. As a percentage of your account balance, your fees will decrease from 0.73% to 0.32%. Please note that it is only an estimate and we are unable to provide exact fees at this time. Speak to accountant for further info regarding underlying fees associated within a SMSF.**
- Nominating a binding death beneficiary ensures you have control over who receives your superannuation death benefits.
- **A non-lapsing binding death** benefit nomination allows you to specify to whom (amongst your dependants and your estate) and in what proportions you would like your benefit paid in the event of your death. This nomination will not automatically lapse. It will remain in force until revoked or amended. A binding death benefit nomination will automatically lapse every 3 years.
- An account-based pension is an easy way to manage your retirement savings.
- Noel and Kath, there is no maximum limit on the amount you can withdraw so you can access a tax-free lump sum as you please.
- The pension payments you receive, and any lump sum withdrawals, will be 100% tax free and do not have to be reported in your tax return.
- An account-based pension should allow you to:
  - Draw income to help meet living expenses.
  - Benefit from a nil tax rate on investment earnings in pension phase.
- Making additional contributions to your new SMSF will maximise the capital available for your intended property purchase within the structure to assist in meeting your investment goal.
- By making a personal concessional contribution to your superannuation:
  - Concessional contributions are contributions made from your pre-tax salary and are generally taxed at 15% in the fund rather than at your marginal rate of tax.
  - By making concessional contributions into your superannuation fund and meeting certain conditions for the contribution to be deductible, you will be able to reduce your assessable income, therefore reducing the amount of tax payable this financial year.
  - Making personal contributions into superannuation may help to build up your balance, reach your retirement goals.
  - Moving your funds in to the superannuation environment will give you the opportunity to accumulate wealth as the funds will be invested in cash with the intent to purchase direct property.
  - Currently the concessional contribution cap for the 2020/2021 financial year is \$25,000.
  - Noel, by making a concessional contribution into your superannuation fund and meeting certain conditions for the contribution to be deductible, you will be able to reduce your assessable income by \$25,000, therefore reducing the amount of income and superannuation tax by an **estimated \$4,964** during the 2020/2021 financial year.
  - Noel, your superannuation fund balance will increase by approximately \$21,250 this financial year once the concessional tax of 15% has been paid, thereby maximising your retirement savings.
  - Kathryn, by making a concessional contribution into your superannuation fund and meeting certain conditions for the contribution to be deductible, you will be able to reduce your assessable income by \$25,000, therefore reducing the amount of income and superannuation tax by an **estimated \$4,955** during the 2020/2021 financial year

- Kathryn, your superannuation fund balance will increase by approximately \$21,250 this financial year once the concessional tax of 15% has been paid, thereby maximising your retirement savings
- By making our recommended non-concessional contributions:
  - You will increase your superannuation balance by \$100,000 each.
  - Non-concessional contributions are personal contributions into superannuation made with after-tax money.
  - No contributions tax is payable on non-concessional contributions and these contributions are not taxed on withdrawal. This can make pension payments in retirement more tax effective as these contributions are returned to you as a tax-free portion of your SMSF. You cannot claim a tax deduction outside superannuation for this type of contribution.
  - There is a limit on the level of non-concessional contributions you can make to super each financial year. The current limit is \$100,000. However, individuals who have accumulated more than \$1,600,000 in total super assets at the end of the previous financial year may have a non-concessional contributions cap of nil.
  - These contributions will allow you to achieve your goal of maximising capitals within your existing SMSF to have enough funds to purchase direct property as per your goal.
- You will have a better understanding of your ability to achieve your cash flow, lifestyle and investment goals.

## Alternative strategies considered

Below are the alternative strategies that we considered before making a final recommendation to you. From the possible strategies that we considered, we have selected the recommended strategy because it is more appropriate to your financial situation, goals and objectives.

### **Strategy 1**

Noel and Kathryn, we considered recommending you enter all funds within the SMSF into pension phase and you increase your annual pension payments from the recommended minimum drawdown prior to 30 June 2021. We discounted this as you are both still working and earning sufficient income to cover your lifestyle expenses at this time. Furthermore, you both have significant cash savings and additional rental income which also helps supplement your income and allows you to meet your lifestyle expenses. We recommend you discuss the accumulation versus pension phase amounts within your SMSF with your accountant.

We considered recommending you hold your entire member balances within the SMSF in accumulation phase to retain the full balance within the superannuation environment prior to the purchase of future property. Whilst in pension phase, all earnings within the fund are taxed at 0% per annum as you are over 60 years of age. In accumulation phase, the earnings would be taxed at 15% per annum under current legislation. You understand the benefits of having funds in pension phase, however, you have requested we do not provide advice to you in this area at this time. Therefore, as we are providing no direct advice in relation to the accumulation and pension components within your SMSF at this time, please speak to your accountant for further guidance.

We considered recommending you do not establish a corporate trustee as this may incur additional ongoing SMSF maintenance costs and instead, be individual trustees of the SMSF. We discounted this due to the benefits offered by the corporate trustee structure as outlined in the strategy.

### **Product Alternatives**

Noel and Kathryn, we considered not recommending you establish a new Self-Managed Super Fund and each maintain your existing BT SuperWrap Super and Pension accounts. We discounted this option as you have told us that it is your preference to establish an SMSF and rollover all of your existing BT SuperWrap Super and Pension funds into cash with the intent to purchase direct property within your SMSF which is a functionality not offered by industry super funds. We further discounted this as you have told us that you believe a SMSF is more suited to your needs and you value the flexibility and control an SMSF offers.

Noel and Kathryn, we considered recommending you invest the funds in your newly established SMSF in diversified share asset allocations that are more in line with your Growth risk profiles as opposed to primarily in direct property and cash. We discounted this due to the nature of an SMSF and the ability to purchase property which meets your investment objectives and goals. Please let us know if you would like us to review this with you.

Noel and Kathryn, we considered recommending that once you have purchased your property within your SMSF, you invest the remaining funds in diversified share asset allocations that are more in line with your Growth risk profiles as opposed to holding these funds in cash. We discounted this as you have told us that you would prefer to hold remaining funds in cash within your SMSF as you do not wish to invest in shares at this time as you believe they are too volatile. We further discounted this as holding the remaining funds in cash provides liquidity to fund ongoing costs and pension payments. Please let us know if you would like us to review this with you.

Noel and Kathryn, we considered recommending you invest the funds within your SMSF in a 100% cash option. We discounted this due to the nature of a SMSF and the ability to purchase property which meets your investment objectives and goals. Investing in cash would not achieve your goal achieving long term growth. Please let us know if you would like us to review this with you.

### **Strategy 2**

Noel and Kathryn, we considered not recommending you maximise your non-concessional contributions of \$100,000 each into your newly established SMSF. We discounted this option as you informed us that you would like to make these contributions into your SMSF to maximise your cash holdings with the intent to purchase direct property within your SMSF. Please consult with your accountant prior to making any contributions to ensure you do not exceed any contribution caps.

Noel and Kathryn, we considered recommending you utilise more funds from your personal and business bank accounts and make a non-concessional contribution of \$300,000 each prior to 30 June 2021 utilising the bring forward rule. We discounted this as you are only eligible to make a maximum non-concessional contribution of \$100,000 each due to your current age.

Noel and Kathryn, we considered not recommending you maximise your concessional contributions of \$25,000 each into your newly established SMSF. We discounted this option as you informed us that you would like to make these contributions into your SMSF to reduce your overall tax position where possible and maximise your funds with the intent to purchase direct property within your SMSF. Please consult with your accountant prior to making any contributions to ensure you do not exceed any contribution caps.

Noel and Kathryn, we considered recommending you make the recommended concessional and non-concessional contribution into your BT SuperWrap Super accounts and then roll these funds over to your SMSF in case of any delays establishing your SMSF. We discounted this as we believe you have sufficient time to establish a new SMSF and make the recommended contributions prior to 30 June 2021. If there are any delays or you have any concerns, please let us know.

Noel and Kathryn, we considered recommending you withdraw \$100,000 each from your existing super funds and making a re-contribution into your super as opposed to making \$100,000 non-concessional contribution each from your cash reserves prior to 30 June 2021. A re-contribution strategy converts the taxable portion of your superannuation benefit into a tax-free component. Ultimately, this will result in a reduction of the potential tax payable when your super is passed onto your beneficiaries following your death. We discounted this due to your \$100,000 non-concessional cap and that you would like to make a non-concessional contribution from your bank accounts in order to increase the capital inside your SMSF. We further discounted this as these additional funds are required in order to have sufficient funds to purchase direct property within your SMSF to the value of approximately \$800,000 as per your goals and objectives.



## Recommended products

This section provides you with detail about the products that we have recommended to meet your needs.

### Investment product recommendations

Outlined below are our investment (non-superannuation) recommendations. We believe that the recommended portfolio along with our strategy recommendations will help you achieve your goals and objectives. Please see the investment summaries attached for a description of the individual investments that we have recommended. Investment summaries have been provided within the attachments accompanying this Statement of Advice.

Position	Market Value
<b>Bank Accounts</b>	
Personal Bank Account	\$700,000*
Business Bank Account	\$200,000*
<b>Total:</b>	<b>\$900,000</b>

\*This is the total amount after you both make a \$25,000 concessional contribution from your Business Bank Account and a \$100,000 non-concessional contribution each from your Personal Bank Account into your SMSF.

### Superannuation product recommendations

Outlined below are our superannuation investment recommendations. We believe that the recommended portfolio along with our strategy recommendations will assist you to achieve your goals and objectives. Please see the investment summaries attached for a description of the individual investments that we have recommended. Investment summaries have been provided within the attachments accompanying this Statement of Advice.

Position	Current	Adjustment	Proposed
<b>CRATCHLEY, NOEL</b>			
<b>BT Compact SuperWrap Pension (M04622499)</b>			
Cash Account	\$518.00	\$(518.00)	\$0.00
Advance Moderate Multi-Blend Fund	\$237,697.25	\$(237,697.25)	\$0.00
<b>Total for BT Compact SuperWrap Pension (M04622499):</b>	<b>\$238,215.25</b>	<b>\$(238,215.25)</b>	<b>\$0.00</b>
<b>BT Compact SuperWrap Super (M04618852)</b>			
Cash Account	\$34,732.69	\$(34,732.69)	\$0.00
Advance Moderate Multi-Blend Fund	\$99,898.99	\$(99,898.99)	\$0.00
<b>Total BT Compact SuperWrap Super (M04618852):</b>	<b>\$134,631.68</b>	<b>\$(134,631.68)</b>	<b>\$0.00</b>
<b>Total for CRATCHLEY, NOEL:</b>	<b>\$372,846.93</b>	<b>\$(372,846.93)</b>	<b>\$0.00</b>
<b>CRATCHLEY, KATHRYN</b>			
<b>BT Compact SuperWrap Pension (M04622552)</b>			
Cash Account	\$111.51	\$(111.51)	\$0.00
Advance Moderate Multi-Blend Fund	\$166,767.27	\$(166,767.27)	\$0.00
<b>Total for BT Compact SuperWrap Pension (M04622552):</b>	<b>\$166,878.78</b>	<b>\$(166,878.78)</b>	<b>\$0.00</b>
<b>BT Compact SuperWrap Super (M04618940)</b>			
Cash Account	\$34,774.67	\$(34,774.67)	\$0.00
Advance Moderate Multi-Blend Fund	\$99,293.65	\$(99,293.65)	\$0.00
<b>Total BT Compact SuperWrap Super (M04618940):</b>	<b>\$134,068.32</b>	<b>\$(134,068.32)</b>	<b>\$0.00</b>
<b>Total for CRATCHLEY, KATHRYN:</b>	<b>\$300,947.10</b>	<b>\$(300,947.10)</b>	<b>\$0.00</b>
<b>NEW SELF MANAGED SUPER FUND (SMSF)</b>			
Cash Account	\$0.00	\$923,794.03*	\$923,794.03**

Prepared on 04 February 2021

<b>Total for NEW SELF MANAGED SUPER FUND:</b>	<b>\$0.00</b>	<b>\$923,794.03</b>	<b>\$923,794.03</b>
<b>Grand Total:</b>	<b>\$673,794.03</b>	<b>\$250,000.00</b>	<b>\$923,794.03</b>

\*Please note this includes the recommended \$100,000 Non-Concessional Contribution each and the \$25,000 Concessional Contribution each into your SMSF as outlined in strategy 2 above.

\*\*Noel and Kathryn, we have recommended you hold your funds in cash with the intent to purchase direct property to the value of approximately \$800,000 within your SMSF as per your investment goals and objectives.

The investment amounts above are subject to change due to market fluctuation in prices. Therefore, the final balance should be invested in proportion to the percentages as shown in the asset allocation tables shown in the next section of this Statement of Advice.

## Asset allocation

Your recommended asset allocation is based on your risk profile. For more information on your risk profile please refer to the 'Your tolerance to investment risk' section.

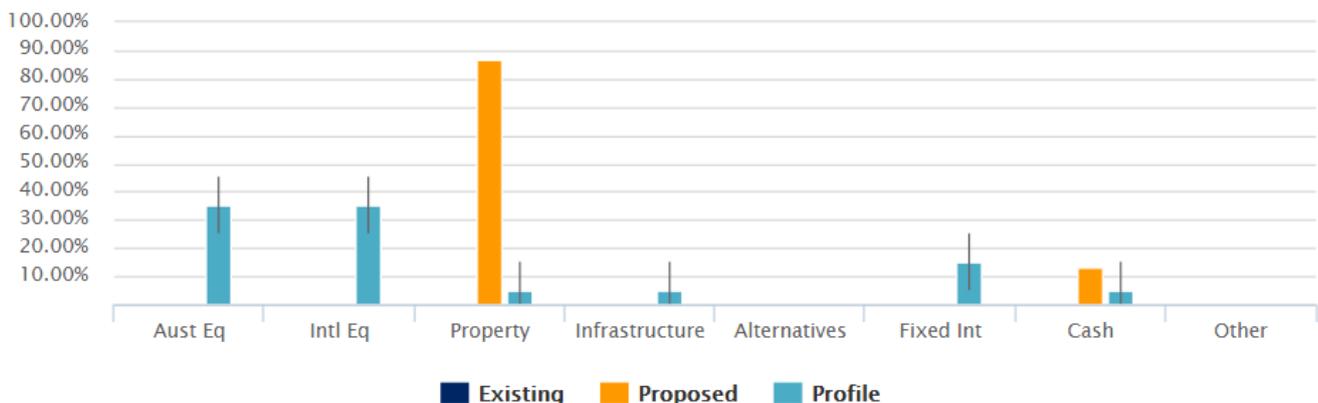
Asset allocation is a term used to describe how much of your money is invested in different asset classes. Our investment research has shown that consistent long-term returns can be enhanced through a diversified portfolio that contains a selection of asset classes.

**The below asset allocations are only in relation to your newly established SMSF, therefore, the following personal Assets have been excluded from your asset allocation:**

- Personal Bank Account
- Business Bank Account
- Kulnura Farm
- Byron Bay Investment Property

### Your actual and recommended asset allocation – New Self-Managed Super fund (SMSF)

The chart and table below show the asset allocation of your portfolio once my recommendations in this Statement of Advice have been implemented. It also shows how this asset allocation compares to the benchmark allocation appropriate for your risk profile – **Growth**.



Asset Allocation	Current	Proposed	Target	Target Min	Target Max	Variance
Alternatives	4.48%	0.00%	0.00%	0.00%	0.00%	0.00%
Australian equities	13.11%	0.00%	35.00%	0.00%	75.00%	-35.00%
Cash	38.56%	13.40%	5.00%	0.00%	100.00%	8.40%
Fixed interest	22.71%	0.00%	15.00%	0.00%	20.00%	-15.00%
Infrastructure	0.00%	0.00%	5.00%	0.00%	45.00%	-5.00%
International equities	15.64%	0.00%	35.00%	0.00%	75.00%	-35.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Property	5.51%	86.60%	5.00%	0.00%	100.00%	81.60%
<b>Grand Total:</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>			

*The variance column represents the differential between the proposed and target asset allocation.*

**Please note, the above asset allocation is based on your investment goal of purchasing direct property inside your SMSF to the value of \$800,000 and retaining the remaining funds in cash.**

### Explanation of asset allocation variance

The recommended portfolio does not match your benchmark asset allocation in all asset classes. These variances have been outlined below, along with the reason for the difference in asset allocation.

Because the various asset classes in your portfolio will grow at different rates and your attitude to risk may change over time, we recommend that we review your portfolio at least annually to ensure the actual asset allocation remains appropriate for your risk profile, goals, and objectives going forward. This may require a re-assessment of your risk profile as your personal circumstances change.

If asset allocation variance is 10% or greater then explanation is required:

- Overweight in Property. This is primarily due to your preference to hold direct property within your SMSF to the value of approximately \$800,000. You understand the risk of holdings funds in cash and investing only in direct property, and the asset allocations within your SMSF not aligning with your Growth risk profiles. We are comfortable with this allocation as it aligns to your primary goals and objectives, and will continue to review this with you on an ongoing basis.
- Underweight in Australian Equities, International Equities and Fixed Interest. This is primarily due to your preference to not be invested in shares during this time. You understand the risk of holdings funds in cash and investing only in direct property, and the asset allocations within your SMSF not aligning with your Growth risk profiles. We are comfortable with this allocation and will continue to review this with you on an ongoing basis.



# Financial outcomes of recommended strategy

This section highlights the value of this advice by demonstrating the financial benefits of the recommended strategies.

## Cash flow Goals and Objectives

Noel and Kathryn, you have told us that your main goal is to establish a Self-Managed Super Fund (SMSF) as you value the flexibility and the nature of an SMSF, with the ability to invest in direct property which meets your investment goals and objectives. During our last meeting, we explained the trustee and corporate trustee structures of an SMSF, and how you could both be shareholders within a corporate trustee structure. We further explained the compliance requirements of the different SMSF ownership structures. You both understood this and told us that you saw value in the corporate trustee structure. We discussed the process of investing in direct property via an SMSF and explained that all purchases and sales occur within the SMSF. You have told us that you would like to request a full rollover from your existing BT SuperWrap Super and Pension accounts and invest these funds in cash within an SMSF until you find a property you would like to buy to the value of approximately \$800,000. You understand the risk of holding funds in cash and investing only in direct property, and the asset allocations within your SMSF not aligning with your Growth risk profile benchmark asset allocation. You also understand the lack of investment diversification and limited liquidity associated with holding majority of your investments within direct property. You understand that your funds invested in cash will need to cover all ongoing SMSF maintenance costs, property maintenance and management fee and your pension payments or withdrawals from the fund. You also understand the importance of holding cash to fund the unexpected should your property not produce any income for a period of time.

Noel and Kathryn, you would like to maximise contributions into your SMSF to reduce your overall tax liability where possible and maximise your cash holdings with the intent to purchase direct property within your SMSF. You have told us that you would like to utilise funds from your personal bank account to make a \$100,000 non-concessional contribution each and utilise funds from your business bank account to make a \$25,000 concessional contribution each into your SMSF this financial year (2020/2021).

Noel and Kathryn, you have told us that you would like to maintain your current lifestyle which includes living expenses of approximately \$1,400 per week (\$72,800 per annum) and an additional \$30,000 per annum for travel.

## Key assumptions used for projections

- Our calculations will begin as of 01 July 2020.
- You implement the advice as per our recommendations.
- The information included is as per the 'Personal Details' section of this document.
- Your lifestyle expenses are estimated to be \$72,800 per annum and index in line with CPI of 2.2% and continue throughout your retirement.
- Your travel expenses are estimated to be \$30,000 per annum and index in line with CPI of 2.2% and continue throughout your retirement.
- **We have assumed you commence 'pension phase' for the entire balance of your SMSF. Please consult your accountant regarding this.**
- We have assumed you retire in 2023 (ages 75 and 73) to be conservative. From here, you rely on income from your investment properties and pension drawdowns.
- We have assumed that you both drawdown the minimum pension payments required from your SMSF each financial year, to assist with the longevity of cash availability before liquidating assets.
- We have assumed you continue to make concessional contributions of \$25,000 each into your SMSF until retirement, year 2023 (ages 75 and 73).
- We have assumed you utilise funds from your personal bank account to fund your ATO Tax Bill of approximately \$330,000 this financial year (2020/21).
- From 01 July 2021, we have assumed you receive rental income from your new SMSF investment property of approximately \$40,000 per annum (5% of property value) and associated expenses of \$5,000 which index with CPI (2.20%) per annum.
- In July 2021 after you establish your SMSF, we have assumed make a direct property purchase within your SMSF to the value of \$800,000.
- We have assumed Stamp Duty of \$31,628 and Legal Fees of \$5,000 associated with your investment property purchase to the value of \$800,000 within your SMSF.
- We have assumed your Byron Bay Warehouse continues to receive a rental income of \$800 per week (\$41,600 per annum) and associated expenses of \$5,000 which index with CPI (2.20%) per annum.
- We have assumed your Mortgage of \$25,000 and Kulnura Farm Loan of \$100,000 have interest rates of 4.00% and 3.60% respectively and you continue to make repayments of \$7,200 per annum and \$4,160 per annum until repaid (estimated 2021 and 2023 by applying cash flow surplus each year).
- We have assumed a growth of 2.20% for your family home, Kulnura farm and investment properties per annum.
- We have assumed your bank accounts do not earn an income.
- We have assumed any surplus cash flow is directed towards your home loans and then your bank accounts.
- **Please see table below for further assumptions**

**The key results of our projections are below:**

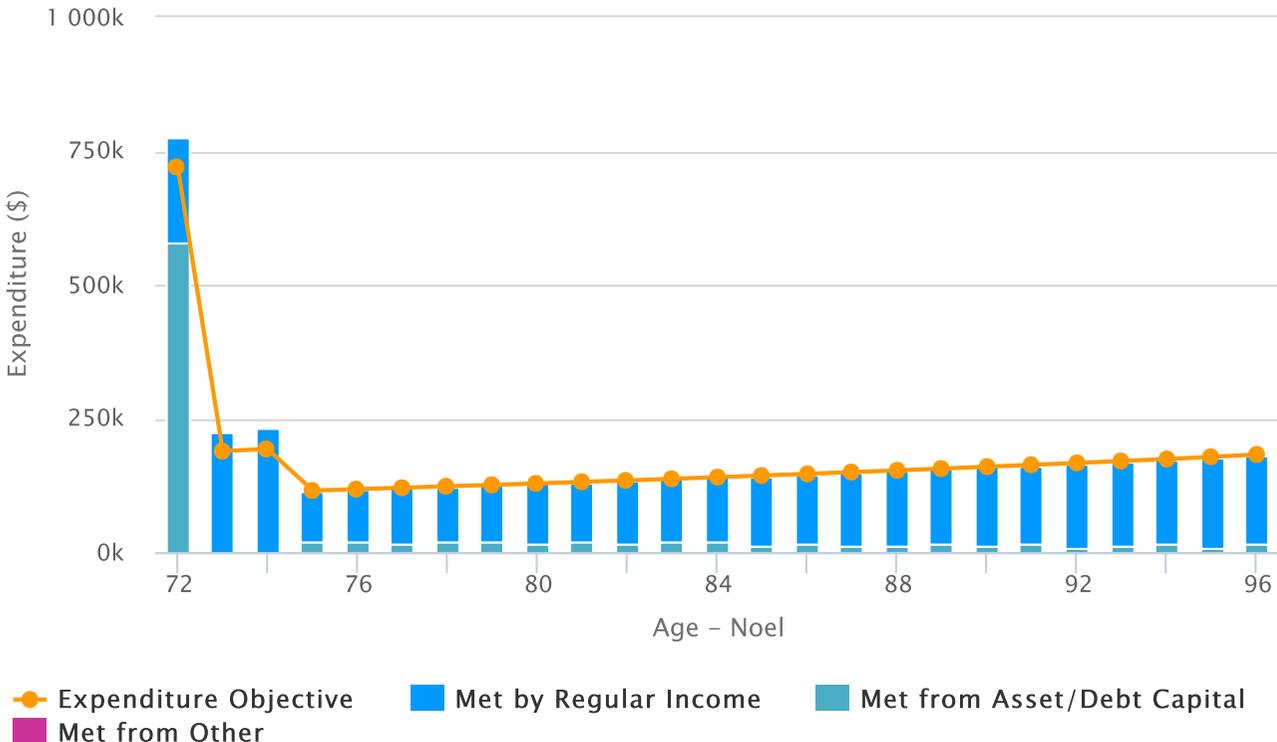
- Our projections indicate that you will have sufficient funds to meet your expenditure needs of \$72,800 per annum plus \$30,000 per annum for travel, throughout your retirement.
- As we have assumed you withdraw the minimum pension payment required to assist with the longevity of liquid assets in your SMSF, our projections indicate that you will be required to utilise a portion of funds from your personal bank account to meet your living expenses from our assumed retirement from 01 July 2023 (ages 75 and 73).
- Our projections indicate that you will have sufficient cashflow throughout retirement and your statistical Life Expectancy (ages 91 and 89) and beyond by at least five years, however, the cash within your SMSF will be depleted by July 2028 (ages 80 and 78) and you will first experience unfunded net cashflow of -\$12,850. From here, you will be required to liquidate your property within your SMSF in order to continue to draw down the minimum pension payment required per annum and to continue to meet your expenditure needs throughout retirement.
- **We believe you are in a good position to continue to achieve your lifestyle and cash flow goals.**
- **Please see the chart and table below for further information.**

## Consolidated Cashflow

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Inflow</b>										
<b>Income</b>										
Noel	67,462	69,081	70,739	0	0	0	0	0	0	0
Kathryn	68,064	69,698	71,370	0	0	0	0	0	0	0
<b>Pension Income</b>										
Account Based Pension Income	16,840	44,430	44,990	52,460	52,400	56,850	56,690	56,600	61,590	61,310
> Noel	9,320	23,940	24,160	30,440	30,280	30,150	30,060	30,020	35,010	34,700
> Kathryn	7,520	20,490	20,830	22,020	22,120	26,700	26,630	26,580	26,580	26,610
<b>Investment Income</b>										
Rental Income	41,600	42,515	43,451	44,406	45,383	46,382	47,402	48,445	49,511	50,600
<b>Investment Proceeds</b>										
Ordinary Asset	580,000	0	0	0	0	0	0	0	0	0
> Personal Bank Account	530,000	0	0	0	0	0	0	0	0	0
> Business Bank Account	50,000	0	0	0	0	0	0	0	0	0
<b>Total Inflow</b>	<b>773,966</b>	<b>225,724</b>	<b>230,550</b>	<b>96,866</b>	<b>97,783</b>	<b>103,232</b>	<b>104,092</b>	<b>105,045</b>	<b>111,101</b>	<b>111,910</b>
<b>Outflow</b>										
<b>Expenditure</b>										
Living Expenses	72,800	74,402	76,038	77,711	79,421	81,168	82,954	84,779	86,644	88,550
Annual Travel	30,000	30,660	31,335	32,024	32,728	33,448	34,184	34,936	35,705	36,490
CGT Bill	330,000	0	0	0	0	0	0	0	0	0
<b>Taxation</b>										
Noel	10,261	12,069	12,814	0	0	0	0	0	0	0
Kathryn	10,478	12,291	13,041	0	0	0	0	0	0	0
<b>Fees and Expenses</b>										
Property Ongoing Expenses	5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951	6,082
<b>Financing</b>										
Repayment of Borrowings	11,360	4,160	4,160	0	0	0	0	0	0	0
<b>Superannuation Contributions</b>										
Personal Concessional Contributions	50,000	50,000	50,000	0	0	0	0	0	0	0
Personal Non-Concessional Contribution	200,000	0	0	0	0	0	0	0	0	0
<b>Total Outflow</b>	<b>719,899</b>	<b>188,692</b>	<b>192,611</b>	<b>115,072</b>	<b>117,604</b>	<b>120,191</b>	<b>122,836</b>	<b>125,538</b>	<b>128,300</b>	<b>131,122</b>
<b>Net Cashflow</b>										
Total Inflow	773,966	225,724	230,550	96,866	97,783	103,232	104,092	105,045	111,101	111,910
Total Outflow	719,899	188,692	192,611	115,072	117,604	120,191	122,836	125,538	128,300	131,122
<b>Net Cashflow</b>	<b>54,067</b>	<b>37,032</b>	<b>37,939</b>	<b>-18,206</b>	<b>-19,821</b>	<b>-16,960</b>	<b>-18,743</b>	<b>-20,493</b>	<b>-17,199</b>	<b>-19,212</b>
<b>Allocated to/from Assets</b>										
> Personal Bank Account	0	0	-16,052	18,206	19,821	16,960	18,743	20,493	17,199	19,212
> Business Bank Account	0	0	-10,419	18,206	19,821	16,960	18,743	20,493	17,199	19,212
> Business Bank Account	0	0	-5,632	0	0	0	0	0	0	0
<b>Allocated to/from Debt</b>										
> Home Loan	-54,067	-37,032	-21,887	0	0	0	0	0	0	0
> Home Loan	-18,656	0	0	0	0	0	0	0	0	0
> Kulnura Farm Loan	-35,411	-37,032	-21,887	0	0	0	0	0	0	0
<b>Unfunded Net Cashflow</b>	<b>0</b>									

# Expenditure Achieved



## SMSF Consolidated Cashflow

Displaying: 10 years from the start of the projection

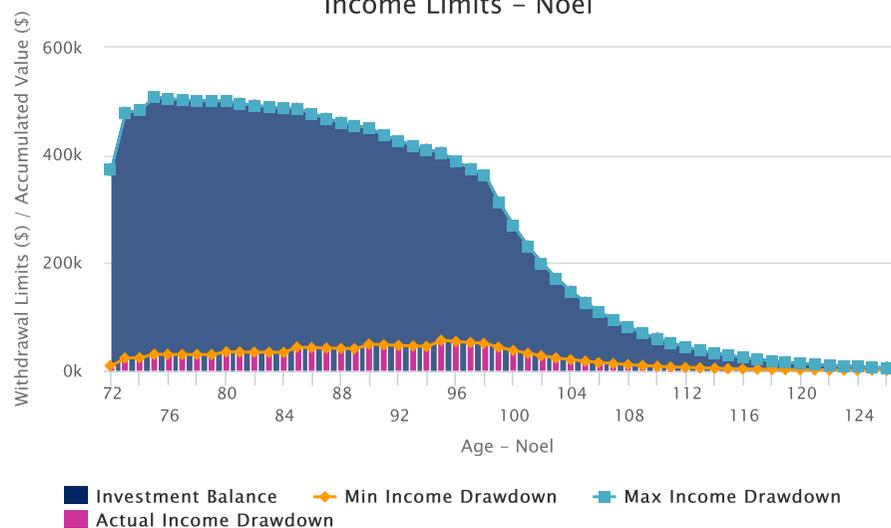
Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
<b>Age - Noel</b>	<b>72.5</b>	<b>73.5</b>	<b>74.5</b>	<b>75.5</b>	<b>76.5</b>	<b>77.5</b>	<b>78.5</b>	<b>79.5</b>	<b>80.5</b>	<b>81.5</b>
<b>Age - Kathryn</b>	<b>70.4</b>	<b>71.4</b>	<b>72.4</b>	<b>73.4</b>	<b>74.4</b>	<b>75.4</b>	<b>76.4</b>	<b>77.4</b>	<b>78.4</b>	<b>79.4</b>
<b>Inflow</b>										
<b>Contributions</b>										
Personal Concessional Contributions	50,000	50,000	50,000	0	0	0	0	0	0	0
Non-Concessional Contributions	200,000	0	0	0	0	0	0	0	0	0
<b>Investment Income</b>										
Rental Income	0	40,000	40,880	41,779	42,699	43,638	44,598	45,579	46,582	47,607
> SMSF Investment Property	0	40,000	40,880	41,779	42,699	43,638	44,598	45,579	46,582	47,607
<b>Total Inflow</b>	<b>250,000</b>	<b>90,000</b>	<b>90,880</b>	<b>41,779</b>	<b>42,699</b>	<b>43,638</b>	<b>44,598</b>	<b>45,579</b>	<b>46,582</b>	<b>47,607</b>
<b>Outflow</b>										
<b>Expenditure</b>										
Accounting Fees	3,000	3,066	3,133	3,202	3,273	3,345	3,418	3,494	3,570	3,649
Adviser Fee	7,700	0	0	0	0	0	0	0	0	0
Benefits Paid	0	0	0	0	0	0	0	0	0	0
Pension Drawdowns	16,840	44,430	44,990	52,460	52,400	56,850	56,690	56,600	61,590	61,310
> Noel	9,320	23,940	24,160	30,440	30,280	30,150	30,060	30,020	35,010	34,700
> Kathryn	7,520	20,490	20,830	22,020	22,120	26,700	26,630	26,580	26,580	26,610
<b>Taxation</b>										
Income Tax	7,500	7,500	7,500	0	0	0	0	0	0	0
Contributions Surcharge	0	0	0	0	0	0	0	0	0	0
Excess Contributions Tax	0	0	0	0	0	0	0	0	0	0
<b>Capital Investment</b>										
Asset	250,000	50,000	50,000	0	0	0	0	0	0	0
> Cash	250,000	50,000	50,000	0	0	0	0	0	0	0
Property Purchase	0	836,628	0	0	0	0	0	0	0	0
> SMSF Investment Property	0	836,628	0	0	0	0	0	0	0	0
<b>Fees and Expenses</b>										
Property Ongoing Costs	0	5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951
> SMSF Investment Property	0	5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951
<b>Total Outflow</b>	<b>285,040</b>	<b>946,624</b>	<b>110,733</b>	<b>60,885</b>	<b>61,010</b>	<b>65,650</b>	<b>65,683</b>	<b>65,791</b>	<b>70,983</b>	<b>70,910</b>
<b>Net Cashflow</b>										
Total Inflow	250,000	90,000	90,880	41,779	42,699	43,638	44,598	45,579	46,582	47,607
Total Outflow	285,040	946,624	110,733	60,885	61,010	65,650	65,683	65,791	70,983	70,910
<b>Net Cashflow</b>	<b>-35,040</b>	<b>-856,624</b>	<b>-19,853</b>	<b>-19,105</b>	<b>-18,312</b>	<b>-22,012</b>	<b>-21,085</b>	<b>-20,212</b>	<b>-24,401</b>	<b>-23,303</b>
Allocated to/from Assets	35,040	856,624	19,853	19,105	18,312	22,012	21,085	20,212	11,551	0
> Cash	35,040	856,624	19,853	19,105	18,312	22,012	21,085	20,212	11,551	0
Unfunded Net Cashflow	0	0	0	0	0	0	0	0	-12,850	-23,303

## SMSF Allocated Pension - Noel

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Account Based Pensions - Noel</b>										
Opening Value	372,847	478,856	483,120	507,393	504,648	502,541	501,049	500,277	500,190	495,771
> Taxable - Taxed Proportion	54.261%	44.959%	47.380%	49.584%	49.584%	49.584%	49.584%	49.584%	49.584%	49.584%
> Tax Free Proportion	45.739%	55.041%	52.620%	50.416%	50.416%	50.416%	50.416%	50.416%	50.416%	50.416%
Income Drawdown	9,320	23,940	24,160	30,440	30,280	30,150	30,060	30,020	35,010	34,700
> Minimum Income	9,320	23,940	24,160	30,440	30,280	30,150	30,060	30,020	35,010	34,700
> Maximum Income	372,847	478,856	483,120	507,393	504,648	502,541	501,049	500,277	500,190	495,771
> Elected Income	9,320	23,940	24,160	30,440	30,280	30,150	30,060	30,020	35,010	34,700
> Payment Info										
> Tax Exempt Income Amount	9,320	23,940	24,160	30,440	30,280	30,150	30,060	30,020	35,010	34,700
Earnings (incl excess credits and less tax)	-5,921	6,954	27,183	27,695	28,173	28,658	29,288	29,933	30,591	31,117
Transaction (EOP)	121,250	21,250	21,250	0	0	0	0	0	0	0
> Rollover To Accumulation (Reboot)	357,606	461,870	486,143	0	0	0	0	0	0	0
> Rollover From Accumulation (Reboot)	478,856	483,120	507,393	0	0	0	0	0	0	0
Closing Value	478,856	483,120	507,393	504,648	502,541	501,049	500,277	500,190	495,771	492,188
> Taxable - Taxed Proportion	44.959%	47.380%	49.584%	49.584%	49.584%	49.584%	49.584%	49.584%	49.584%	49.584%
> Tax Free Proportion	55.041%	52.620%	50.416%	50.416%	50.416%	50.416%	50.416%	50.416%	50.416%	50.416%
Closing Value (PV)	468,548	462,544	475,326	462,578	450,730	439,718	429,590	420,269	407,590	395,933

Projection of SMSF Account Based Pension Investment and Income Limits – Noel



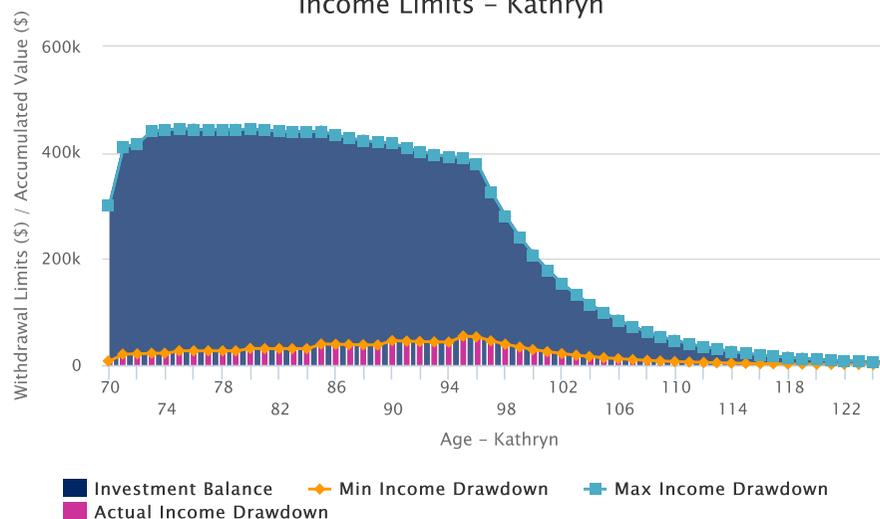
Prepared on 04 February 2021

## SMSF Allocated Pension - Kathryn

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Allocated/Account Based Pensions - Kathryn</b>										
Opening Value	300,947	409,898	416,610	440,471	442,493	445,076	443,757	443,067	442,997	443,510
> Taxable - Taxed Proportion	42.105%	34.834%	38.158%	41.142%	41.142%	41.142%	41.142%	41.142%	41.142%	41.142%
> Tax Free Proportion	57.895%	65.166%	61.842%	58.858%	58.858%	58.858%	58.858%	58.858%	58.858%	58.858%
Income Drawdown	7,520	20,490	20,830	22,020	22,120	26,700	26,630	26,580	26,580	26,610
> Minimum Income	7,520	20,490	20,830	22,020	22,120	26,700	26,630	26,580	26,580	26,610
> Maximum Income	300,947	409,898	416,610	440,471	442,493	445,076	443,757	443,067	442,997	443,510
> Elected Income	7,520	20,490	20,830	22,020	22,120	26,700	26,630	26,580	26,580	26,610
> Payment Info										
> Tax Exempt Income Amount	7,520	20,490	20,830	22,020	22,120	26,700	26,630	26,580	26,580	26,610
Earnings (incl excess credits and less tax)	-4,779	5,952	23,441	24,042	24,703	25,381	25,939	26,510	27,093	27,837
Transaction (EOP)	121,250	21,250	21,250	0	0	0	0	0	0	0
> Rollover To Accumulation (Reboot)	288,648	395,360	419,221	0	0	0	0	0	0	0
> Rollover From Accumulation (Reboot)	409,898	416,610	440,471	0	0	0	0	0	0	0
Closing Value	409,898	416,610	440,471	442,493	445,076	443,757	443,067	442,997	443,510	444,737
> Taxable - Taxed Proportion	34.834%	38.158%	41.142%	41.142%	41.142%	41.142%	41.142%	41.142%	41.142%	41.142%
> Tax Free Proportion	65.166%	61.842%	58.858%	58.858%	58.858%	58.858%	58.858%	58.858%	58.858%	58.858%
Closing Value (PV)	401,074	398,867	412,634	405,605	399,190	389,440	380,463	372,215	364,624	357,762

Projection of SMSF Account Based Pension Investment and Income Limits – Kathryn



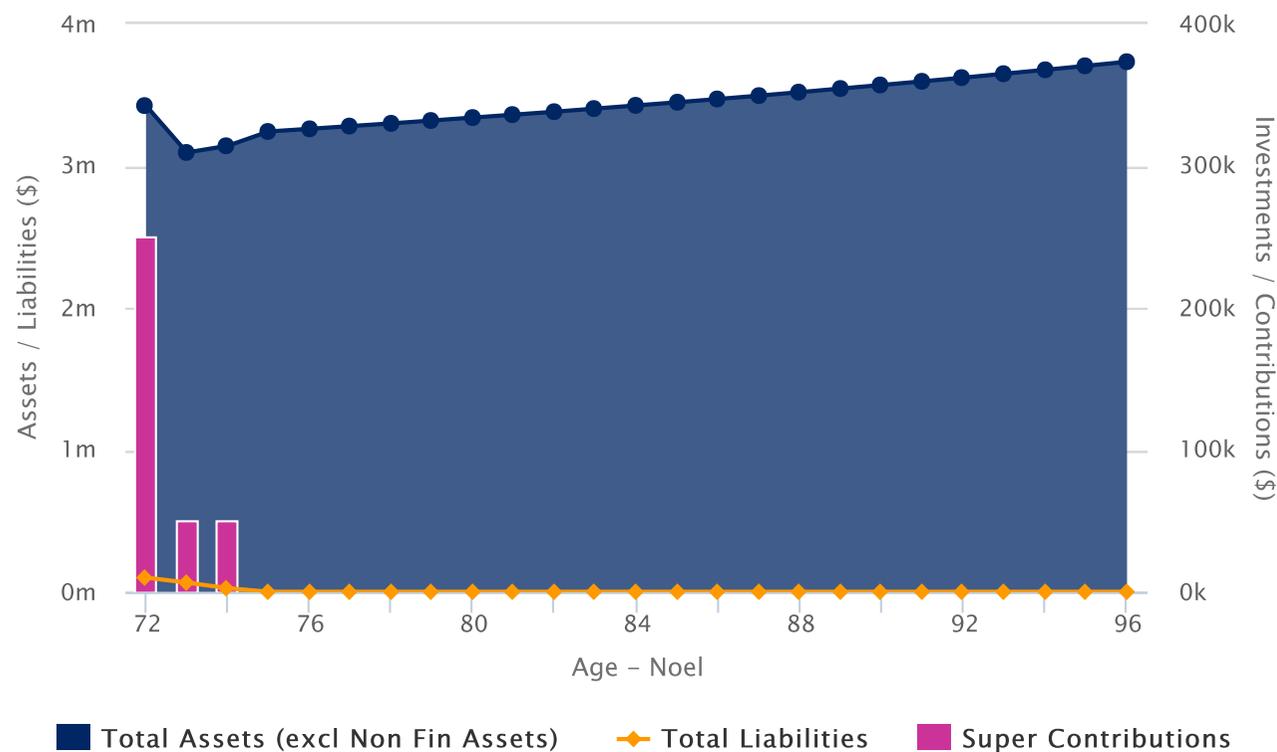
Prepared on 04 February 2021

## Assets - Total - Detail

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Total Assets - Joint</b>										
Personal Bank Account	900,000	370,000	370,000	380,419	362,213	342,393	325,433	306,690	286,197	268,998
Business Bank Account	250,000	200,000	200,000	205,632	205,632	205,632	205,632	205,632	205,632	205,632
Primary Residence	3,000,000	3,066,000	3,133,452	3,202,388	3,272,840	3,344,843	3,418,430	3,493,635	3,570,495	3,649,046
Factory Warehouse Byron Bay	800,000	817,600	835,587	853,970	872,757	891,958	911,581	931,636	952,132	973,079
Kulnura Farm (50%)	800,000	817,600	835,587	853,970	872,757	891,958	911,581	931,636	952,132	973,079
<b>Total</b>	<b>5,750,000</b>	<b>5,271,200</b>	<b>5,374,626</b>	<b>5,496,380</b>	<b>5,586,201</b>	<b>5,676,784</b>	<b>5,772,657</b>	<b>5,869,229</b>	<b>5,966,588</b>	<b>6,069,834</b>
<b>Total (PV)</b>	<b>5,750,000</b>	<b>5,157,730</b>	<b>5,145,724</b>	<b>5,149,014</b>	<b>5,120,507</b>	<b>5,091,525</b>	<b>5,066,061</b>	<b>5,039,933</b>	<b>5,013,244</b>	<b>4,990,209</b>

### Total Asset Summary



## Taxation - Noel

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
<b>Age - Noel</b>	<b>72.5</b>	<b>73.5</b>	<b>74.5</b>	<b>75.5</b>	<b>76.5</b>	<b>77.5</b>	<b>78.5</b>	<b>79.5</b>	<b>80.5</b>	<b>81.5</b>
<b>Age - Kathryn</b>	<b>70.4</b>	<b>71.4</b>	<b>72.4</b>	<b>73.4</b>	<b>74.4</b>	<b>75.4</b>	<b>76.4</b>	<b>77.4</b>	<b>78.4</b>	<b>79.4</b>
<b>Income</b>										
Earned Income	67,462	69,081	70,739	0	0	0	0	0	0	0
Investment Earnings	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
> <i>Factory Warehouse Byron Bay</i>	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Total Assessable Income</b>	<b>88,262</b>	<b>90,339</b>	<b>92,464</b>	<b>22,203</b>	<b>22,692</b>	<b>23,191</b>	<b>23,701</b>	<b>24,223</b>	<b>24,755</b>	<b>25,300</b>
<b>Deductions</b>										
Property Expenses	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
Personal Concessional Contributions	25,000	25,000	25,000	0	0	0	0	0	0	0
<b>Total Deductions</b>	<b>27,500</b>	<b>27,555</b>	<b>27,611</b>	<b>2,669</b>	<b>2,727</b>	<b>2,787</b>	<b>2,849</b>	<b>2,911</b>	<b>2,975</b>	<b>3,041</b>
<b>Taxable Income</b>	<b>60,762</b>	<b>62,784</b>	<b>64,853</b>	<b>19,535</b>	<b>19,964</b>	<b>20,404</b>	<b>20,852</b>	<b>21,311</b>	<b>21,780</b>	<b>22,259</b>
<b>Gross Tax Payable</b>	<b>10,215</b>	<b>10,872</b>	<b>11,544</b>	<b>254</b>	<b>335</b>	<b>419</b>	<b>504</b>	<b>591</b>	<b>680</b>	<b>771</b>
Refundable Tax Offsets										
> <i>No Refundable Tax Offsets</i>										
<b>Total Refundable Tax Offsets</b>	<b>0</b>									
Non-Refundable Tax Offsets										
Low Income Tax Offset	89	58	27	700	700	700	700	700	700	700
> <i>Eligible</i>	Yes									
> <i>Taxable Income</i>	60,762	62,784	64,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Maximum Rebate</i>	700	700	700	700	700	700	700	700	700	700
> <i>Maximum Offset for Taxable Income up to</i>	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
> <i>No Offset if Taxable Income Exceeds</i>	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667
Low And Middle Income Tax Offset	1,080	0	0	0	0	0	0	0	0	0
> <i>Taxable Income</i>	60,762	62,784	64,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Base Offset</i>	255	0	0	0	0	0	0	0	0	0
> <i>Base Offset up to Taxable Income of</i>	37,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset</i>	1,080	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset from Taxable Income of</i>	48,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset up to Taxable Income of</i>	90,000	0	0	0	0	0	0	0	0	0
> <i>No Offset if Taxable Income Exceeds</i>	126,000	0	0	0	0	0	0	0	0	0
Senior Australians Pensioner Tax Offset	0	0	0	1,602	1,602	1,602	1,602	1,602	1,602	1,602
> <i>Income Assessed</i>	85,762	87,784	89,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Combined Income Threshold</i>	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580
> <i>Eligible</i>	Yes									
> <i>Maximum Offset</i>	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602
<b>Total Non-Refundable Tax Offsets</b>	<b>1,169</b>	<b>58</b>	<b>27</b>	<b>2,302</b>						
<b>Tax Payable</b>	<b>9,046</b>	<b>10,813</b>	<b>11,517</b>	<b>0</b>						
Levy										
Medicare Levy	1,215	1,256	1,297	0	0	0	0	0	0	0
<b>Net Amount Payable</b>	<b>10,261</b>	<b>12,069</b>	<b>12,814</b>	<b>0</b>						
Average Tax Rate	11.63%	13.36%	13.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marginal Rate (excl Medicare)	32.50%	32.50%	32.50%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

## Taxation - Kathryn

Displaying: 10 years from the start of the projection

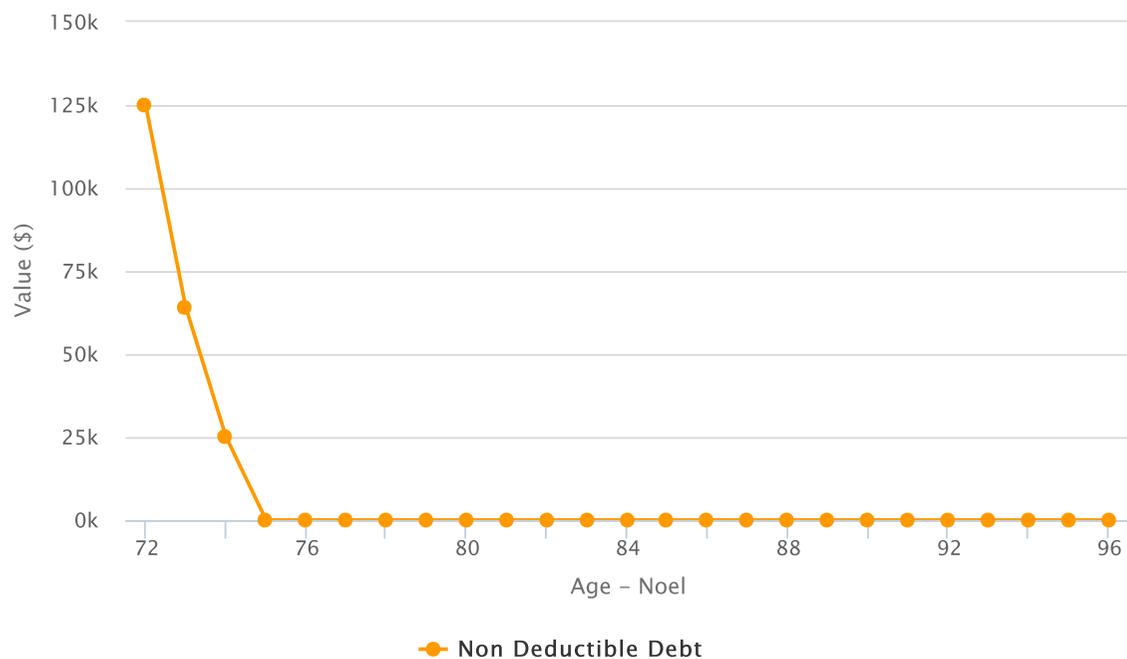
Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Income</b>										
Earned Income	68,064	69,698	71,370	0	0	0	0	0	0	0
Investment Earnings	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
> <i>Factory Warehouse Byron Bay</i>	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Total Assessable Income</b>	88,864	90,955	93,096	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Deductions</b>										
Property Expenses	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
Personal Concessional Contributions	25,000	25,000	25,000	0	0	0	0	0	0	0
<b>Total Deductions</b>	27,500	27,555	27,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
<b>Taxable Income</b>	61,364	63,400	65,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
<b>Gross Tax Payable</b>	10,410	11,072	11,749	254	335	419	504	591	680	771
Refundable Tax Offsets										
> <i>No Refundable Tax Offsets</i>										
<b>Total Refundable Tax Offsets</b>	0	0	0	0	0	0	0	0	0	0
Non-Refundable Tax Offsets										
Low Income Tax Offset	80	49	18	700	700	700	700	700	700	700
> <i>Eligible</i>	Yes									
> <i>Taxable Income</i>	61,364	63,400	65,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Maximum Rebate</i>	700	700	700	700	700	700	700	700	700	700
> <i>Maximum Offset for Taxable Income up to</i>	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
> <i>No Offset if Taxable Income Exceeds</i>	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667
Low And Middle Income Tax Offset	1,080	0	0	0	0	0	0	0	0	0
> <i>Taxable Income</i>	61,364	63,400	65,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Base Offset</i>	255	0	0	0	0	0	0	0	0	0
> <i>Base Offset up to Taxable Income of</i>	37,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset</i>	1,080	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset from Taxable Income of</i>	48,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset up to Taxable Income of</i>	90,000	0	0	0	0	0	0	0	0	0
> <i>No Offset if Taxable Income Exceeds</i>	126,000	0	0	0	0	0	0	0	0	0
Senior Australians Pensioner Tax Offset	0	0	0	1,602	1,602	1,602	1,602	1,602	1,602	1,602
> <i>Income Assessed</i>	86,364	88,400	90,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Combined Income Threshold</i>	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580
> <i>Eligible</i>	Yes									
> <i>Maximum Offset</i>	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602
<b>Total Non-Refundable Tax Offsets</b>	1,160	49	18	2,302	2,302	2,302	2,302	2,302	2,302	2,302
<b>Tax Payable</b>	9,251	11,023	11,732	0	0	0	0	0	0	0
Levy										
Medicare Levy	1,227	1,268	1,310	0	0	0	0	0	0	0
<b>Net Amount Payable</b>	10,478	12,291	13,041	0	0	0	0	0	0	0
Average Tax Rate	11.79%	13.51%	14.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marginal Rate (excl Medicare)	32.50%	32.50%	32.50%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

## Liabilities - Total

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Total Liabilities - Joint</b>										
Opening Value	125,000	118,096	62,174	21,887	0	0	0	0	0	0
Accrued Interest	4,456	2,305	905	0	0	0	0	0	0	0
Repayment	11,360	58,227	41,192	21,887	0	0	0	0	0	0
> Cashflow Surplus (SOP)	0	54,067	37,032	21,887	0	0	0	0	0	0
> Regular	11,360	11,360	4,160	4,160	0	0	0	0	0	0
Closing Value	118,096	62,174	21,887	0	0	0	0	0	0	0
Total Liabilities (Opening Value)	125,000	118,096	62,174	21,887	0	0	0	0	0	0
Accumulated Interest to date	4,456	6,761	7,666	7,666	7,666	7,666	7,666	7,666	7,666	7,666

## Deductible v Non Deductible Debt



## Key assumptions

### Personal Data

Name	Noel	Kathryn
DOB	26 Dec 1947	08 Jan 1950
Age Nearest	73	70
Sex	Male	Female
Marital Status	Married/De Facto	
Retirement Date	01 Jul 2023	01 Jul 2023
Preservation Age	55.0	55.0
Salary Inflation - Noel	2.40%	
Salary Inflation - Kathryn	2.40%	

### Cashflow

#### Income

Gross Income	Noel	\$67,462
Gross Income	Kathryn	\$68,064

#### Expenditure

Living Expenses	Joint	\$72,800
Annual Travel	Joint	\$30,000
CGT Bill	Joint	\$330,000

### Assets

Joint	Growth	Income	Franked	Value
Personal Bank Account	0.00%	0.00%	0.00%	\$900,000
Business Bank Account	0.00%	0.00%	0.00%	\$250,000
Primary Residence	2.20%	0.00%		\$3,000,000
Factory Warehouse Byron Bay	2.20%	0.00%		\$800,000
Kulnura Farm (50%)	2.20%	0.00%		\$800,000
				<b>\$5,750,000</b>

### Superannuation

	Noel	Kathryn
Super Salary	\$0	\$0
Eligible Service Date	01 Jul 1983	01 Jul 1983
Accumulation Balance	\$0	\$0
Investment Profile	Defensive	Defensive

### Liabilities

Joint	Type	Rate	Deductibility	Principal
Home Loan	Principal and Interest	4.00%	0.00%	\$25,000
Kulnura Farm Loan	Interest Only	3.60%	0.00%	\$100,000
				<b>\$125,000</b>

## Things you should know

- **Longevity Risk** - Not having enough capital to last your full retirement.
- Market risk – Movements in a market sector due to, for example, interest rate movements, or economic factors that may have a negative impact on your investment and/or on the returns your investment generates. Market values can change rapidly and it's possible to lose some or all of your initial investment.
- Legislative risk - There is a risk that changes to the super, taxation or other laws, regulations or rules may adversely affect your investment i.e. Centrelink legislation.
- Providing Advice on grandfathered Account Based Pensions - Account Based Pensions that commenced prior to 1 January 2015 are classified as Grandfathered Account Based pensions in which deductible provisions may apply when assessed by Centrelink. These include:
  - - May have no or very little income assessed for income support means testing purposes, and
  - - Where the ABP is paid from a taxed super fund to a person aged 60+, there will be no income assessment for the CSHC.
- Therefore, care must be taken when making changes to a grandfathered account-based pension. Commencing a new Account Based pension or refreshing an existing Grandfathered account-based pension could provide a loss of grandfathering provisions for income support purposes depending on the circumstance. The losses involved may include:
  - Negatively impact the client under the income test;
  - Have no immediate or future impact;
  - Have no immediate impact, but may have future implications; or
  - Increase income support entitlement under the income test.
- Care must be taken as all forecasts are just that — forecasts — and a large proportion of assumptions are unlikely to eventuate in exactly the way they are presented in this document. There will be federal budgets and legislation changes before and during your retirement which will more than likely affect the outcome of these cash flows.
- Income and capital growth projection rates are based on the assessment of current and likely future economic conditions, as well as investment manager past and likely future performances. The projections also assume the continuance of existing tax and social security legislation.
- The projections provided are purely estimates, they are not guaranteed, and may vary with changing circumstances. The changing economic environment can cause income and capital growth to diminish, resulting in lower returns, or in some cases, loss of capital.
- A modest retirement lifestyle is considered better than the Age Pension, but still only able to afford fairly basic activities.
- A comfortable retirement lifestyle enables an older, healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as; household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment, and domestic and occasionally international holiday travel.
- Both budgets assume that the retirees own their own home outright and are relatively healthy. Budgets for various households and living standards for those aged around 65 (March quarter 2020, national)

	Modest lifestyle		Comfortable lifestyle	
	Single	Couple	Single	Couple
<b>Total per year</b>	\$28,220	\$40,719	\$44,183	\$62,435

- Banks have the ability to change conditions of their loans and the redraw amounts to mortgage accounts which could be detrimental to your situation.
- There may be fees associated with redrawing funds from your mortgage. You will need to check this with your loan broker and or bank before considering the benefit to your situation.
- There may be limits on how much you can pay as a lump sum off your loan. This is especially the case with fixed loans.
- We have not considered in this advice if your current mortgage is the right mortgage for your situation. This advice only focuses on the cash flow impact to your situation.
- You should also review your insurance coverage as debt levels change.
- All borrowing requires discipline to continue to meet repayments and budgets that are set.
- When it comes to market risk, property investors should additionally invest in other asset classes that tend to move in a non-correlated manner to real estate.
- Liquidity risk equates to the possibility that an investor may be unable to buy or sell an investment when desired (or in sufficient quantities) due to limited opportunities. It is difficult to sell a property quickly should the need arise, which is not the case for large-cap stocks or government bonds. Liquidity risk in Australian property is best mitigated through investing in landlocked capital city suburbs with eminent demand and constrained supply.
- You cannot be guaranteed that the property will provide you with long-term capital growth over your desired time frame. The capital value of these types of investments will fluctuate, both upwards and downwards from your initial investment, dependent on the market.
- Rental income cannot be guaranteed and can fluctuate with market conditions.
- Interest rates can vary and can increase the amount due on your outstanding loans. It is important that you factor in interest rate rises into your cashflow to ensure you are always in a position to meet your repayment obligations.
- There may be significant costs associated with purchasing direct property including stamp duty and legal fees.

## Important information about these projections and forecasts

Our projections and forecasts have been prepared on the assumptions stated under the summary of financial outcomes heading above, and on information that you have provided. As future corporate, legislative and economic factors cannot be predicted on a long-term basis, these projections are a guide only and there is no guarantee in relation to any income, growth or asset projections that are shown above. The estimates of income and capital growth are based on the past performances of the respective investment managers and their estimates of the initial annual income and compound capital growth over the terms of the investments. Neither we nor the investment managers guarantee these estimates.

Social security - Projections of your social security benefits are based on the current Centrelink or Department of Veterans' Affairs income and assets tests and payment rates. The estimates for future years are based on indexing current income and asset amounts and payment rates in accordance with estimated inflation levels (CPI) and should not be relied on in future years. Projections are based on legislation in effect as at the date of this Statement of Advice. These projections however, do not take into account proposed future legislative changes.



## Products to be replaced

This section explains the benefits, consequences and costs of our recommendation to replace your existing product(s) with new product(s).

We have recommended that you replace one or more of your existing products with new products based on our research into the advantages and disadvantages associated with the replacement. It is important that you understand the consequences of this recommendation, before you replace any products.

Outlined below is a comparison between your existing and recommended products to help you understand the implications of replacing any products. This includes information on:

- Any charges which you may incur as a result of the product replacement.
- Any benefits which you may lose (even if only temporarily) or gain if you accept my recommendation.
- Information about any other significant consequences we are aware of.

### Bank account replacement

We have recommended that you move a portion of funds from your personal bank account (\$100,000 each) and business bank account (\$25,000 each) into your newly established SMSF by way of concessional and non-concessional contributions as outlined in strategy 2 above. This recommendation has been a strategic measure to assist in meeting your investment goals of having sufficient funds to purchase direct property to the value of \$800,000 within your SMSF.

Please note, we cannot determine if you will incur and withdrawal or other fees, by making the recommended contributions in your superannuation accounts, from your bank account, as we do not hold sufficient information.

Placing your funds into the recommended product means you will lose the benefit of a guaranteed return in a low risk environment, as growth assets (like shares and property), are more volatile over the short-term, but should provide you with greater long-term returns to achieve your goals.

### Superannuation product replacement

We have recommended that you replace your current superannuation fund with a new superannuation fund that is more appropriate to your needs.

#### Current superannuation fund(s)

Below is a summary of your current superannuation funds.

Noel - Product	Balance
<b>BT Compact SuperWrap Pension (M04622499)</b>	
Cash Account	\$518.00
Advance Moderate Multi-Blend Fund	\$237,697.25
<b>Total for BT Compact SuperWrap Pension (M04622499):</b>	<b>\$238,215.25</b>
<b>BT Compact SuperWrap Super (M04618852)</b>	
Cash Account	\$34,732.69
Advance Moderate Multi-Blend Fund	\$99,898.99
<b>Total for BT Compact SuperWrap Super (M04618852):</b>	<b>\$134,631.68</b>
Investments – Cash Account	\$125,000.00
<b>TOTAL</b>	<b>\$497,846.93</b>
Kathryn - Product	Balance
<b>BT Compact SuperWrap Pension (M04622552)</b>	
Cash Account	\$111.51
Advance Moderate Multi-Blend Fund	\$166,767.27
<b>Total for BT Compact SuperWrap Pension (M04622552)</b>	<b>\$166,878.78</b>
<b>BT Compact SuperWrap Super (M04618940)</b>	
Cash Account	\$34,774.67
Advance Moderate Multi-Blend Fund	\$99,293.65
<b>Total for BT Compact SuperWrap Super (M04618940)</b>	<b>\$134,068.32</b>
Investments – Cash Account	\$125,000.00
<b>TOTAL</b>	<b>\$425,947.10</b>

## Proposed superannuation fund(s)

Below is a summary of the new superannuation fund that we have recommended.

Noel & Kathryn - Product		Balance
<b>Cratchley Self-Managed Super Fund (SMSF)</b>		
Cash Account		\$123,794.03
Property (Cash allowance)		\$800,000.00*
<b>TOTAL</b>		<b>\$923,794.03</b>

\*Based on your goal of purchasing an investment property within your SMSF to the value of approximately \$800,000.

## Detailed replacement information

When you add to, switch, or withdraw all or part of your investment, a buy-sell or transaction fee can be charged by the fund manager.

Please refer to the Product Disclosure Statement for more information.

### Current Investments - Noel

Upfront costs			Ongoing fees					Total ongoing fees
Exit fees	Upfront fee	Buy/sell costs	Management cost	Admin fees	Account keeping fees	Other fees	Less rebates	
<b>BT Compact SuperWrap Pension (M04622499)</b>								
\$0.00	\$0.00	\$784.40	\$1,806.50	\$808.24	\$0.00	\$0.00	\$0.00	<b>\$2,614.74</b>
<b>BT Compact SuperWrap Super (M04618852)</b>								
\$0.00	\$0.00	\$329.67	\$759.23	\$405.12	\$0.00	\$0.00	\$0.00	<b>\$1,164.35</b>
<b>Bank Accounts</b>								
Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	<b>Unknown*</b>

\*We do not hold details on the type of account or underlying fees associated with your personal and business bank accounts.

### Current Investments - Kathryn

Upfront costs			Ongoing fees					Total ongoing fees
Exit fees	Upfront fee	Buy/sell costs	Management cost	Admin fees	Account keeping fees	Other fees	Less rebates	
<b>BT Compact SuperWrap Pension (M04622552)</b>								
\$0.00	\$0.00	\$550.33	\$1,267.43	\$595.33	\$0.00	\$0.00	\$0.00	<b>\$1,862.76</b>
<b>BT Compact SuperWrap Super (M04618940)</b>								
\$0.00	\$0.00	\$327.67	\$754.63	\$430.31	\$0.00	\$0.00	\$0.00	<b>\$1,157.94</b>
<b>Bank Accounts</b>								
Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	<b>Unknown*</b>

\*We do not hold details on the type of account or underlying fees associated with your personal and business bank accounts.

## Proposed Investments - Noel & Kathryn

Upfront costs			Ongoing fees					
Exit fees	Upfront fee	Buy/sell costs	Management cost	Admin fees	Account keeping fees	Other fees	Less rebates	Total ongoing fees
<b>Cratchley Self-Managed Super Fund (SMSF)</b>								
\$0.00	\$0.00	\$0.00	\$250.00	\$2,750.00	\$0.00	\$0.00	\$0.00	<b>\$3,000.00</b>
<b>Bank Accounts</b>								
Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	Unknown*	<b>Unknown*</b>

\*We do not hold details on the type of account or underlying fees associated with your personal and business bank accounts.

### Comparison of super products (like for like)

We have not completed any like for like comparisons for your Self-Managed Superannuation Fund (SMSF) as you have told us that you would like to invest primarily in direct property and cash. Furthermore, the functionality to purchase a property inside super is only offered within a Self-Managed Superannuation Fund.

**Our fee research is based purely on the platform and investment PDS and/or offer documents. Note that our relationship with Count Financial may provide fee reductions or adjustments however, would only apply whilst the client remains a client of a Count adviser, therefore we have utilised the retail pricing.**

### Other consequences of replacing your existing product

Noel and Kathryn, when you buy or sell units in your investment, the fund manager is entitled to charge you for transaction costs such as brokerage and stamp duty. This charge is usually reflected in the difference between the entry and exit unit price and commonly referred to as the buy/sell spread. Buy spreads apply when you purchase new or additional investments, whereas sell spreads apply when you redeem investments. You should always refer to the Product Disclosure Statement (PDS) for more information about the buy/sell spread. Note that the cost of selling an investment is generally factored into the existing balances of your existing products, as shown in this Statement of Advice, and therefore generally does NOT represent an additional cost.

Before you decide to implement my advice, you should also consider the following factors:

- There is no guarantee that the replacement product will outperform your existing investment.
- Time out of the market during the transaction phase may result in the potential loss of returns on your investments during this time period.
- Liquidity issues may arise which may impact your ability to access this capital during that time.
- The potential for increased volatility resulting from a higher exposure to growth assets.

### The outcome based on our research:

Noel and Kathryn, our recommendation is to schedule an appointment with your Accountant and establish a Corporate Trustee Self-Managed Super Fund (SMSF) with a Corporate Trustee. We believe an SMSF is in your best interest as you value the nature of an SMSF and the ability to invest in direct property which aligns to your investment goals and objectives. We recommend opening up a bank account within your SMSF and make full rollovers from your existing BT MySuper Super and Pension accounts into your SMSF. Furthermore, we recommend that you maximise your concessional and non-concessional caps this financial year by make a \$25,000 concessional contribution each and a \$100,000 non-concessional contribution each into your SMSF prior to 30 June 2021. Hold all of the funds within your SMSF in cash with the intent to purchase direct property to the value of approximately \$800,000 within your SMSF as per your investment goals and objectives.



## Costs and other important information

This section summarises the upfront and ongoing costs you will pay for the preparation and implementation of my advice as well as the associated product fees. All payments listed below are GST inclusive (where applicable).

Upfront fees	%	\$
Engagement fees	%	\$
<b>Engagement Fee</b>		
<b>Noel and Kath – Bank Account</b>		
Engagement fee (deducted from your account in accordance with your direction)		\$7,700.00
<b>TOTAL Engagement fees payable</b>		<b>\$7,700.00</b>

Upfront product costs	%	\$
BT Compact SuperWrap Super (M04618852) - Noel Cratchley		
Buy/Sell Spread	0.24%	\$329.67
BT Compact SuperWrap Pension (M04622499) - Noel Cratchley		
Buy/Sell Spread	0.33%	\$784.40
BT Compact SuperWrap Super (M04618940) - Kathryn Cratchley		
Buy/Sell Spread	0.24%	\$327.67
BT Compact SuperWrap Pension (M04622552) - Kathryn Cratchley		
Buy/Sell Spread	0.33%	\$550.33
<b>TOTAL upfront product costs</b>		<b>\$1,992.07</b>

Ongoing Fees	%	\$
Estimated ongoing product costs (pa) - investments		
Cratchley Self-Managed Super Fund (SMSF)		
SMSF accounting/admin fee	0.32%	\$3,000.00*
<b>TOTAL estimated ongoing product costs (pa)</b>		<b>\$3,000.00</b>

\*Please note, this is an estimate only based on the information your accountant provided. This fee does not include any ongoing costs associated with a SMSF or underlying direct property investment.

### Important notes relating to the table above:

- Please note that the fees relating to your SMSF are only an estimate and we are unable to provide exact fees at this time. Speak to accountant for further info regarding underlying fees associated within SMSF.
- The Administration costs include all product fees charged directly to your account e.g. admin, member, trustee and expense recovery fees.
- Management costs are an estimate of your ongoing product costs. It is important that you review and consider all product fees. For more information on all product fees, please refer to the Product Disclosure Statement.
- If your superannuation account balance is less than \$6,000, your fund fees will be capped at 3% p.a. of your account balances. Inactive low-balance accounts are super accounts that have a balance of less than \$6,000, have been inactive over the past 16 months, do not hold insurance, and you have not met a condition of release. Inactive low-balance accounts will be transferred to the Australian Taxation Office (ATO) so these accounts can be consolidated.
- Please be aware that 97.49% of the fees are paid to Hunter Financial and the remaining 2.51% is paid to Count Financial Ltd.

Please note: The dollar amounts of the costs shown above are estimates only and will depend on the amount actually invested.

## Other SMSF Costs

Please see below other costs that may be associated with your SMSF. We do not hold information regarding the amount(s) of these costs:

### Ongoing costs:

- annual SMSF supervisory levy (collected by ATO),
- annual independent audit fee,
- annual financial statement & tax return,
- annual actuarial certificate (when required).

### Optional costs:

- amending trust deed,
- investment advice fees
- accounting & book-keeping fees,
- investment management fees.

### Winding up a SMSF:

- Costs will include compliance costs and costs of realizing assets within the SMSF. The nature of the costs will depend on the type of assets held but may include brokerage and other transaction costs or agent fees.

### The opportunity cost associated with managing a SMSF:

- The time associated with managing a SMSF results in an opportunity cost for the trustee.

Please refer to your accountant in relation to the ongoing maintenance of your Self-Managed Superannuation Fund (SMSF). Hunter Financial is not licensed to provide tax advice and the information on SMSF's is not intended as legal, accounting or tax advice. You should be aware that superannuation rules change frequently and you should always speak with your accountant/solicitor to ensure your trust deed and investment strategy is up to date and current. We recommend that advice be sought from your accountant, prior to taking any action, in relation to any changes with your SMSF.

## How much will Hunter Financial Pty Ltd receive?

Count charges Hunter Financial Pty Ltd a fee to operate under its Australian Financial Services License. This includes a percentage of the advice fees you are charged. As an Authorised Representative of Count the balance of fees received by Hunter Financial Pty Ltd is as follows:

**\$7,506.73 of the Engagement fee**

### Next steps

If you are completely satisfied with all the information in this Statement of Advice, have carefully read the current Product Disclosure Statement for each of the products recommended and have no further questions, simply sign the 'Agreement to proceed' form and return it to me.

## Associated entities

CountPlus Limited ABN 111 26 990 832 owns 85% of the shares in the Licensee and Count Member Firm Pty Ltd ACN 633 983 490 owns the remaining 15% of the shares in the Licensee. CountPlus Limited owns Total Financial Solutions Australia Limited ABN 94 003 711 579. CountPlus Limited also has a network of professional accounting and advice subsidiaries and associates, and many of these advice companies are authorised representatives of Count. Total Financial Solutions Australia Limited holds an Australian Financial Services License 224954 to provide advice and deal in certain financial products. Colonial First State Group Limited ACN 004 405 556 is a substantial shareholder in CountPlus. Colonial First State Group Limited is a wholly owned subsidiary of the Commonwealth Bank of Australia ACN 123 123 124.



## Important documents

*This section outlines and explains the important documents relating to this advice. These documents have been relied on or referenced in your SoA.*

Below is a list of important documents that relate to this advice. These should be read in conjunction with this Statement of Advice to give you a better understanding of our advice. Some of these documents have been provided to you prior to receiving this Statement of Advice, and others have been included with it. Please contact us if you need extra copies of any of the documents listed below and we will provide these to you at no additional cost.

Document	Date Provided	Version	Explanation
Financial Services Guide 1	02/11/2020	V. 20.01	This document contains information on a range of issues and was provided to you via email on 29/07/2020: <a href="#">Click Here</a> to view our Financial Services Guide (FSG) Part 1 dated 13 January 2020 version 20.01
Financial Services Guide 2	02/11/2020	V. 18.04	This document contains information on a range of issues and was provided to you via email on 29/07/2020: <a href="#">Click Here</a> to view our FSG Part 2 dated 27 July 2020 version 18.04.
Fact Files	11/02/2021	N/A	<p>The attached fact files contain further detail regarding my advice to you as referenced throughout this SoA. They contain relevant generic information on the strategies, concepts and theory behind my recommendations to you.</p> <ul style="list-style-type: none"><li>• Superannuation</li><li>• Super Smart Strategies</li><li>• Self-managed super funds</li><li>• Retirement Income</li><li>• Investment fundamentals</li><li>• Investment choices</li><li>• Market volatility</li><li>• Risk and Return</li></ul>



## Agreement to proceed

*This section contains important information that you need to understand and acknowledge in order to proceed with this advice.*

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### By signing below we confirm that we:

- **understand that the information in this SoA is current for a period of 30 days only. If a period of 30 days or more has elapsed since the date of this SoA then we should contact Philip Smith to confirm the continuing appropriateness of the advice before implementing any of the recommendations within.**
- have received, read and understood the Count Financial Limited Financial Services Guide (FSG) part 1 received on 02/11/2020.
- have received, read and understood the Count Financial Limited Financial Services Guide (FSG) part 2 received on 02/11/2020.
- have received, read and understood this SoA dated 04 February 2021 prepared by Philip Smith.
- have read and understood the additional resources section outlined on the preceding page of this SoA and acknowledge that additional copies can be made available on request.
- understand that the advice contained within the SoA is based on information provided by us. It is our responsibility to advise Philip Smith if there are any errors or omissions in the information in this SoA prior to implementing any part of the proposed strategy.
- understand that if incomplete or inaccurate information has been provided there is a risk that the recommended advice may not be fully appropriate to the stated needs.
- understand that partial implementation of and/or amendments to recommendations contained within this SoA may not produce the desired outcomes.
- understand that this SoA is solely for the use of those to whom it is addressed and neither Count Financial Limited, nor any of its Authorised Representatives or employees accepts liability to third parties who use or rely on all or any part of the content.
- understand that all recommendations in this SoA are based solely on current interpretations of applicable laws and regulations.
- understand that certain assumptions have been made in preparing these recommendations and that the value of the recommended investment(s) may rise and fall in line with market conditions and that projected returns (where used) are only used as an estimate based on historical data and no guarantee is given as to future performance.
- have read and understood the fees payable by us and the remuneration received by Philip Smith as outlined in 'The cost of this advice' section of this SoA.
- have received, read and understood all Product Disclosure Statements (PDS) about each financial product that has been recommended within this SoA.
- understand that this advice does not contain information on financial services products for which Count is not authorised to deal and advise under its Australian Financial Services Licence (Prohibited Products). Advice on financial services products that fall outside Count's Approved Product List (Client Choice of Products) will also not be provided except in particular circumstances.
- will advise Philip Smith as soon as possible if we wish to cease implementation of this SoA and understand that we may still be liable for outstanding fees.
- consent to Count Financial Limited passing the benefits (or a portion of these) it receives from product providers (such as fees, commissions, adviser trail payments and/or revenue sharing payments) and from me directly (via tax invoice) from Count Financial Limited to my Adviser as stated in the 'The cost of this advice' section of this Statement of Advice.

**By signing below we confirm that we:**

Proceed with the implementation of the strategy detailed in the SoA and all of the financial product recommendations made within it;

**OR**

Proceed with the implementation, in part only, of the strategy detailed in the SoA and / or partial financial product recommendations (please detail any amendments below).

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**Acknowledgement**

**Name:** Noel Cratchley

Signature:

**Name:** Kathryn Cratchley

Signature:

**Adviser Name:** Philip Smith

Signature:



## How to implement this advice

*This section contains a checklist of what you need to do to implement this advice.*

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This checklist has been provided to help you understand the contents of this financial plan and what needs to be done to implement this advice. **Hunter Financial Pty Ltd** is happy to provide assistance if you would like help completing any of the steps outlined in the following checklist:

- Read your SoA
- Read the additional documents outlined in the 'Important Documents' section.
- Contact Philip Smith if there is anything that you do not understand or if you do not want to proceed with the recommendations in full.
- Sign the Agreement to proceed once you have no further questions and are happy to proceed with the advice as indicated by you on the agreement.
- Complete the forms/applications provided.
- Schedule an appointment with your Accountant to Self-Managed Super Fund (SMSF) and a bank account.



## Further explanation of this advice

This section contains additional detail to further your understanding of this advice.

### Risk profiles

#### Noel and Kathryn, your current risk tolerance profile

The level of shares and property in your portfolio is dependent on your willingness to tolerate short-term price fluctuations (rises and falls) in order to achieve longer-term growth. Your risk profile will depend on a number of factors including:

- Your investment goals
- Your investment time frame
- Your tolerance to investment risk

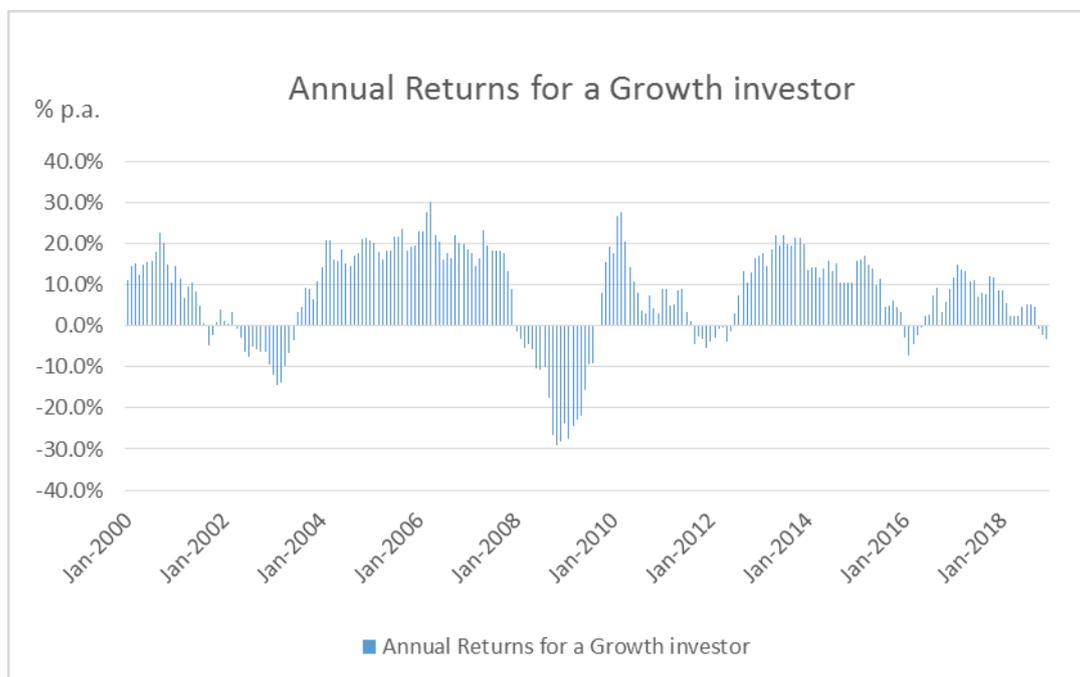
The following table summarises the nature of each risk profile and the potential return expectations.

Risk Profile	Defensive	Conservative	Moderate	Balanced	Growth	High Growth
Investment term	2 years	3 years	5 years	6 years	8 years	10 years
Net return objective	CPI + 0.5%	CPI + 1%	CPI + 1.5%	CPI + 2.5%	CPI + 3%	CPI + 4%
Growth vs. Income	10 / 90%	30 / 70%	50 / 50%	70 / 30%	80 / 20%	100 / 0%

Please note that the return objective is an average estimate only, over the above Investment term.

**From the information completed within your FNA and from the discussions during our meeting we have determined your risk profile as Growth.**

As a Growth investor, you have a longer-term investment horizon and are prepared to accept higher volatility as a trade-off for greater returns. You understand that this strategy can produce higher returns over the long run, but can lead to higher short-term volatility. Nevertheless, you are prepared to wear this volatility to achieve your long-term goals. As such a higher exposure to growth assets would be appropriate, with limited exposure to income assets.



Although history is not an indication of future performance, the pattern of attractive investment returns with greater fluctuations and periods of negative returns is typical of a Growth investment option. A controlled exposure to growth and income assets, with greater emphasis on growth assets, will allow for investment growth over the long-term. The addition of income assets provides attractive diversification benefits which can help with short term volatility.

Portfolio characteristics	
Suggested minimum time frame for investment	Eight years
Level of short-term investment risk	High
Return objective (relative to other investment strategies)	High
Overall asset mix	Growth (80%) / Income assets (20%)

A Growth investment option aims to maximise returns whilst still maintaining an element of control over investment risks by diversifying investments across a spread of assets.

## Additional projections

### Alternative 1 – Establish your SMSF but make NO additional contributions to the fund

#### Key assumptions used for projections

Our assumptions remain the same as listed in the Financial Outcomes section above, however, we have assumed that you do not make the recommend concessional contributions of \$25,000 each and non-concessional of \$100,000 each this financial year (2020/21).

Furthermore, due to insufficient funds within your SMSF from no personal contributions being made, we have also assumed that your funds within your SMSF remain in cash and you do not purchase direct property.

#### The key results of our projections are below:

- **Our projections indicate that if you do not make the additional contributions you will have insufficient cash in your SMSF to meet your goal of purchasing direct property to the value of approximately \$800,000. The balance of your SMSF at establishment will be \$673,794 as opposed to \$923,794 if you make our recommended contributions.**
- Our projections indicate that as the funds within your SMSF remain in cash, your SMSF will first be depleted in 01 July 2032 (ages 84 and 82). From here, you are required to rely on cash reserves from your bank accounts and you will first experience unfunded net cashflow on 01 July 2039 (91 and 89) of -\$33,139. Here, you will be required to sell your Byron Bay investment property, Kulnura Farm, or downsize your home in order to continue funding your expenditure needs throughout the remainder of your retirement.
- **Please see the chart and table below for further information.**

## Consolidated Cashflow

Displaying: 10 years from the start of the projection

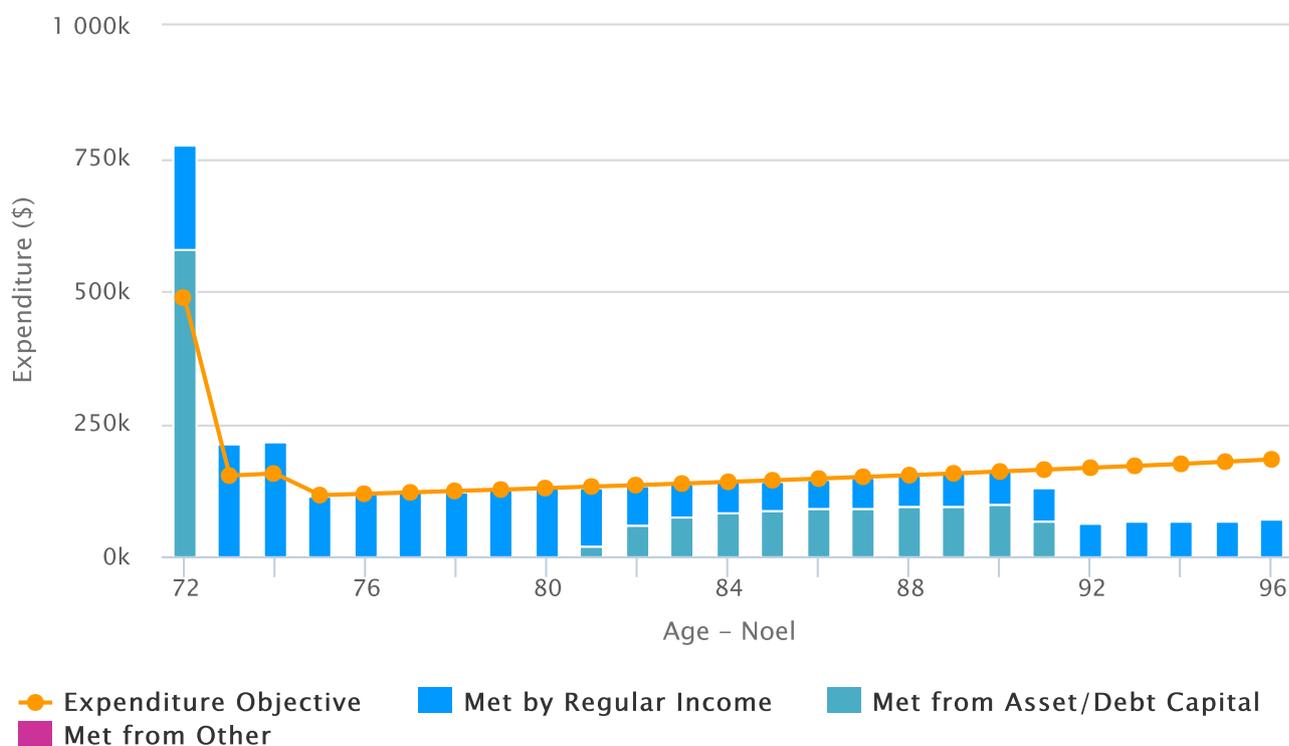
Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Inflow</b>										
<b>Income</b>										
Noel	67,462	69,081	70,739	0	0	0	0	0	0	0
> Gross Income	67,462	69,081	70,739	0	0	0	0	0	0	0
Kathryn	68,064	69,698	71,370	0	0	0	0	0	0	0
> Gross Income	68,064	69,698	71,370	0	0	0	0	0	0	0
<b>Pension Income</b>										
Account Based Pension	16,842	32,311	30,541	70,666	72,221	73,810	75,433	77,093	78,789	60,253
> Noel	9,320	17,880	16,900	39,103	39,963	40,843	41,741	42,660	43,598	33,341
> Kathryn	7,522	14,431	13,641	31,563	32,257	32,967	33,692	34,433	35,191	26,912
<b>Investment Income</b>										
Rental Income	41,600	42,515	43,451	44,406	45,383	46,382	47,402	48,445	49,511	50,600
> Factory Warehouse Byron Bay	41,600	42,515	43,451	44,406	45,383	46,382	47,402	48,445	49,511	50,600
<b>Investment Proceeds</b>										
Ordinary Asset	580,000	0	0	0	0	0	0	0	0	0
> Personal Bank Account	530,000	0	0	0	0	0	0	0	0	0
> Business Bank Account	50,000	0	0	0	0	0	0	0	0	0
<b>Total Inflow</b>	<b>773,968</b>	<b>213,605</b>	<b>216,100</b>	<b>115,072</b>	<b>117,604</b>	<b>120,191</b>	<b>122,836</b>	<b>125,538</b>	<b>128,300</b>	<b>110,853</b>
<b>Outflow</b>										
<b>Expenditure</b>										
Living Expenses	72,800	74,402	76,038	77,711	79,421	81,168	82,954	84,779	86,644	88,550
Annual Travel	30,000	30,660	31,335	32,024	32,728	33,448	34,184	34,936	35,705	36,490
CGT Bill	330,000	0	0	0	0	0	0	0	0	0
<b>Taxation</b>										
Noel	18,975	20,752	21,466	0	0	0	0	0	0	0
> Income Tax	18,975	20,752	21,466	0	0	0	0	0	0	0
> High Income Contribution Surcharge	0	0	0	0	0	0	0	0	0	0
Kathryn	19,183	20,965	21,684	0	0	0	0	0	0	0
> Income Tax	19,183	20,965	21,684	0	0	0	0	0	0	0
> High Income Contribution Surcharge	0	0	0	0	0	0	0	0	0	0
<b>Fees and Expenses</b>										
Property Ongoing Expenses	5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951	6,082
> Factory Warehouse Byron Bay	5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951	6,082
<b>Financing</b>										
Repayment of Borrowings	11,360	0	0	0	0	0	0	0	0	0
<b>Total Outflow</b>	<b>487,317</b>	<b>151,889</b>	<b>155,746</b>	<b>115,072</b>	<b>117,604</b>	<b>120,191</b>	<b>122,836</b>	<b>125,538</b>	<b>128,300</b>	<b>131,122</b>
<b>Net Cashflow</b>										
Total Inflow	773,968	213,605	216,100	115,072	117,604	120,191	122,836	125,538	128,300	110,853
Total Outflow	487,317	151,889	155,746	115,072	117,604	120,191	122,836	125,538	128,300	131,122
Net Cashflow	286,650	61,716	60,355	0	0	0	0	0	0	-20,269
Surplus: Non Deduct Debt/Deduct										

Prepared on 04 February 2021

Debt/Assets by Ratio  
 Deficit:  
 Descending CGT

Allocated to/from Assets > Personal Bank Account	-168,554	-61,716	-60,355	0	0	0	0	0	0	20,269
Bank Account	-109,412	-40,061	-39,178	0	0	0	0	0	0	20,269
> Business Bank Account	-59,142	-21,655	-21,177	0	0	0	0	0	0	0
Allocated to/from Debt > Home Loan	-118,096	0	0	0	0	0	0	0	0	0
> Kulnura Farm Loan	-18,656	0	0	0	0	0	0	0	0	0
Additional Expenditure Unfunded Net Cashflow	-99,440	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0

### Expenditure Achieved



## SMSF Consolidated Cashflow

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
<b>Age - Noel</b>	<b>72.5</b>	<b>73.5</b>	<b>74.5</b>	<b>75.5</b>	<b>76.5</b>	<b>77.5</b>	<b>78.5</b>	<b>79.5</b>	<b>80.5</b>	<b>81.5</b>
<b>Age - Kathryn</b>	<b>70.4</b>	<b>71.4</b>	<b>72.4</b>	<b>73.4</b>	<b>74.4</b>	<b>75.4</b>	<b>76.4</b>	<b>77.4</b>	<b>78.4</b>	<b>79.4</b>
<b>Inflow</b>										
<b>Total Inflow</b>	<b>0</b>									
<b>Outflow</b>										
<b>Expenditure</b>										
Accounting Fees	3,000	3,066	3,133	3,202	3,273	3,345	3,418	3,494	3,570	3,649
Adviser Fee	7,700	0	0	0	0	0	0	0	0	0
Benefits Paid	0	0	0	0	0	0	0	0	0	0
Pension	16,842	32,311	30,541	70,666	72,221	73,810	75,433	77,093	78,789	60,253
Drawdowns										
> Noel	9,320	17,880	16,900	39,103	39,963	40,843	41,741	42,660	43,598	33,341
> Kathryn	7,522	14,431	13,641	31,563	32,257	32,967	33,692	34,433	35,191	26,912
<b>Taxation</b>										
Income Tax	0	0	0	0	0	0	0	0	0	0
Contributions	0	0	0	0	0	0	0	0	0	0
Surcharge										
Excess	0	0	0	0	0	0	0	0	0	0
Contributions Tax										
<b>Fees and Expenses</b>										
<b>Total Outflow</b>	<b>27,542</b>	<b>35,377</b>	<b>33,674</b>	<b>73,868</b>	<b>75,494</b>	<b>77,154</b>	<b>78,852</b>	<b>80,587</b>	<b>82,359</b>	<b>63,902</b>
<b>Net Cashflow</b>										
Total Inflow	0	0	0	0	0	0	0	0	0	0
Total Outflow	27,542	35,377	33,674	73,868	75,494	77,154	78,852	80,587	82,359	63,902
Net Cashflow	-27,542	-35,377	-33,674	-73,868	-75,494	-77,154	-78,852	-80,587	-82,359	-63,902
Surplus: Assets by Ratio										
Deficit:										
Descending CGT										
Allocated to/from Assets	27,542	35,377	33,674	73,868	75,494	77,154	78,852	80,587	82,359	63,902
> Cash	27,542	35,377	33,674	73,868	75,494	77,154	78,852	80,587	82,359	63,902
Unfunded Net Cashflow	0	0	0	0	0	0	0	0	0	0

## SMSF Allocated Pension - Noel

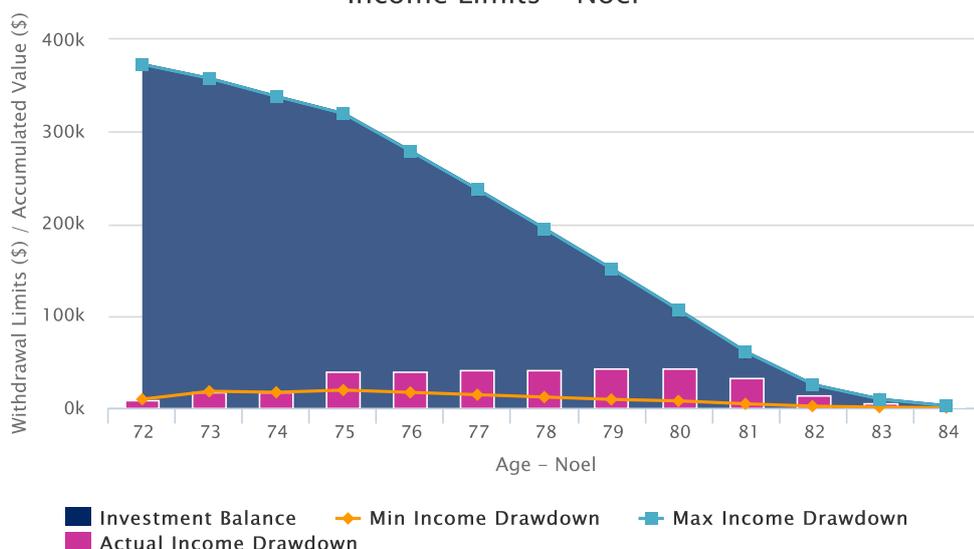
Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
<b>Age - Noel</b>	<b>72.5</b>	<b>73.5</b>	<b>74.5</b>	<b>75.5</b>	<b>76.5</b>	<b>77.5</b>	<b>78.5</b>	<b>79.5</b>	<b>80.5</b>	<b>81.5</b>
<b>Age - Kathryn</b>	<b>70.4</b>	<b>71.4</b>	<b>72.4</b>	<b>73.4</b>	<b>74.4</b>	<b>75.4</b>	<b>76.4</b>	<b>77.4</b>	<b>78.4</b>	<b>79.4</b>
<b>Allocated/Account Based Pensions - Noel</b>										
ABP (Client)										
Opening Value	372,847	357,606	338,029	319,396	278,520	236,746	194,052	150,419	105,827	60,253
> Taxable - Taxed Proportion	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%
> Tax Free Proportion	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%
Income Drawdown	9,320	17,880	16,900	39,103	39,963	40,843	41,741	42,660	43,598	33,341
> Minimum Income	9,320	17,880	16,900	19,160	16,710	14,200	11,640	9,030	7,410	4,220
> Maximum Income	372,847	357,606	338,029	319,396	278,520	236,746	194,052	150,419	105,827	60,253
> Elected Income	9,318	17,879	16,899	39,103	39,963	40,843	41,741	42,660	43,598	33,341
> Payment Info										
> Tax Exempt Income Amount	9,320	17,880	16,900	39,103	39,963	40,843	41,741	42,660	43,598	33,341
Earnings (incl excess credits and	-5,921	-1,697	-1,734	-1,772	-1,811	-1,851	-1,892	-1,933	-1,976	-2,019

Prepared on 04 February 2021

less tax)										
> Rollover To Accumulation (Reboot)	357,606	0	0	0	0	0	0	0	0	0
> Rollover From Accumulation (Reboot)	357,606	0	0	0	0	0	0	0	0	0
Closing Value	357,606	338,029	319,396	278,520	236,746	194,052	150,419	105,827	60,253	24,893
> Taxable - Taxed Proportion	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%	54.261%
> Tax Free Proportion	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%	45.739%
Closing Value (PV)	349,908	323,633	299,210	255,301	212,338	170,299	129,166	88,918	49,536	20,025

### Projection of SMSF Account Based Pension Investment and Income Limits – Noel



### SMSF Allocated Pension - Kathryn

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4

### Allocated/Account Based Pensions - Kathryn

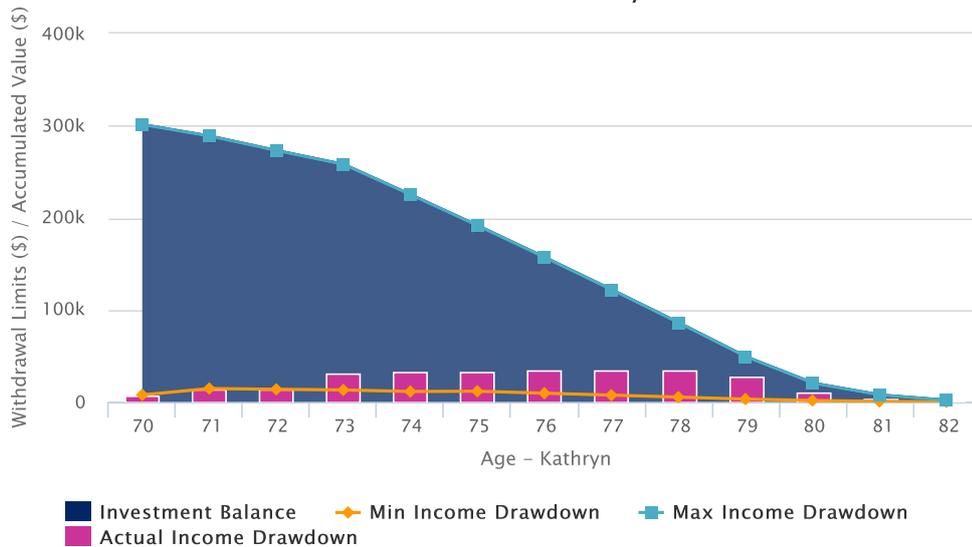
ABP (Partner)

Opening Value	300,947	288,646	272,846	257,806	224,813	191,094	156,633	121,414	85,420	48,634
> Taxable - Taxed Proportion	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%
> Tax Free Proportion	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%
Income Drawdown	7,522	14,431	13,641	31,563	32,257	32,967	33,692	34,433	35,191	26,912
> Minimum Income	7,520	14,430	13,640	12,890	11,240	11,470	9,400	7,280	5,130	2,920
> Maximum Income	300,947	288,646	272,846	257,806	224,813	191,094	156,633	121,414	85,420	48,634
> Elected Income	7,522	14,431	13,641	31,563	32,257	32,967	33,692	34,433	35,191	26,912
> Payment Info										
> Tax Exempt Income Amount	7,522	14,431	13,641	31,563	32,257	32,967	33,692	34,433	35,191	26,912
Earnings (incl excess credits and less tax)	-4,779	-1,369	-1,400	-1,430	-1,462	-1,494	-1,527	-1,560	-1,595	-1,630
> Rollover To Accumulation (Reboot)	288,646	0	0	0	0	0	0	0	0	0
> Rollover From	288,646	0	0	0	0	0	0	0	0	0

Prepared on 04 February 2021

Accumulation (Reboot)										
Closing Value	288,646	272,846	257,806	224,813	191,094	156,633	121,414	85,420	48,634	20,093
> Taxable - Taxed Proportion	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%	42.105%
> Tax Free Proportion	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%	57.895%
Closing Value (PV)	282,433	261,226	241,513	206,071	171,392	137,460	104,259	71,772	39,984	16,163

### Projection of SMSF Account Based Pension Investment and Income Limits – Kathryn



### Assets - Total - Detail

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Total Assets - Joint</b>										
Personal Bank Account	900,000	479,412	519,474	558,651	558,651	558,651	558,651	558,651	558,651	558,651
Business Bank Account	250,000	259,142	280,796	301,974	301,974	301,974	301,974	301,974	301,974	301,974
Primary Residence	3,000,000	3,066,000	3,133,452	3,202,388	3,272,840	3,344,843	3,418,430	3,493,635	3,570,495	3,649,046
Warehouse Byron Bay	800,000	817,600	835,587	853,970	872,757	891,958	911,581	931,636	952,132	973,079
Kulnura Farm (50%)	800,000	817,600	835,587	853,970	872,757	891,958	911,581	931,636	952,132	973,079
<b>Total</b>	<b>5,750,000</b>	<b>5,439,754</b>	<b>5,604,896</b>	<b>5,770,953</b>	<b>5,878,980</b>	<b>5,989,384</b>	<b>6,102,217</b>	<b>6,217,532</b>	<b>6,335,384</b>	<b>6,455,828</b>
<b>Total (PV)</b>	<b>5,750,000</b>	<b>5,322,656</b>	<b>5,366,187</b>	<b>5,406,234</b>	<b>5,388,879</b>	<b>5,371,897</b>	<b>5,355,281</b>	<b>5,339,022</b>	<b>5,323,114</b>	<b>5,307,548</b>

## Liabilities - Total

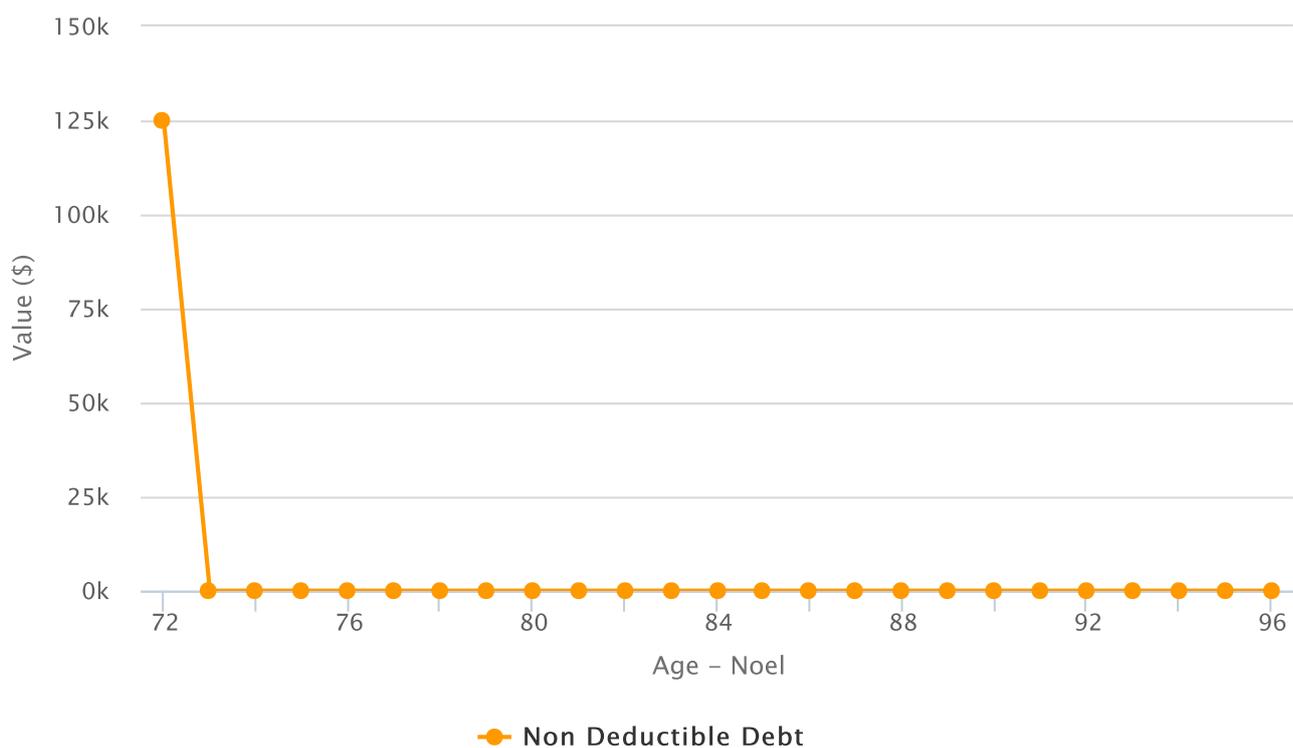
Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4

### Total Liabilities - Joint

Opening Value	125,000	118,096	0	0	0	0	0	0	0	0
Accrued Interest	4,456	0	0	0	0	0	0	0	0	0
Repayment	11,360	118,096	0	0	0	0	0	0	0	0
> Cashflow Surplus (SOP)	0	118,096	0	0	0	0	0	0	0	0
> Regular	11,360	11,360	0	0	0	0	0	0	0	0
Closing Value	118,096	0	0	0	0	0	0	0	0	0
Total Liabilities (Opening Value)	125,000	118,096	0	0	0	0	0	0	0	0
Accumulated Interest to date	4,456	4,456	4,456	4,456	4,456	4,456	4,456	4,456	4,456	4,456

## Deductible v Non Deductible Debt



## Taxation - Noel

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
<b>Age - Noel</b>	<b>72.5</b>	<b>73.5</b>	<b>74.5</b>	<b>75.5</b>	<b>76.5</b>	<b>77.5</b>	<b>78.5</b>	<b>79.5</b>	<b>80.5</b>	<b>81.5</b>
<b>Age - Kathryn</b>	<b>70.4</b>	<b>71.4</b>	<b>72.4</b>	<b>73.4</b>	<b>74.4</b>	<b>75.4</b>	<b>76.4</b>	<b>77.4</b>	<b>78.4</b>	<b>79.4</b>
<b>Income</b>										
Earned Income	67,462	69,081	70,739	0	0	0	0	0	0	0
> Gross Income	67,462	69,081	70,739	0	0	0	0	0	0	0
Investment Earnings	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
> Rental Income										
> Factory Warehouse Byron Bay	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Total Assessable Income</b>	<b>88,262</b>	<b>90,339</b>	<b>92,464</b>	<b>22,203</b>	<b>22,692</b>	<b>23,191</b>	<b>23,701</b>	<b>24,223</b>	<b>24,755</b>	<b>25,300</b>
<b>Deductions</b>										
Property Expenses	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
> Factory Warehouse Byron Bay	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
<b>Total Deductions</b>	<b>2,500</b>	<b>2,555</b>	<b>2,611</b>	<b>2,669</b>	<b>2,727</b>	<b>2,787</b>	<b>2,849</b>	<b>2,911</b>	<b>2,975</b>	<b>3,041</b>
<b>Taxable Income</b>										
	85,762	87,784	89,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> Loss Generated	0	0	0	0	0	0	0	0	0	0
> Loss Used	0	0	0	0	0	0	0	0	0	0
> Carry Forward Loss	0	0	0	0	0	0	0	0	0	0
<b>Gross Tax Payable</b>										
	18,340	18,997	19,669	254	335	419	504	591	680	771
> Tax Payable (Calculated)	18,340	18,997	19,669	254	335	419	504	591	680	771
> Tax Adjustment	0	0	0	0	0	0	0	0	0	0
Refundable Tax Offsets										
> No Refundable Tax Offsets										
<b>Total Refundable Tax Offsets</b>	<b>0</b>									
Non Refundable Tax Offsets										
Low Income Tax Offset	0	0	0	700	700	700	700	700	700	700
> Eligible	Yes									
> Taxable Income	85,762	87,784	89,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> Maximum Rebate	700	700	700	700	700	700	700	700	700	700
> Maximum Offset for Taxable Income up to	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
> No Offset if Taxable Income Exceeds	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667
Low And Middle Income Tax Offset	1,080	0	0	0	0	0	0	0	0	0
> Taxable Income	85,762	87,784	89,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> Base Offset	255	0	0	0	0	0	0	0	0	0
> Base Offset up to Taxable Income of	37,000	0	0	0	0	0	0	0	0	0
> Maximum Offset	1,080	0	0	0	0	0	0	0	0	0
> Maximum Offset from Taxable Income of	48,000	0	0	0	0	0	0	0	0	0
> Maximum Offset up to Taxable Income of	90,000	0	0	0	0	0	0	0	0	0
> No Offset if Taxable Income Exceeds	126,000	0	0	0	0	0	0	0	0	0
Senior Australians Pensioner Tax Offset	0	0	0	1,602	1,602	1,602	1,602	1,602	1,602	1,602
> Income Assessed	85,762	87,784	89,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> Combined Income Threshold	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580
> Eligible	Yes									
> Maximum Offset	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602
<b>Total Non Refundable Tax Offsets</b>	<b>1,080</b>	<b>0</b>	<b>0</b>	<b>2,302</b>						
<b>Tax Payable</b>										
	<b>17,260</b>	<b>18,997</b>	<b>19,669</b>	<b>0</b>						
Levy										
Medicare Levy	1,715	1,756	1,797	0	0	0	0	0	0	0
<b>Net Amount Payable</b>	<b>18,975</b>	<b>20,752</b>	<b>21,466</b>	<b>0</b>						
Average Tax Rate	21.50%	22.97%	23.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marginal Rate (excl Medicare)	32.50%	32.50%	32.50%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

Prepared on 04 February 2021

## Taxation - Kathryn

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Income</b>										
Earned Income	68,064	69,698	71,370	0	0	0	0	0	0	0
> Gross Income	68,064	69,698	71,370	0	0	0	0	0	0	0
Investment Earnings	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
> Rental Income										
> Factory Warehouse Byron Bay	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Total Assessable Income</b>	<b>88,864</b>	<b>90,955</b>	<b>93,096</b>	<b>22,203</b>	<b>22,692</b>	<b>23,191</b>	<b>23,701</b>	<b>24,223</b>	<b>24,755</b>	<b>25,300</b>
<b>Deductions</b>										
Property Expenses	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
> Factory Warehouse Byron Bay	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
<b>Total Deductions</b>	<b>2,500</b>	<b>2,555</b>	<b>2,611</b>	<b>2,669</b>	<b>2,727</b>	<b>2,787</b>	<b>2,849</b>	<b>2,911</b>	<b>2,975</b>	<b>3,041</b>
<b>Taxable Income</b>										
> Loss Generated	0	0	0	0	0	0	0	0	0	0
> Loss Used	0	0	0	0	0	0	0	0	0	0
> Carry Forward Loss	0	0	0	0	0	0	0	0	0	0
<b>Gross Tax Payable</b>	<b>18,535</b>	<b>19,197</b>	<b>19,874</b>	<b>254</b>	<b>335</b>	<b>419</b>	<b>504</b>	<b>591</b>	<b>680</b>	<b>771</b>
> Tax Payable (Calculated)	18,535	19,197	19,874	254	335	419	504	591	680	771
> Tax Adjustment	0	0	0	0	0	0	0	0	0	0
Refundable Tax Offsets										
> No Refundable Tax Offsets										
<b>Total Refundable Tax Offsets</b>	<b>0</b>									
Non Refundable Tax Offsets										
Low Income Tax Offset	0	0	0	700	700	700	700	700	700	700
> Eligible	Yes									
> Taxable Income	86,364	88,400	90,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> Maximum Rebate	700	700	700	700	700	700	700	700	700	700
> Maximum Offset for Taxable Income up to	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
> No Offset if Taxable Income Exceeds										
Low And Middle Income Tax Offset	1,080	0	0	0	0	0	0	0	0	0
> Taxable Income	86,364	88,400	90,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> Base Offset	255	0	0	0	0	0	0	0	0	0
> Base Offset up to Taxable Income of	37,000	0	0	0	0	0	0	0	0	0
> Maximum Offset	1,080	0	0	0	0	0	0	0	0	0
> Maximum Offset from Taxable Income of	48,000	0	0	0	0	0	0	0	0	0
> Maximum Offset up to Taxable Income of	90,000	0	0	0	0	0	0	0	0	0
> No Offset if Taxable Income Exceeds										
Senior Australians Pensioner Tax Offset	0	0	0	1,602	1,602	1,602	1,602	1,602	1,602	1,602
> Income Assessed	86,364	88,400	90,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> Combined Income Threshold	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580
> Eligible	Yes									
> Maximum Offset	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602
<b>Total Non Refundable Tax Offsets</b>	<b>1,080</b>	<b>0</b>	<b>0</b>	<b>2,302</b>						
<b>Tax Payable</b>										
<b>Tax Payable</b>	<b>17,455</b>	<b>19,197</b>	<b>19,874</b>	<b>0</b>						
Levy										
Medicare Levy	1,727	1,768	1,810	0	0	0	0	0	0	0
<b>Net Amount Payable</b>	<b>19,183</b>	<b>20,965</b>	<b>21,684</b>	<b>0</b>						
Average Tax Rate	21.59%	23.05%	23.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marginal Rate (excl Medicare)	32.50%	32.50%	32.50%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

## Alternative 2 – Establish your SMSF but commute all pension accounts back to accumulation

### **Key assumptions used for projections**

Our assumptions remain the same as listed in the Financial Outcomes section above, however, we have assumed that you commute all pension accounts back to accumulation phase within your SMSF until 01 July 2029 (ages 81 and 79) when your cash reserves are depleted.

### **The key results of our projections are below:**

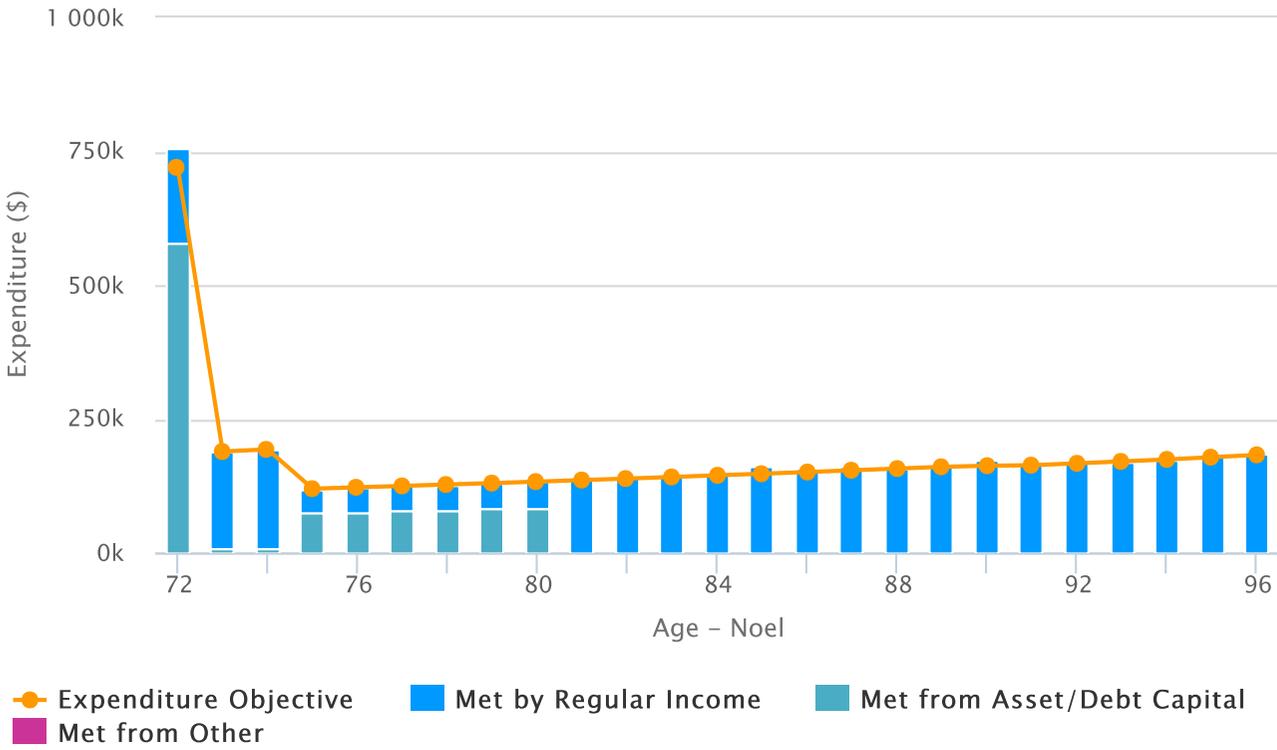
- Our projections indicate that you will have sufficient cashflow throughout retirement and your statistical Life Expectancy (ages 91 and 89) and beyond by at least five years, however, the cash within the SMSF will be depleted by 2036 (ages 88 and 86) and you will first experience unfunded net cashflow of -\$53,138 within your SMSF. From here, you will be required to liquidate your property within your SMSF in order to continue to meet your expenditure needs throughout retirement.
- **Please see the chart and table below for further information.**

## Consolidated Cashflow

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Inflow</b>										
<b>Income</b>										
Noel	67,462	69,081	70,739	0	0	0	0	0	0	0
Kathryn	68,064	69,698	71,370	0	0	0	0	0	0	0
<b>Pension Income</b>										
Account Based Pension Income	0	0	0	0	0	0	0	0	0	91,071
> Noel	0	0	0	0	0	0	0	0	0	50,350
> Kathryn	0	0	0	0	0	0	0	0	0	40,721
<b>Investment Income</b>										
Rental Income	41,600	42,515	43,451	44,406	45,383	46,382	47,402	48,445	49,511	50,600
<b>Investment Proceeds</b>										
Ordinary Asset	580,000	0	0	0	0	0	0	0	0	0
> Personal Bank Account	530,000	0	0	0	0	0	0	0	0	0
> Business Bank Account	50,000	0	0	0	0	0	0	0	0	0
<b>Total Inflow</b>	<b>757,126</b>	<b>181,294</b>	<b>185,560</b>	<b>44,406</b>	<b>45,383</b>	<b>46,382</b>	<b>47,402</b>	<b>48,445</b>	<b>49,511</b>	<b>141,671</b>
<b>Outflow</b>										
<b>Expenditure</b>										
Living Expenses	72,800	74,402	76,038	77,711	79,421	81,168	82,954	84,779	86,644	88,550
Annual Travel	30,000	30,660	31,335	32,024	32,728	33,448	34,184	34,936	35,705	36,490
CGT Bill	330,000	0	0	0	0	0	0	0	0	0
<b>Taxation</b>										
Noel	10,261	12,069	12,814	0	0	0	0	0	0	0
Kathryn	10,478	12,291	13,041	0	0	0	0	0	0	0
<b>Fees and Expenses</b>										
Property Ongoing Expenses	5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951	6,082
<b>Financing</b>										
Repayment of Borrowings	11,360	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160
<b>Superannuation Contributions</b>										
Personal Concessional Contributions	50,000	50,000	50,000	0	0	0	0	0	0	0
Personal Non-Concessional Contribution	200,000	0	0	0	0	0	0	0	0	0
<b>Total Outflow</b>	<b>719,899</b>	<b>188,692</b>	<b>192,611</b>	<b>119,232</b>	<b>121,764</b>	<b>124,351</b>	<b>126,996</b>	<b>129,698</b>	<b>132,460</b>	<b>135,282</b>
<b>Net Cashflow</b>										
Total Inflow	757,126	181,294	185,560	44,406	45,383	46,382	47,402	48,445	49,511	141,671
Total Outflow	719,899	188,692	192,611	119,232	121,764	124,351	126,996	129,698	132,460	135,282
Net Cashflow	37,227	-7,398	-7,051	-74,826	-76,381	-77,970	-79,593	-81,253	-82,949	6,389
<b>Allocated to/from Assets</b>										
> Personal Bank Account	0	7,398	7,051	74,826	76,381	77,970	79,593	81,253	82,949	0
> Business Bank Account	0	0	0	0	0	0	0	34,471	82,949	0
<b>Allocated to/from Debt</b>										
> Home Loan	-37,227	0	0	0	0	0	0	0	0	-6,389
> Kulnura Farm Loan	-18,656	0	0	0	0	0	0	0	0	0
Unfunded Net Cashflow	0	0	0	0	0	0	0	0	0	0

### Expenditure Achieved



## SMSF Consolidated Cashflow

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
<b>Age - Noel</b>	<b>72.5</b>	<b>73.5</b>	<b>74.5</b>	<b>75.5</b>	<b>76.5</b>	<b>77.5</b>	<b>78.5</b>	<b>79.5</b>	<b>80.5</b>	<b>81.5</b>
<b>Age - Kathryn</b>	<b>70.4</b>	<b>71.4</b>	<b>72.4</b>	<b>73.4</b>	<b>74.4</b>	<b>75.4</b>	<b>76.4</b>	<b>77.4</b>	<b>78.4</b>	<b>79.4</b>
<b>Inflow</b>										
<b>Contributions</b>										
Personal Concessional Contributions	50,000	50,000	50,000	0	0	0	0	0	0	0
Non-Concessional Contributions	200,000	0	0	0	0	0	0	0	0	0
<b>Investment Income</b>										
Rental Income	0	40,000	40,880	41,779	42,699	43,638	44,598	45,579	46,582	47,607
> SMSF Investment Property	0	40,000	40,880	41,779	42,699	43,638	44,598	45,579	46,582	47,607
<b>Total Inflow</b>	<b>250,000</b>	<b>90,000</b>	<b>90,880</b>	<b>41,779</b>	<b>42,699</b>	<b>43,638</b>	<b>44,598</b>	<b>45,579</b>	<b>46,582</b>	<b>47,607</b>
<b>Outflow</b>										
<b>Expenditure</b>										
Accounting Fees	3,000	3,066	3,133	3,202	3,273	3,345	3,418	3,494	3,570	3,649
Adviser Fee	7,700	0	0	0	0	0	0	0	0	0
Benefits Paid	0	0	0	0	0	0	0	0	0	0
Pension Drawdowns	0	0	0	0	0	0	0	0	0	91,071
> Noel	0	0	0	0	0	0	0	0	0	50,350
> Kathryn	0	0	0	0	0	0	0	0	0	40,721
<b>Taxation</b>										
Income Tax	5,895	12,290	12,395	5,003	5,113	5,226	5,341	5,458	5,578	0
Contributions Surcharge	0	0	0	0	0	0	0	0	0	0
Excess Contributions Tax	0	0	0	0	0	0	0	0	0	0
<b>Capital Investment</b>										
Asset	250,000	50,000	50,000	0	0	0	0	0	0	0
Property Purchase	0	836,628	0	0	0	0	0	0	0	0
<b>Fees and Expenses</b>										
Property Ongoing Costs	0	5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951
<b>Total Outflow</b>	<b>266,595</b>	<b>906,984</b>	<b>70,639</b>	<b>13,428</b>	<b>13,723</b>	<b>14,025</b>	<b>14,334</b>	<b>14,649</b>	<b>14,972</b>	<b>100,671</b>
<b>Net Cashflow</b>										
Total Inflow	250,000	90,000	90,880	41,779	42,699	43,638	44,598	45,579	46,582	47,607
Total Outflow	266,595	906,984	70,639	13,428	13,723	14,025	14,334	14,649	14,972	100,671
Net Cashflow	-16,595	-816,984	20,241	28,351	28,975	29,613	30,264	30,930	31,610	-53,064
Surplus: Assets by Ratio										
Deficit: Asset Ratio										
Allocated to/from Assets	16,595	816,984	-20,241	-28,351	-28,975	-29,613	-30,264	-30,930	-31,610	53,064
Unfunded Net Cashflow	0	0	0	0	0	0	0	0	0	0

## SMSF Allocated Pension - Noel

Displaying: 10 years from the start of the projection

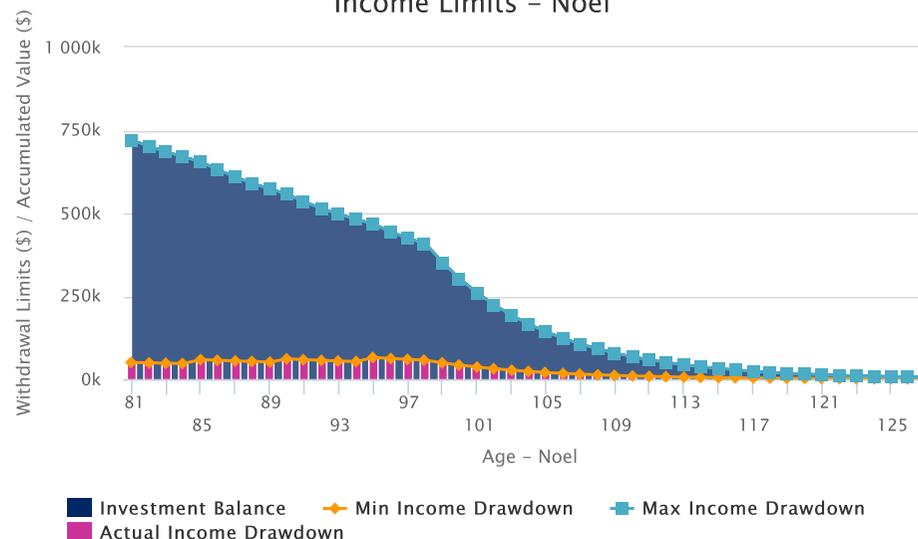
Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4

### Allocated/Account Based Pensions - Noel

ABP (Client)

Opening Value	0	0	0	0	0	0	0	0	0	0
> Taxable - Taxed Proportion	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
Transaction (SOP)	0	0	0	0	0	0	0	0	0	719,269
> Rollover to Pension	0	0	0	0	0	0	0	0	0	719,269
Income Drawdown	0	0	0	0	0	0	0	0	0	50,350
> Minimum Income	0	0	0	0	0	0	0	0	0	50,350
> Maximum Income	0	0	0	0	0	0	0	0	0	719,269
> Elected Income	0	0	0	0	0	0	0	0	0	47,009
> Payment Info										
> Tax Exempt Income Amount	0	0	0	0	0	0	0	0	0	50,350
Earnings (incl excess credits and less tax)	0	0	0	0	0	0	0	0	0	31,589
Closing Value	0	0	0	0	0	0	0	0	0	700,508
> Taxable - Taxed Proportion	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	62.387%
> Tax Free Proportion	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	37.613%
Closing Value (PV)	0	0	0	0	0	0	0	0	0	563,513

Projection of SMSF Account Based Pension Investment and Income Limits - Noel



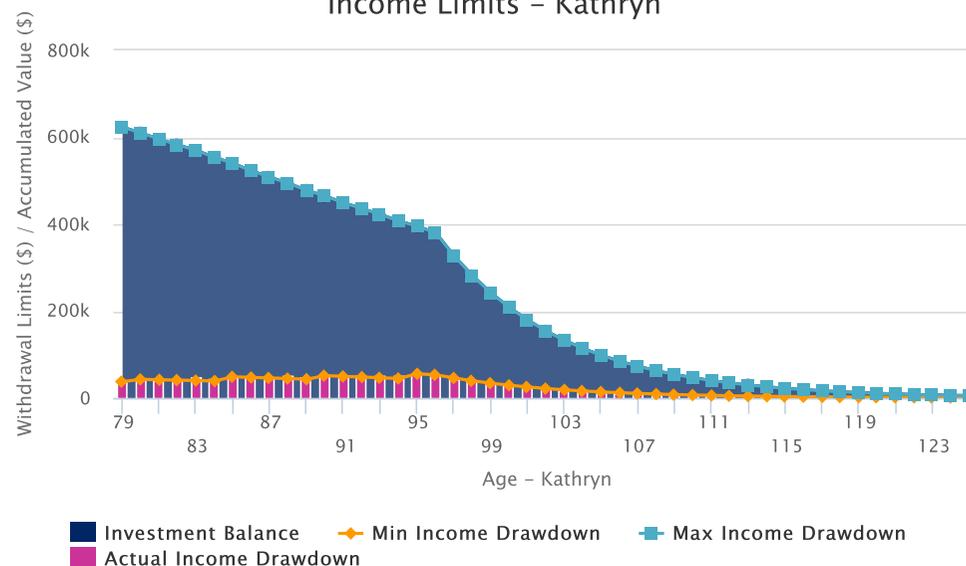
Prepared on 04 February 2021

## SMSF Allocated Pension - Kathryn

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Allocated/Account Based Pensions - Kathryn</b>										
Opening Value	0	0	0	0	0	0	0	0	0	0
> Taxable - Taxed Proportion	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
Transaction (SOP)	0	0	0	0	0	0	0	0	0	623,062
> Rollover to Pension	0	0	0	0	0	0	0	0	0	623,062
Income Drawdown	0	0	0	0	0	0	0	0	0	40,721
> Minimum Income	0	0	0	0	0	0	0	0	0	37,380
> Maximum Income	0	0	0	0	0	0	0	0	0	623,062
> Elected Income	0	0	0	0	0	0	0	0	0	40,721
> Payment Info										
> Tax Exempt Income Amount	0	0	0	0	0	0	0	0	0	40,721
Earnings (incl excess credits and less tax)	0	0	0	0	0	0	0	0	0	27,364
Closing Value	0	0	0	0	0	0	0	0	0	609,705
> Taxable - Taxed Proportion	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	55.986%
> Tax Free Proportion	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	44.014%
Closing Value (PV)	0	0	0	0	0	0	0	0	0	490,468

Projection of SMSF Account Based Pension Investment and Income Limits – Kathryn



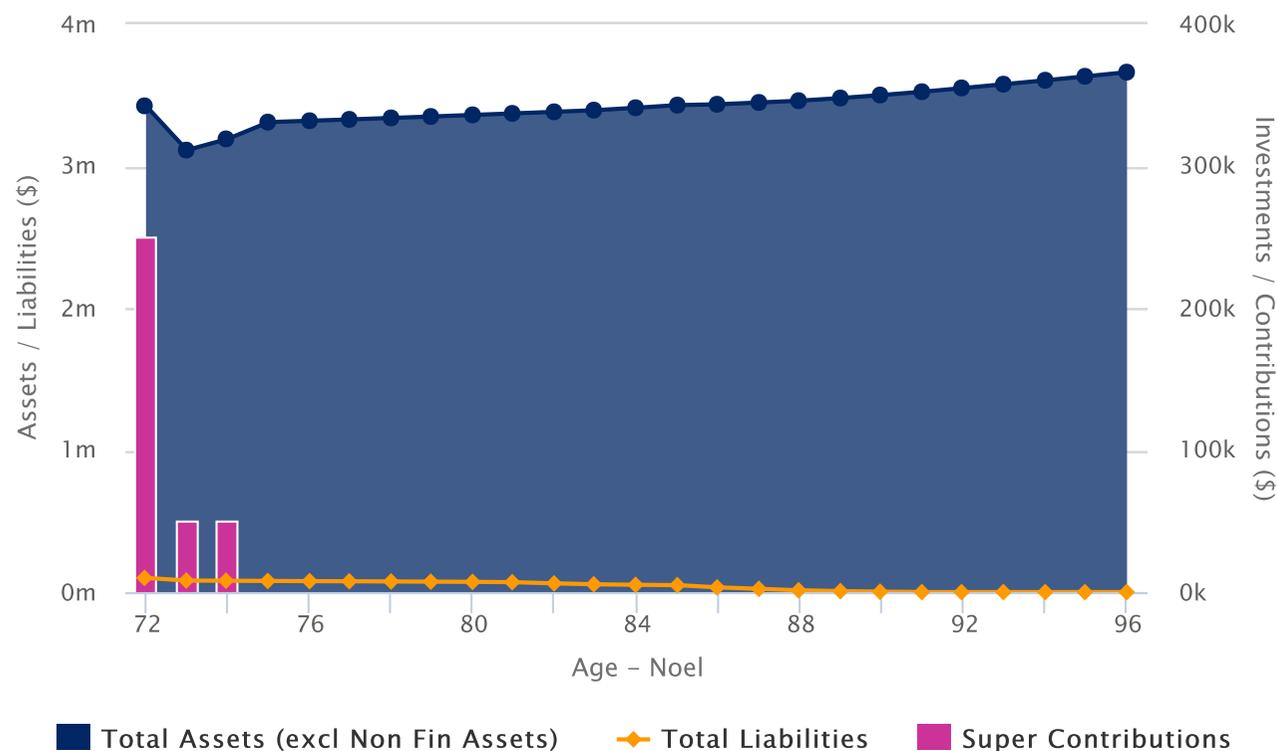
Prepared on 04 February 2021

## Assets - Total - Detail

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Total Assets - Joint</b>										
Personal Bank Account	900,000	370,000	362,602	355,551	280,725	204,344	126,375	46,781	0	0
Business Bank Account	250,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	165,529	82,580
Primary Residence	3,000,000	3,066,000	3,133,452	3,202,388	3,272,840	3,344,843	3,418,430	3,493,635	3,570,495	3,649,046
Factory Warehouse Byron Bay	800,000	817,600	835,587	853,970	872,757	891,958	911,581	931,636	952,132	973,079
Kulnura Farm (50%)	800,000	817,600	835,587	853,970	872,757	891,958	911,581	931,636	952,132	973,079
<b>Total</b>	<b>5,750,000</b>	<b>5,271,200</b>	<b>5,367,228</b>	<b>5,465,879</b>	<b>5,499,080</b>	<b>5,533,104</b>	<b>5,567,967</b>	<b>5,603,688</b>	<b>5,640,287</b>	<b>5,677,783</b>
<b>Total (PV)</b>	<b>5,750,000</b>	<b>5,157,730</b>	<b>5,138,641</b>	<b>5,120,441</b>	<b>5,040,649</b>	<b>4,962,658</b>	<b>4,886,425</b>	<b>4,811,912</b>	<b>4,739,080</b>	<b>4,667,891</b>

## Total Asset Summary

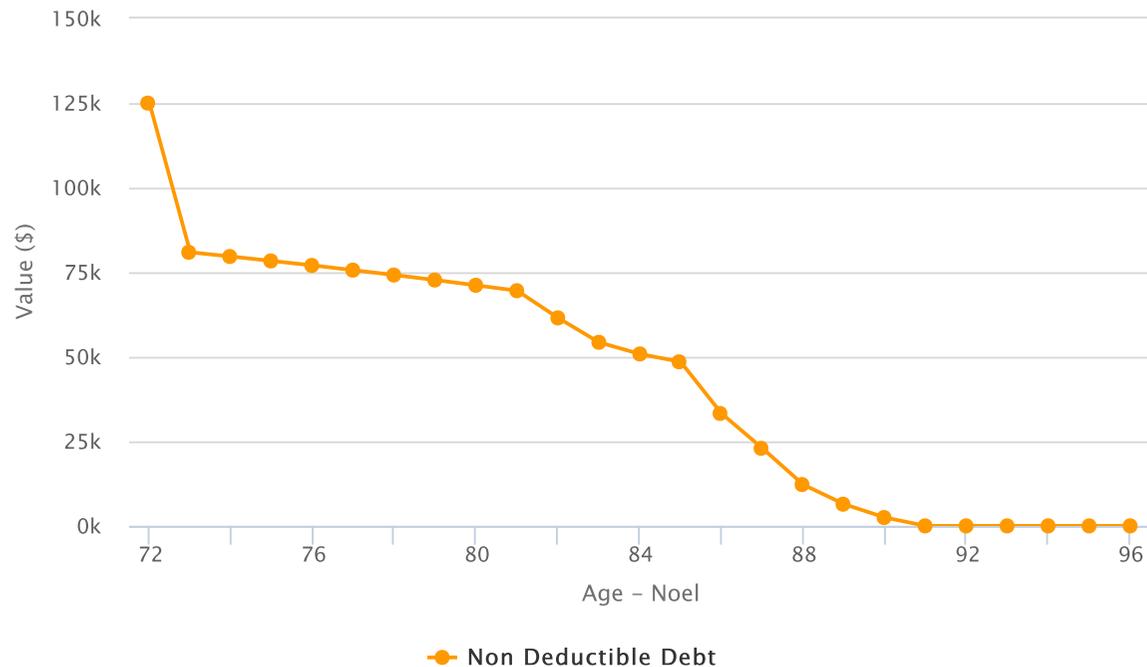


## Liabilities - Total

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Total Liabilities - Joint</b>										
Opening Value	125,000	118,096	79,621	78,327	76,987	75,598	74,160	72,670	71,126	69,526
Accrued Interest	4,456	2,911	2,866	2,820	2,772	2,722	2,670	2,616	2,561	2,503
Repayment	11,360	41,387	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160
> Cashflow Surplus (SOP)	0	37,227	0	0	0	0	0	0	0	0
> Regular	11,360	11,360	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160
Closing Value	118,096	79,621	78,327	76,987	75,598	74,160	72,670	71,126	69,526	67,869
Total Liabilities (Opening Value)	125,000	118,096	79,621	78,327	76,987	75,598	74,160	72,670	71,126	69,526
Accumulated Interest to date	4,456	7,367	10,234	13,053	15,825	18,546	21,216	23,832	26,393	28,896

### Deductible v Non Deductible Debt



## Taxation - Noel

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
<b>Age - Noel</b>	<b>72.5</b>	<b>73.5</b>	<b>74.5</b>	<b>75.5</b>	<b>76.5</b>	<b>77.5</b>	<b>78.5</b>	<b>79.5</b>	<b>80.5</b>	<b>81.5</b>
<b>Age - Kathryn</b>	<b>70.4</b>	<b>71.4</b>	<b>72.4</b>	<b>73.4</b>	<b>74.4</b>	<b>75.4</b>	<b>76.4</b>	<b>77.4</b>	<b>78.4</b>	<b>79.4</b>
<b>Income</b>										
Earned Income	67,462	69,081	70,739	0	0	0	0	0	0	0
Investment Earnings	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
> <i>Factory Warehouse Byron Bay</i>	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Total Assessable Income</b>	<b>88,262</b>	<b>90,339</b>	<b>92,464</b>	<b>22,203</b>	<b>22,692</b>	<b>23,191</b>	<b>23,701</b>	<b>24,223</b>	<b>24,755</b>	<b>25,300</b>
<b>Deductions</b>										
Property Expenses	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
Personal Concessional Contributions	25,000	25,000	25,000	0	0	0	0	0	0	0
<b>Total Deductions</b>	<b>27,500</b>	<b>27,555</b>	<b>27,611</b>	<b>2,669</b>	<b>2,727</b>	<b>2,787</b>	<b>2,849</b>	<b>2,911</b>	<b>2,975</b>	<b>3,041</b>
<b>Taxable Income</b>	<b>60,762</b>	<b>62,784</b>	<b>64,853</b>	<b>19,535</b>	<b>19,964</b>	<b>20,404</b>	<b>20,852</b>	<b>21,311</b>	<b>21,780</b>	<b>22,259</b>
<b>Gross Tax Payable</b>	<b>10,215</b>	<b>10,872</b>	<b>11,544</b>	<b>254</b>	<b>335</b>	<b>419</b>	<b>504</b>	<b>591</b>	<b>680</b>	<b>771</b>
Refundable Tax Offsets										
> <i>No Refundable Tax Offsets</i>										
<b>Total Refundable Tax Offsets</b>	<b>0</b>									
Non-Refundable Tax Offsets										
Low Income Tax Offset	89	58	27	700	700	700	700	700	700	700
> <i>Eligible</i>	Yes									
> <i>Taxable Income</i>	60,762	62,784	64,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Maximum Rebate</i>	700	700	700	700	700	700	700	700	700	700
> <i>Maximum Offset for Taxable Income up to</i>	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
> <i>No Offset if Taxable Income Exceeds</i>	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667
Low And Middle Income Tax Offset	1,080	0	0	0	0	0	0	0	0	0
> <i>Taxable Income</i>	60,762	62,784	64,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Base Offset</i>	255	0	0	0	0	0	0	0	0	0
> <i>Base Offset up to Taxable Income of</i>	37,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset</i>	1,080	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset from Taxable Income of</i>	48,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset up to Taxable Income of</i>	90,000	0	0	0	0	0	0	0	0	0
> <i>No Offset if Taxable Income Exceeds</i>	126,000	0	0	0	0	0	0	0	0	0
Senior Australians Pensioner Tax Offset	0	0	0	1,602	1,602	1,602	1,602	1,602	1,602	1,602
> <i>Income Assessed</i>	85,762	87,784	89,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Combined Income Threshold</i>	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580
> <i>Eligible</i>	Yes									
> <i>Maximum Offset</i>	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602
<b>Total Non-Refundable Tax Offsets</b>	<b>1,169</b>	<b>58</b>	<b>27</b>	<b>2,302</b>						
<b>Tax Payable</b>	<b>9,046</b>	<b>10,813</b>	<b>11,517</b>	<b>0</b>						
Levy										
Medicare Levy	1,215	1,256	1,297	0	0	0	0	0	0	0
<b>Net Amount Payable</b>	<b>10,261</b>	<b>12,069</b>	<b>12,814</b>	<b>0</b>						
Average Tax Rate	11.63%	13.36%	13.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marginal Rate (excl Medicare)	32.50%	32.50%	32.50%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

## Taxation - Kathryn

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
<b>Age - Noel</b>	<b>72.5</b>	<b>73.5</b>	<b>74.5</b>	<b>75.5</b>	<b>76.5</b>	<b>77.5</b>	<b>78.5</b>	<b>79.5</b>	<b>80.5</b>	<b>81.5</b>
<b>Age - Kathryn</b>	<b>70.4</b>	<b>71.4</b>	<b>72.4</b>	<b>73.4</b>	<b>74.4</b>	<b>75.4</b>	<b>76.4</b>	<b>77.4</b>	<b>78.4</b>	<b>79.4</b>
<b>Income</b>										
Earned Income	68,064	69,698	71,370	0	0	0	0	0	0	0
Investment Earnings	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
> <i>Factory Warehouse Byron Bay</i>	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Total Assessable Income</b>	<b>88,864</b>	<b>90,955</b>	<b>93,096</b>	<b>22,203</b>	<b>22,692</b>	<b>23,191</b>	<b>23,701</b>	<b>24,223</b>	<b>24,755</b>	<b>25,300</b>
<b>Deductions</b>										
Property Expenses	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
Personal Concessional Contributions	25,000	25,000	25,000	0	0	0	0	0	0	0
<b>Total Deductions</b>	<b>27,500</b>	<b>27,555</b>	<b>27,611</b>	<b>2,669</b>	<b>2,727</b>	<b>2,787</b>	<b>2,849</b>	<b>2,911</b>	<b>2,975</b>	<b>3,041</b>
<b>Taxable Income</b>	<b>61,364</b>	<b>63,400</b>	<b>65,484</b>	<b>19,535</b>	<b>19,964</b>	<b>20,404</b>	<b>20,852</b>	<b>21,311</b>	<b>21,780</b>	<b>22,259</b>
<b>Gross Tax Payable</b>	<b>10,410</b>	<b>11,072</b>	<b>11,749</b>	<b>254</b>	<b>335</b>	<b>419</b>	<b>504</b>	<b>591</b>	<b>680</b>	<b>771</b>
Refundable Tax Offsets										
> <i>No Refundable Tax Offsets</i>										
<b>Total Refundable Tax Offsets</b>	<b>0</b>									
Non-Refundable Tax Offsets										
Low Income Tax Offset	80	49	18	700	700	700	700	700	700	700
> <i>Eligible</i>	Yes									
> <i>Taxable Income</i>	61,364	63,400	65,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Maximum Rebate</i>	700	700	700	700	700	700	700	700	700	700
> <i>Maximum Offset for Taxable Income up to</i>	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
> <i>No Offset if Taxable Income Exceeds</i>	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667
Low And Middle Income Tax Offset	1,080	0	0	0	0	0	0	0	0	0
> <i>Taxable Income</i>	61,364	63,400	65,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Base Offset</i>	255	0	0	0	0	0	0	0	0	0
> <i>Base Offset up to Taxable Income of</i>	37,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset</i>	1,080	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset from Taxable Income of</i>	48,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset up to Taxable Income of</i>	90,000	0	0	0	0	0	0	0	0	0
> <i>No Offset if Taxable Income Exceeds</i>	126,000	0	0	0	0	0	0	0	0	0
Senior Australians Pensioner Tax Offset	0	0	0	1,602	1,602	1,602	1,602	1,602	1,602	1,602
> <i>Income Assessed</i>	86,364	88,400	90,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Combined Income Threshold</i>	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580
> <i>Eligible</i>	Yes									
> <i>Maximum Offset</i>	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602
<b>Total Non-Refundable Tax Offsets</b>	<b>1,160</b>	<b>49</b>	<b>18</b>	<b>2,302</b>						
<b>Tax Payable</b>	<b>9,251</b>	<b>11,023</b>	<b>11,732</b>	<b>0</b>						
Levy										
Medicare Levy	1,227	1,268	1,310	0	0	0	0	0	0	0
<b>Net Amount Payable</b>	<b>10,478</b>	<b>12,291</b>	<b>13,041</b>	<b>0</b>						
Average Tax Rate	11.79%	13.51%	14.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marginal Rate (excl Medicare)	32.50%	32.50%	32.50%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

### Alternative 3 – Establish your SMSF but only purchase a property valued at \$600,000 within the fund

#### Key assumptions used for projections

Our assumptions remain the same as listed in the Financial Outcomes section above, however, we have assumed that you only purchase an investment property to the value of \$600,000 and leave the remainder in cash.

From 01 July 2021, we have assumed you receive rental income from your new SMSF investment property of approximately \$30,000 per annum (5% of property value) and associated expenses of \$5,000 which index with CPI (2.20%) per annum.

In July 2021 after you establish your SMSF, we have assumed make a direct property purchase within your SMSF to the value of \$600,000.

We have assumed Stamp Duty of \$27,628 and Legal Fees of \$5,000 associated with your investment property purchase to the value of \$600,000 within your SMSF.

#### The key results of our projections are below:

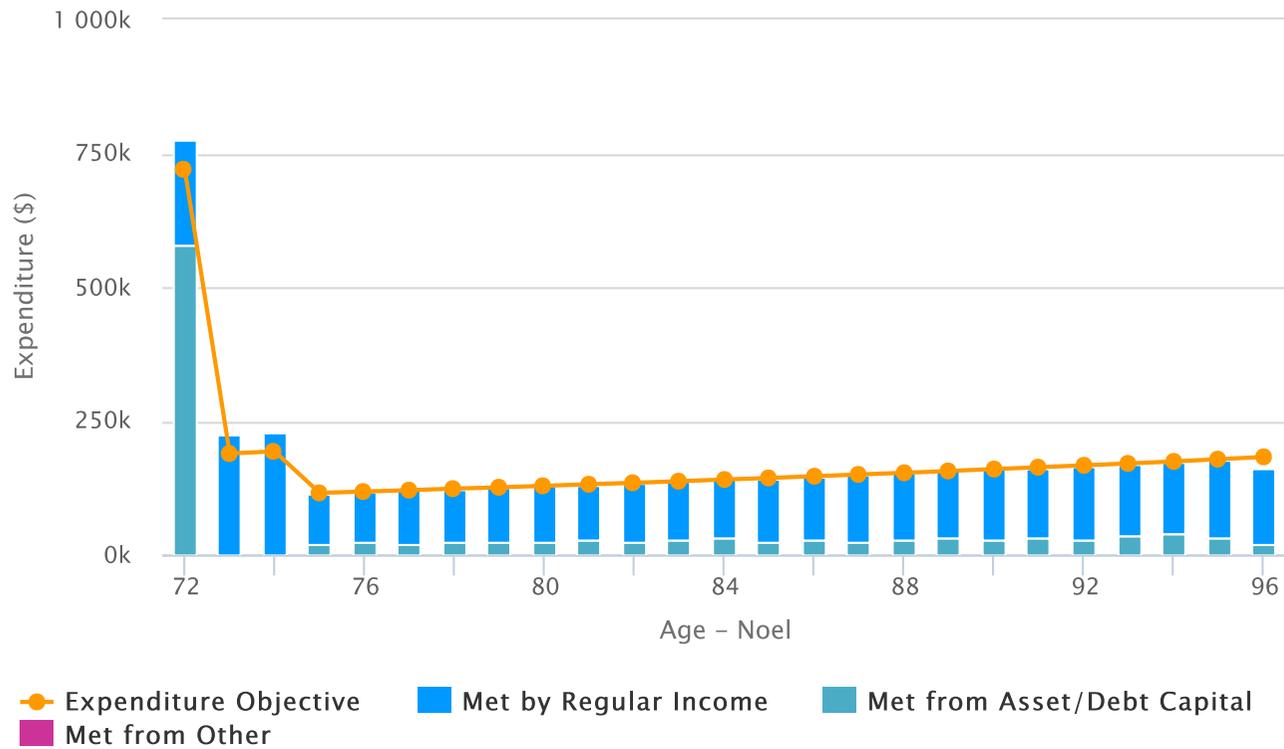
- As we have assumed you withdraw the minimum pension payment required to assist with the longevity of liquid assets in SMSF, our projections indicate that you will be required to utilise a portion of funds from your personal bank account to meet your living expenses from your assumed retirement as of 01 July 2023 (ages 75 and 73).
- Our projections indicate that you will have sufficient cashflow throughout retirement and your statistical Life Expectancy (ages 91 and 89) and beyond by four years, however, you will first experience unfunded net cashflow in July 2044 (ages 96 and 94) of -\$19,040. From here, you will be required to sell your Kulnura Farm, Byron Bay Investment Property or downsize your home in order to continue meeting your expenditure needs. Furthermore, the cash within the SMSF will be depleted by 2033 (age 85 and 83). From here, you will be required to liquidate your property within SMSF in order to continue to draw down the minimum pension payment required per annum and to continue to meet your expenditure needs throughout retirement.
- Please see the chart and table below for further information.

## Consolidated Cashflow

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Inflow</b>										
<b>Income</b>										
Noel	67,462	69,081	70,739	0	0	0	0	0	0	0
Kathryn	68,064	69,698	71,370	0	0	0	0	0	0	0
<b>Pension Income</b>										
Account Based Pension Income	16,840	44,430	44,470	51,110	50,280	53,770	52,830	52,020	55,830	54,840
> Noel	9,320	23,940	23,880	29,650	29,050	28,510	28,010	27,580	31,730	31,030
> Kathryn	7,520	20,490	20,590	21,460	21,230	25,260	24,820	24,440	24,100	23,810
<b>Investment Income</b>										
Rental Income	41,600	42,515	43,451	44,406	45,383	46,382	47,402	48,445	49,511	50,600
<b>Investment Proceeds</b>										
Ordinary Asset	580,000	0	0	0	0	0	0	0	0	0
> Personal Bank Account	530,000	0	0	0	0	0	0	0	0	0
> Business Bank Account	50,000	0	0	0	0	0	0	0	0	0
<b>Total Inflow</b>	<b>773,966</b>	<b>225,724</b>	<b>230,030</b>	<b>95,516</b>	<b>95,663</b>	<b>100,152</b>	<b>100,232</b>	<b>100,465</b>	<b>105,341</b>	<b>105,440</b>
<b>Outflow</b>										
<b>Expenditure</b>										
Living Expenses	72,800	74,402	76,038	77,711	79,421	81,168	82,954	84,779	86,644	88,550
Annual Travel	30,000	30,660	31,335	32,024	32,728	33,448	34,184	34,936	35,705	36,490
CGT Bill	330,000	0	0	0	0	0	0	0	0	0
<b>Taxation</b>										
Noel	10,261	12,069	12,814	0	0	0	0	0	0	0
Kathryn	10,478	12,291	13,041	0	0	0	0	0	0	0
<b>Fees and Expenses</b>										
Property Ongoing Expenses	5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951	6,082
<b>Financing</b>										
Repayment of Borrowings	11,360	4,160	4,160	0	0	0	0	0	0	0
<b>Superannuation Contributions</b>										
Personal Concessional Contributions	50,000	50,000	50,000	0	0	0	0	0	0	0
Personal Non-Concessional Contribution	200,000	0	0	0	0	0	0	0	0	0
<b>Total Outflow</b>	<b>719,899</b>	<b>188,692</b>	<b>192,611</b>	<b>115,072</b>	<b>117,604</b>	<b>120,191</b>	<b>122,836</b>	<b>125,538</b>	<b>128,300</b>	<b>131,122</b>
<b>Net Cashflow</b>										
Total Inflow	773,966	225,724	230,030	95,516	95,663	100,152	100,232	100,465	105,341	105,440
Total Outflow	719,899	188,692	192,611	115,072	117,604	120,191	122,836	125,538	128,300	131,122
Net Cashflow	54,067	37,032	37,419	-19,556	-21,941	-20,040	-22,603	-25,073	-22,959	-25,682
<b>Allocated to/from Assets</b>										
> Personal Bank Account	0	0	-15,532	19,556	21,941	20,040	22,603	25,073	22,959	25,682
> Business Bank Account	0	0	-10,082	19,556	21,941	20,040	22,603	25,073	22,959	25,682
> Home Loan	0	0	-5,450	0	0	0	0	0	0	0
<b>Allocated to/from Debt</b>										
> Home Loan	-54,067	-37,032	-21,887	0	0	0	0	0	0	0
> Kulnura Farm Loan	-18,656	0	0	0	0	0	0	0	0	0
> Kulnura Farm Loan	-35,411	-37,032	-21,887	0	0	0	0	0	0	0
Unfunded Net Cashflow	0	0	0	0	0	0	0	0	0	0

## Expenditure Achieved



## SMSF Consolidated Cashflow

Displaying: 10 years from the start of the projection

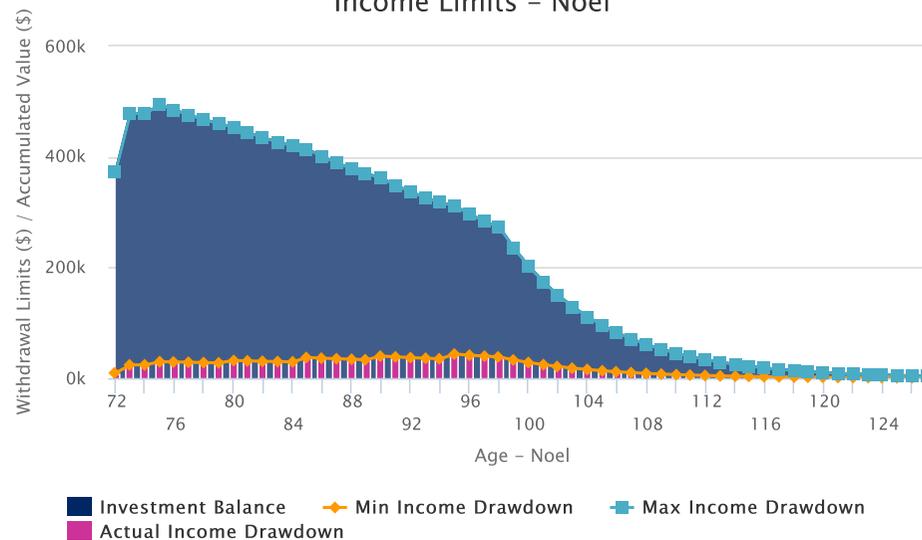
Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Inflow</b>										
<b>Contributions</b>										
Personal Concessional Contributions	50,000	50,000	50,000	0	0	0	0	0	0	0
Non-Concessional Contributions	200,000	0	0	0	0	0	0	0	0	0
<b>Investment Income</b>										
Rental Income	0	30,000	30,660	31,335	32,024	32,728	33,448	34,184	34,936	35,705
> SMSF Investment Property	0	30,000	30,660	31,335	32,024	32,728	33,448	34,184	34,936	35,705
<b>Total Inflow</b>	<b>250,000</b>	<b>80,000</b>	<b>80,660</b>	<b>31,335</b>	<b>32,024</b>	<b>32,728</b>	<b>33,448</b>	<b>34,184</b>	<b>34,936</b>	<b>35,705</b>
<b>Outflow</b>										
<b>Expenditure</b>										
Accounting Fees	3,000	3,066	3,133	3,202	3,273	3,345	3,418	3,494	3,570	3,649
Adviser Fee	7,700	0	0	0	0	0	0	0	0	0
Benefits Paid	0	0	0	0	0	0	0	0	0	0
Pension Drawdowns	16,840	44,430	44,470	51,110	50,280	53,770	52,830	52,020	55,830	54,840
> Noel	9,320	23,940	23,880	29,650	29,050	28,510	28,010	27,580	31,730	31,030
> Kathryn	7,520	20,490	20,590	21,460	21,230	25,260	24,820	24,440	24,100	23,810
<b>Taxation</b>										
Income Tax	7,500	7,500	7,500	0	0	0	0	0	0	0
Contributions Surcharge	0	0	0	0	0	0	0	0	0	0
Excess Contributions Tax	0	0	0	0	0	0	0	0	0	0
<b>Capital Investment</b>										
Asset	250,000	50,000	50,000	0	0	0	0	0	0	0
Property Purchase	0	632,628	0	0	0	0	0	0	0	0
<b>Fees and Expenses</b>										
Property Ongoing Costs	0	5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951
<b>Total Outflow</b>	<b>285,040</b>	<b>742,624</b>	<b>110,213</b>	<b>59,535</b>	<b>58,890</b>	<b>62,570</b>	<b>61,823</b>	<b>61,211</b>	<b>65,223</b>	<b>64,440</b>
<b>Net Cashflow</b>										
Total Inflow	250,000	80,000	80,660	31,335	32,024	32,728	33,448	34,184	34,936	35,705
Total Outflow	285,040	742,624	110,213	59,535	58,890	62,570	61,823	61,211	65,223	64,440
Net Cashflow	-35,040	-662,624	-29,553	-28,200	-26,866	-29,841	-28,375	-27,027	-30,287	-28,735
Surplus: Assets by Ratio										
Deficit: Asset Ratio										
Allocated to/from Assets	35,040	662,624	29,553	28,200	26,866	29,841	28,375	27,027	30,287	28,735
Unfunded Net Cashflow	0	0	0	0	0	0	0	0	0	0

## SMSF Allocated Pension - Noel

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Allocated/Account Based Pensions - Noel</b>										
Opening Value	372,847	478,856	477,516	494,166	484,158	475,087	466,898	459,657	453,302	443,265
> Taxable - Taxed Proportion	54.261%	44.959%	47.408%	49.670%	49.670%	49.670%	49.670%	49.670%	49.670%	49.670%
> Tax Free Proportion	45.739%	55.041%	52.592%	50.330%	50.330%	50.330%	50.330%	50.330%	50.330%	50.330%
Income Drawdown	9,320	23,940	23,880	29,650	29,050	28,510	28,010	27,580	31,730	31,030
> Minimum Income	9,320	23,940	23,880	29,650	29,050	28,510	28,010	27,580	31,730	31,030
> Maximum Income	372,847	478,856	477,516	494,166	484,158	475,087	466,898	459,657	453,302	443,265
> Elected Income	9,320	23,940	23,880	29,650	29,050	28,510	28,010	27,580	31,730	31,030
> Payment Info										
> Tax Exempt Income Amount	9,320	23,940	23,880	29,650	29,050	28,510	28,010	27,580	31,730	31,030
Earnings (incl excess credits and less tax)	-5,921	1,350	19,280	19,642	19,979	20,322	20,769	21,225	21,692	22,064
Transaction (EOP)	121,250	21,250	21,250	0	0	0	0	0	0	0
> Rollover To Accumulation (Reboot)	357,606	456,266	472,916	0	0	0	0	0	0	0
> Rollover From Accumulation (Reboot)	478,856	477,516	494,166	0	0	0	0	0	0	0
Closing Value	478,856	477,516	494,166	484,158	475,087	466,898	459,657	453,302	443,265	434,298
> Taxable - Taxed Proportion	44.959%	47.408%	49.670%	49.670%	49.670%	49.670%	49.670%	49.670%	49.670%	49.670%
> Tax Free Proportion	55.041%	52.592%	50.330%	50.330%	50.330%	50.330%	50.330%	50.330%	50.330%	50.330%
Closing Value (PV)	468,548	457,179	462,935	443,796	426,107	409,748	394,709	380,873	364,422	349,365

Projection of SMSF Account Based Pension Investment and Income Limits – Noel



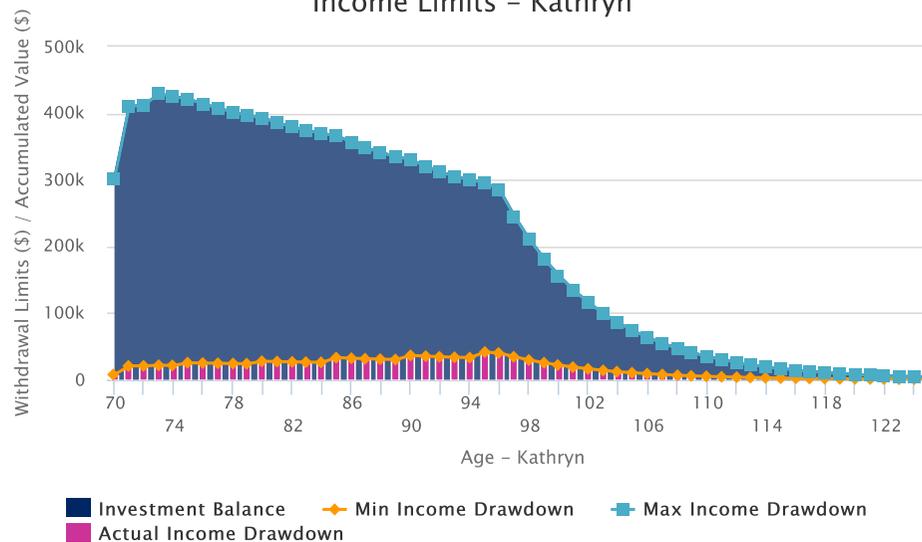
Prepared on 04 February 2021

## SMSF Allocated Pension - Kathryn

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Allocated/Account Based Pensions - Kathryn</b>										
Opening Value	300,947	409,898	411,814	429,101	424,696	420,992	413,739	407,323	401,692	396,815
> Taxable - Taxed Proportion	42.105%	34.834%	38.197%	41.258%	41.258%	41.258%	41.258%	41.258%	41.258%	41.258%
> Tax Free Proportion	57.895%	65.166%	61.803%	58.742%	58.742%	58.742%	58.742%	58.742%	58.742%	58.742%
Income Drawdown	7,520	20,490	20,590	21,460	21,230	25,260	24,820	24,440	24,100	23,810
> Minimum Income	7,520	20,490	20,590	21,460	21,230	25,260	24,820	24,440	24,100	23,810
> Maximum Income	300,947	409,898	411,814	429,101	424,696	420,992	413,739	407,323	401,692	396,815
> Elected Income	7,520	20,490	20,590	21,460	21,230	25,260	24,820	24,440	24,100	23,810
> Payment Info										
> Tax Exempt Income Amount	7,520	20,490	20,590	21,460	21,230	25,260	24,820	24,440	24,100	23,810
Earnings (incl excess credits and less tax)	-4,779	1,156	16,627	17,055	17,525	18,008	18,404	18,809	19,223	19,752
Transaction (EOP)	121,250	21,250	21,250	0	0	0	0	0	0	0
> Rollover To Accumulation (Reboot)	288,648	390,564	407,851	0	0	0	0	0	0	0
> Rollover From Accumulation (Reboot)	409,898	411,814	429,101	0	0	0	0	0	0	0
Closing Value	409,898	411,814	429,101	424,696	420,992	413,739	407,323	401,692	396,815	392,756
> Taxable - Taxed Proportion	34.834%	38.197%	41.258%	41.258%	41.258%	41.258%	41.258%	41.258%	41.258%	41.258%
> Tax Free Proportion	65.166%	61.803%	58.742%	58.742%	58.742%	58.742%	58.742%	58.742%	58.742%	58.742%
Closing Value (PV)	401,074	394,275	401,982	389,291	377,589	363,096	349,770	337,510	326,234	315,947

Projection of SMSF Account Based Pension Investment and Income Limits – Kathryn



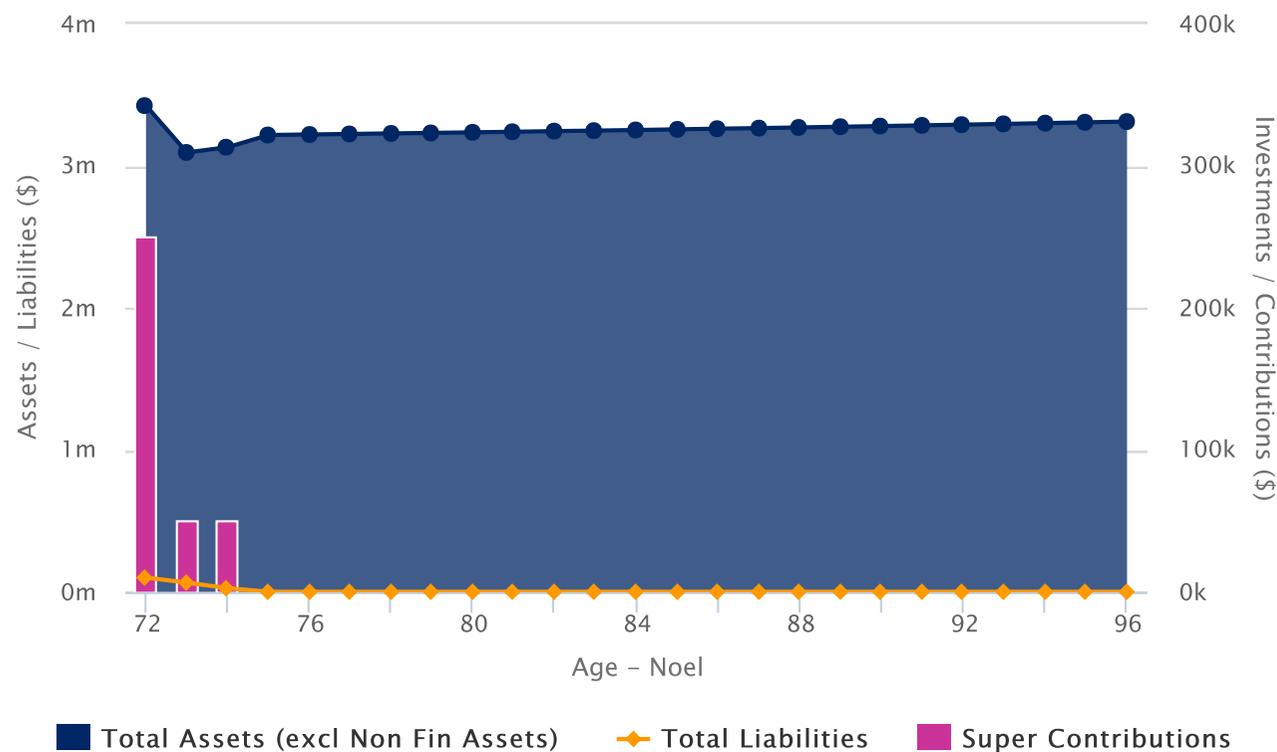
Prepared on 04 February 2021

## Assets - Total - Detail

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Total Assets - Joint</b>										
Personal Bank Account	900,000	370,000	370,000	380,082	360,526	338,585	318,546	295,942	270,869	247,910
Business Bank Account	250,000	200,000	200,000	205,450	205,450	205,450	205,450	205,450	205,450	205,450
Primary Residence	3,000,000	3,066,000	3,133,452	3,202,388	3,272,840	3,344,843	3,418,430	3,493,635	3,570,495	3,649,046
Factory Warehouse Byron Bay	800,000	817,600	835,587	853,970	872,757	891,958	911,581	931,636	952,132	973,079
Kulnura Farm (50%)	800,000	817,600	835,587	853,970	872,757	891,958	911,581	931,636	952,132	973,079
<b>Total</b>	<b>5,750,000</b>	<b>5,271,200</b>	<b>5,374,626</b>	<b>5,495,860</b>	<b>5,584,331</b>	<b>5,672,794</b>	<b>5,765,587</b>	<b>5,858,299</b>	<b>5,951,078</b>	<b>6,048,564</b>
<b>Total (PV)</b>	<b>5,750,000</b>	<b>5,157,730</b>	<b>5,145,724</b>	<b>5,148,526</b>	<b>5,118,793</b>	<b>5,087,946</b>	<b>5,059,856</b>	<b>5,030,547</b>	<b>5,000,213</b>	<b>4,972,722</b>

### Total Asset Summary

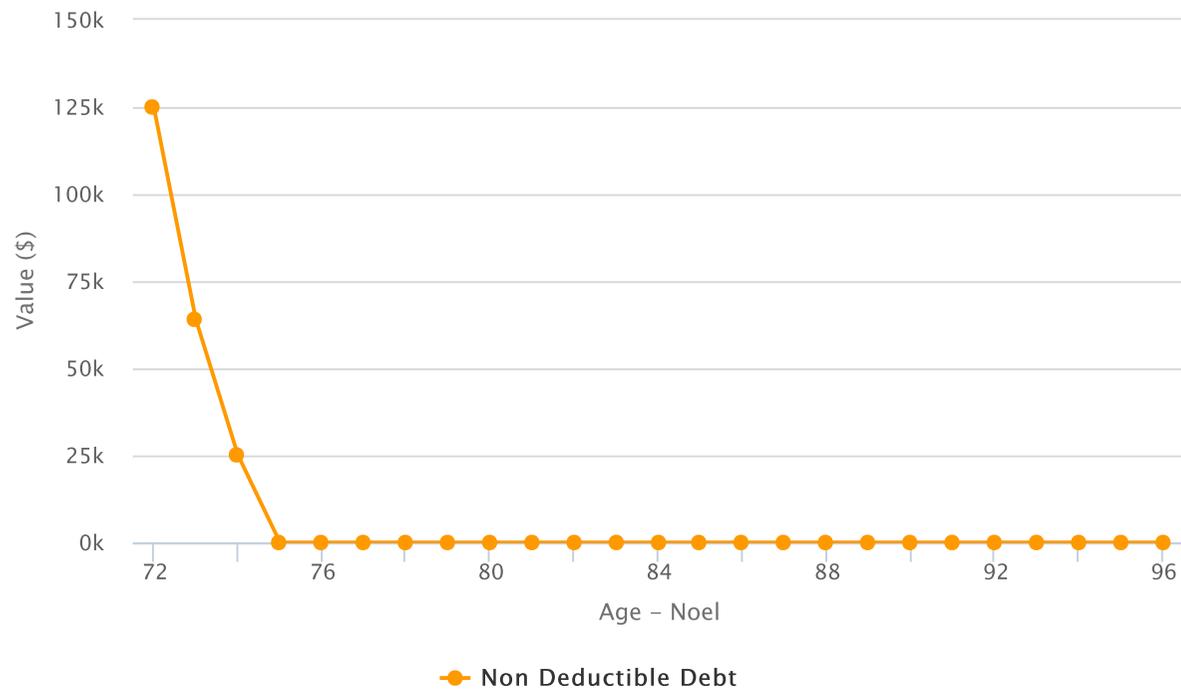


## Liabilities - Total

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Total Liabilities - Joint</b>										
Opening Value	125,000	118,096	62,174	21,887	0	0	0	0	0	0
Accrued Interest	4,456	2,305	905	0	0	0	0	0	0	0
Repayment	11,360	58,227	41,192	21,887	0	0	0	0	0	0
> Cashflow Surplus (SOP)	0	54,067	37,032	21,887	0	0	0	0	0	0
> Regular	11,360	11,360	4,160	4,160	0	0	0	0	0	0
Closing Value	118,096	62,174	21,887	0	0	0	0	0	0	0
Total Liabilities (Opening Value)	125,000	118,096	62,174	21,887	0	0	0	0	0	0
Accumulated Interest to date	4,456	6,761	7,666	7,666	7,666	7,666	7,666	7,666	7,666	7,666

## Deductible v Non Deductible Debt



## Taxation - Noel

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
<b>Age - Noel</b>	<b>72.5</b>	<b>73.5</b>	<b>74.5</b>	<b>75.5</b>	<b>76.5</b>	<b>77.5</b>	<b>78.5</b>	<b>79.5</b>	<b>80.5</b>	<b>81.5</b>
<b>Age - Kathryn</b>	<b>70.4</b>	<b>71.4</b>	<b>72.4</b>	<b>73.4</b>	<b>74.4</b>	<b>75.4</b>	<b>76.4</b>	<b>77.4</b>	<b>78.4</b>	<b>79.4</b>
<b>Income</b>										
Earned Income	67,462	69,081	70,739	0	0	0	0	0	0	0
Investment Earnings	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
> <i>Factory Warehouse Byron Bay</i>	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Total Assessable Income</b>	<b>88,262</b>	<b>90,339</b>	<b>92,464</b>	<b>22,203</b>	<b>22,692</b>	<b>23,191</b>	<b>23,701</b>	<b>24,223</b>	<b>24,755</b>	<b>25,300</b>
<b>Deductions</b>										
Property Expenses	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
Personal Concessional Contributions	25,000	25,000	25,000	0	0	0	0	0	0	0
<b>Total Deductions</b>	<b>27,500</b>	<b>27,555</b>	<b>27,611</b>	<b>2,669</b>	<b>2,727</b>	<b>2,787</b>	<b>2,849</b>	<b>2,911</b>	<b>2,975</b>	<b>3,041</b>
<b>Taxable Income</b>	<b>60,762</b>	<b>62,784</b>	<b>64,853</b>	<b>19,535</b>	<b>19,964</b>	<b>20,404</b>	<b>20,852</b>	<b>21,311</b>	<b>21,780</b>	<b>22,259</b>
<b>Gross Tax Payable</b>	<b>10,215</b>	<b>10,872</b>	<b>11,544</b>	<b>254</b>	<b>335</b>	<b>419</b>	<b>504</b>	<b>591</b>	<b>680</b>	<b>771</b>
Refundable Tax Offsets										
> <i>No Refundable Tax Offsets</i>										
<b>Total Refundable Tax Offsets</b>	<b>0</b>									
Non-Refundable Tax Offsets										
Low Income Tax Offset	89	58	27	700	700	700	700	700	700	700
> <i>Eligible</i>	Yes									
> <i>Taxable Income</i>	60,762	62,784	64,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Maximum Rebate</i>	700	700	700	700	700	700	700	700	700	700
> <i>Maximum Offset for Taxable Income up to</i>	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
> <i>No Offset if Taxable Income Exceeds</i>	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667
Low And Middle Income Tax Offset	1,080	0	0	0	0	0	0	0	0	0
> <i>Taxable Income</i>	60,762	62,784	64,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Base Offset</i>	255	0	0	0	0	0	0	0	0	0
> <i>Base Offset up to Taxable Income of</i>	37,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset</i>	1,080	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset from Taxable Income of</i>	48,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset up to Taxable Income of</i>	90,000	0	0	0	0	0	0	0	0	0
> <i>No Offset if Taxable Income Exceeds</i>	126,000	0	0	0	0	0	0	0	0	0
Senior Australians Pensioner Tax Offset	0	0	0	1,602	1,602	1,602	1,602	1,602	1,602	1,602
> <i>Income Assessed</i>	85,762	87,784	89,853	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Combined Income Threshold</i>	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580
> <i>Eligible</i>	Yes									
> <i>Maximum Offset</i>	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602
<b>Total Non-Refundable Tax Offsets</b>	<b>1,169</b>	<b>58</b>	<b>27</b>	<b>2,302</b>						
<b>Tax Payable</b>	<b>9,046</b>	<b>10,813</b>	<b>11,517</b>	<b>0</b>						
Levy										
Medicare Levy	1,215	1,256	1,297	0	0	0	0	0	0	0
<b>Net Amount Payable</b>	<b>10,261</b>	<b>12,069</b>	<b>12,814</b>	<b>0</b>						
Average Tax Rate	11.63%	13.36%	13.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marginal Rate (excl Medicare)	32.50%	32.50%	32.50%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

## Taxation - Kathryn

Displaying: 10 years from the start of the projection

Date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29
Age - Noel	72.5	73.5	74.5	75.5	76.5	77.5	78.5	79.5	80.5	81.5
Age - Kathryn	70.4	71.4	72.4	73.4	74.4	75.4	76.4	77.4	78.4	79.4
<b>Income</b>										
Earned Income	68,064	69,698	71,370	0	0	0	0	0	0	0
Investment Earnings	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
> <i>Factory Warehouse Byron Bay</i>	20,800	21,258	21,725	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Total Assessable Income</b>	88,864	90,955	93,096	22,203	22,692	23,191	23,701	24,223	24,755	25,300
<b>Deductions</b>										
Property Expenses	2,500	2,555	2,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
Personal Concessional Contributions	25,000	25,000	25,000	0	0	0	0	0	0	0
<b>Total Deductions</b>	27,500	27,555	27,611	2,669	2,727	2,787	2,849	2,911	2,975	3,041
<b>Taxable Income</b>	61,364	63,400	65,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
<b>Gross Tax Payable</b>	10,410	11,072	11,749	254	335	419	504	591	680	771
Refundable Tax Offsets										
> <i>No Refundable Tax Offsets</i>										
<b>Total Refundable Tax Offsets</b>	0	0	0	0	0	0	0	0	0	0
Non-Refundable Tax Offsets										
Low Income Tax Offset	80	49	18	700	700	700	700	700	700	700
> <i>Eligible</i>	Yes									
> <i>Taxable Income</i>	61,364	63,400	65,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Maximum Rebate</i>	700	700	700	700	700	700	700	700	700	700
> <i>Maximum Offset for Taxable Income up to</i>	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
> <i>No Offset if Taxable Income Exceeds</i>	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667
Low And Middle Income Tax Offset	1,080	0	0	0	0	0	0	0	0	0
> <i>Taxable Income</i>	61,364	63,400	65,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Base Offset</i>	255	0	0	0	0	0	0	0	0	0
> <i>Base Offset up to Taxable Income of</i>	37,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset</i>	1,080	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset from Taxable Income of</i>	48,000	0	0	0	0	0	0	0	0	0
> <i>Maximum Offset up to Taxable Income of</i>	90,000	0	0	0	0	0	0	0	0	0
> <i>No Offset if Taxable Income Exceeds</i>	126,000	0	0	0	0	0	0	0	0	0
Senior Australians Pensioner Tax Offset	0	0	0	1,602	1,602	1,602	1,602	1,602	1,602	1,602
> <i>Income Assessed</i>	86,364	88,400	90,484	19,535	19,964	20,404	20,852	21,311	21,780	22,259
> <i>Combined Income Threshold</i>	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580	83,580
> <i>Eligible</i>	Yes									
> <i>Maximum Offset</i>	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,602
<b>Total Non-Refundable Tax Offsets</b>	1,160	49	18	2,302	2,302	2,302	2,302	2,302	2,302	2,302
<b>Tax Payable</b>	9,251	11,023	11,732	0	0	0	0	0	0	0
Levy										
Medicare Levy	1,227	1,268	1,310	0	0	0	0	0	0	0
<b>Net Amount Payable</b>	10,478	12,291	13,041	0	0	0	0	0	0	0
Average Tax Rate	11.79%	13.51%	14.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marginal Rate (excl Medicare)	32.50%	32.50%	32.50%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

## Assumptions

Investment Assumptions				
<b>Economic</b>				
				Rate
CPI				2.20%
AWOTE				2.40%
Life Expectancy Factor Client				14.39
Life Expectancy Factor Partner				18.18
<b>Asset Classes</b>				
	Total	Growth	Income	Franking
Australian Equities	7.40%	3.60%	3.80%	70.00%
International Equities	7.40%	4.60%	2.80%	0.00%
Property	7.00%	1.80%	5.20%	0.00%
Property - Not to be used	0.00%	0.00%	0.00%	0.00%
Domestic Fixed Interest	7.00%	0.00%	7.00%	0.00%
Fixed Interest	2.50%	0.00%	2.50%	0.00%
Cash	3.00%	0.00%	3.00%	0.00%
International Cash	0.00%	0.00%	0.00%	0.00%
Custom	4.50%	1.50%	3.00%	0.00%
Infrastructure	6.20%	1.60%	4.60%	0.00%
Alternatives	6.50%	0.00%	6.50%	0.00%
<b>Investment Profiles</b>				
	Total	Growth	Income	Franking
Defensive	3.17%	0.41%	2.76%	4.83%
<b>Defensive Profile</b>				
Asset Class				Benchmark Allocation
				%
Australian Equities				5.00%
International Equities				5.00%
Property				0.00%
Property - Not to be used				0.00%
Domestic Fixed Interest				0.00%
Fixed Interest				55.00%
Cash				35.00%
International Cash				0.00%
Custom				0.00%
Infrastructure				0.00%
Alternatives				0.00%

<b>Legislative Assumptions</b>	
Current Tax Year	2020/2021
<b>Tax Rates - 2020/2021</b>	
<b>Resident Individual</b>	<b>Tax Rate</b>
Threshold	
\$0 - \$18,200	0.00%
\$18,201 - \$45,000	19.00%
\$45,001 - \$120,000	32.50%
\$120,001 - \$180,000	37.00%
Over \$180,000	45.00%
<b>Company Tax Rate</b>	
Company	30.00%
Incorporated Small Business	26.00%
Unincorporated Small Business	25.00%
<b>Other</b>	
Super Contributions	15.00%
Super Investment Earnings	15.00%
<b>Medicare</b>	
Medicare Levy	2.00%
Individual Threshold	\$22,801
Individual Shade In Rate	10.00%
Individual Shade in Threshold	\$28,501
<b>Centrelink - Pension</b>	
<b>Payment Rates</b>	<b>Rate (pa)</b>
Single	\$24,552
Couple (Each)	\$18,507
<b>Assets Test</b>	
Single Homeowner	\$268,000
Single Non-Homeowner	\$482,500
Couple Homeowner	\$401,500
Couple Non-Homeowner	\$616,000
Reducer	\$3.00
<b>Assets Test Cut off Thresholds (*)</b>	
Single Homeowners	\$583,000
Single Non-Homeowners	\$797,500
Couple Homeowners	\$876,250
Couple Non-Homeowners	\$1,090,750
<b>Income Test Thresholds</b>	
	<b>Income (pa)</b>
Single	\$4,628
Couple (Combined)	\$8,216
Reducer	\$0.50
<b>Income Test Cut off Thresholds (*)</b>	
Single	\$53,732
Couple (Combined)	\$82,243
<b>Income Test - Deeming Rates</b>	
	<b>Income (pa)</b>
Single Threshold	\$53,000
Couple Threshold	\$88,000
Rate Below Threshold	0.25%
Rate Above Threshold	2.25%
<b>Centrelink - Allowance</b>	
<b>Payment Rates</b>	<b>Rate (pa)</b>
Single - No dependents	\$14,708
Single - With dependents	\$15,912
Single - Over 60	\$15,912
Couple (Each)	\$13,281

**Assets Test**

Single Homeowner	\$268,000
Single Non-Homeowner	\$482,500
Couple Homeowner	\$401,500
Couple Non-Homeowner	\$616,000

**Income Test Thresholds**

	Income (pa)
Lower Threshold	\$7,800
Reducer	\$0.60
Upper Threshold	\$7,800
Reducer	\$0.60
Excess Partner Income Threshold	\$30,290.00

**Income Test Cut off Thresholds (\*)**

Single - No dependents	\$32,695
Single - With dependents	\$34,732
Single - Over 60	\$35,000
Couple (Each)	\$30,277

\* Limits will increase if Rent Assistance is payable

\* Limits are calculated based on the published maximum rate

**Commonwealth Seniors Health Card (CSHC)**

Income Limit Single	\$55,808
Income Limit Couple	\$89,290
Income Limit Separated by Illness	\$111,616

Add \$639.60 to these amounts for each child in your care