Beta
Version

Investment Plan Workbook

AN INVESTMENT PLAN OUTLINES JUST HOW YOUR INVESTMENT STRATEGY WILL BE IMPLEMENTED. IT ENABLES YOU TO SET UP ACTIONS IN A STEP-BY-STEP PROCESS OF WHAT WILL BE REQUIRED TO ACHIEVE YOUR FINANCIAL GOALS.

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Investment Plan Workbook

The major purpose of an investment plan is to help narrow down and define what actions you will look at implementing over the different time frames, all with a focus of working towards your financial goals. In other words, it is what you will do, how will you implement it, and what habits will you make part of your life to achieve your desired outcomes. An Investment Plan first requires you to look at your current financial position and to then expand on this to compare what options may be appropriate based around what you have to work with.

Depending on the goal, there will be certain strategies that work more efficiently than others. This workbook is designed to help you to narrow down and select financial strategies that best suit each of your financial goals. Individual strategies have been broken down into the following three major categories:

Cashflow

Some goals will be achieved through a cashflow strategy. If you are looking to achieve a goal in the short term, or accumulate wealth over a longer timeframe, you may consider cashflow strategies.

Wealth Accumulation

Wealth accumulation strategies, as the name says, helps you to build wealth sustainably over the long term. Depending on your current situation and risk tolerances, some strategies will be more appropriate than others.

Debt repayment

A major financial strategy is reducing your level of debt. This is of greater importance the closer you get to reaching your Financial Independence timeframes.

There are also a range of sub categories which are used in conjunction with each of the strategies above. These are as follows:

Leveraging

Using borrowed funds for investment purposes can help you generate additional wealth over the long term.

Superannuation

Using different superannuation strategies can help to reduce your tax and accumulate wealth over the long term.

Reduce Tax

Some goals can be achieved through taxation strategies. Depending on your taxable income, a combination of strategies including tax reduction can be very effective.

Goals are also broken down into timeframes, from those that you wish to achieve in the short term, to the medium and long term. When it comes to achieving your short-term financial goals, two common financial strategy categories are *Cashflow* and *Taxation*. If you are wishing to reduce your spending, save for a holiday, pay off a personal debt, these are normally achieved through cashflow strategies. There is also the specific goal of purchasing a home, which requires a house deposit. When selecting strategies for goals that have longer timeframes, other strategies such as using leveraging or purchasing growth investments may be better suited.

Necessary requirements

- Most recent individual tax return
- Most recent superannuation statements

How to complete the workbook

1. Complete the *Planning Page* of the workbook first. This contains information on your personal situation, along with information to help decide if a certain strategy might work for you. There are further explanations under each table to help explain where you can find this information, or how to calculate it.
2. List out your financial goals in the space provided in the tables. You will need to refer back to the *Goals and Risk Profile Workbook*. You'll only include the goal, the timeframes and the financial amounts needed at this stage.
3. Use the *Goals Calculator Excel Workbook* to see what each goal requires in savings to achieve. Complete the cashflow tables and compare to your Financial Goal Cashflow requirements.
4. Work your way through the *Strategy List* to see if any of your financial goals relate to certain timeframes, categories and their underlying strategies. Considerations are based around eligibility, and appropriateness to your current situation. Read through each consideration and compare the illustrated conditions for each strategy to be suitable. If you believe that a goal can be achieved by one of the listed strategies, then place the goal number (#) in the space provided.
5. Complete the *Financial Goals Table* with the final list of categories and the strategies in the space provided. You may have a goal marked down against more than one strategy. This is normal.

Planning Page

Current Situation	Person 1	Person 2
Current Age		
Years until financial Independence[1]		
Age at time of financial independence		
Risk Profile[2]		

[1] You can find this information on page 5 of your Goals and Risk Profiles workbook.
[2] You can find this information on page 10 of your Goals and Risk Profiles workbook.

Balance sheet	Person 1	Person 2
Personal Residence Value		
Mortgage Value		
Offset & Savings accounts		
Personal Debts		
Investment Property Values		
Investment Property Loans		
Loan to Value Ratios[1]		
Available equity in property[2]		

[1] This is calculated by dividing the value of the loan by the total property values.
[2] Available Equity = (Property Values X 80%) – Loan values

Taxation	Person 1	Person 2
Total Income[1]		
Total Deductions[1]		
Taxable Income[1]		
Tax on Taxable Income[1]		
Medicare Levy[1]		
Marginal Tax rate[2]		

[1] You can find this information on your Individual Tax Return.
[2] Compare your Taxable Income to the Marginal Tax rates table provided.

Superannuation	Person 1	Person 2
Years until reaching Preservation Age[1]		
Superannuation Guarantee Contributions[2]		
Salary Sacrifice Contributions		
Remaining Concessional Cap[3]		
Number of superannuation accounts		
Investment allocation of Superannuation[4]		

[1] Preservation age is the age eligibility requirements for access to Superannuation. 60 is the preservation age for anyone born after 30 June 1964. See Table Below.
[2] Superannuation guarantee (SG) are your employer contributions to superannuation. These can be calculated from multiplying your gross salary by the standard rate of 9.50%. Please note that some employers pay higher levels of SG than the standard rate.
[3] Remaining Concessional Cap = $25,000 – Superannuation Guarantee – Salary Sacrifice Contributions.
[4] Investment allocation can be found on superannuation statements. This should show the allocation to each asset class, showing the Growth and Defensive percentages.

Preservation Age Table	
Date of birth	**Preservation Age**
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

Marginal Tax Rates Table	
Taxable income	**Marginal tax rates (inc. Medicare Levy)**
0 – $18,200	Nil
$18,201 – $37,000	21%
$37,001 – $90,000	34.5%
$90,001 – $180,000	39%
$180,001 and over	47%

Financial Goals

#	Goal	Timeframe (Short, Medium or Long-Term)	Total Amount Required ($)	Category[1]	Strategy[1]	Monthly Savings needed[2]
1						
2						
3						
4						
5						
6						
7						
8						

[1]Please refer to the Strategy List to determine the category and strategies which relate to each of your financial goals.
[2]Please use the Goal Calculator Excel Attachment to calculate the monthly savings required based around your current savings, timeframes and required dollar amounts.

Personal Cashflow	Person 1	Person 2
Net Monthly Income[1]		
Monthly Rental or Mortgage expenses		
Personal Debt Interest Expenses (p.m.)		
Lifestyle and Discretionary Expenses (p.m.)[2]		
Total expenses per month[3]		
Surplus monthly cashflow[4]		

[1]This is the amount of money that is received in your bank account after PAYG tax or other pre-tax expenses are paid.
[2]Include all additional spending above
[3]Your total expenses will be the total of your property, lifestyle and discretionary spending.
[4]Surplus Cashflow = Net Monthly Income – Total Expenses per month

Goal Cashflows	Amounts ($)
Combined Surplus Monthly cashflow[1]	
Total Monthly Savings needed[2]	
Surplus monthly cashflow after financial goals[3]	

[1]This is the combined amount of your individual surplus cashflows.
[2]This is the sum of all monthly savings needed to meet your financial goals.
[3]This is the amount of money that leftover each month after meeting the requirements for your financial goals. If this figure is negative, it may be worthwhile to look at either reducing spending where possible, or adjusting your goal amounts or timeframes.

Strategy List

Short Term Financial Goals

Category	Strategy	Questions	Considerations	Related Goal #
Cash Flow	Reduce Spending to increase surplus cashflow	Do you currently have enough surplus monthly cashflow to meet your financial goals?	If your financial goals will require higher levels of saving than your current surplus cashflow, you may consider establishing a budget aiming to reduce discretionary spending.	
	Monthly Savings plans	Based around your Short-term Financial Goals, will a savings plan help you to achieve these?	Using the Goal Calculator will allow you to look at the approximate savings required each month to achieve your financial goals. You can then set an amount against each goal to be saved each month, along with milestones and benchmarks you wish to meet.	
	Repay Personal Debts	Do you have any Personal Debts, such as Credit Cards or personal loans which are costing you interest each month?	Unlike savings or investments, personal debts have compounding returns against you. Through repaying personal debts as a priority, your cashflow being used for interest repayments can be redirected towards wealth creation in the long term.	
Cashflow - Home Deposit	Monthly Savings plan	Are you looking to purchase a home and require additional savings for a deposit?	Savings plans are an effective way to accumulate funds for a home deposit.	
Cashflow – Home Deposit using Superannuation	First Home Super Saver Scheme (FHSSS)	If this is your (and your partner's) First Home purchase?	You need to be a first-time home buyer to be eligible for the FHSSS.	
		Do you have two or more years before requiring the deposit funds?	If your purchase is within a narrow timeframe, you may not be able to receive the full benefit of the $30,000 cap on the FHSSS.	
		How much of your Concessional cap is remaining after your employer Superannuation Guarantee contributions?	Concessional contributions are made up of Salary Sacrifice, or Employer contributions. Concessional Caps for the 2018/19 FY are $25,000 per individual.	
		Is your marginal tax rate greater than the superannuation contribution taxation rate?	These contributions will be treated as concessional contributions and will be taxed at a rate of 15%. If your taxable income is less than $18,200 p.a., the FHSSS may result in a worse outcome than savings personally.	

Cash Flow - Taxation	Salary Packaging	Are you eligible to salary package with your employer?	Check with your employer to see if there are any specific entitles you are eligible to salary package.	
		Is your Taxable Income greater than the Tax-Free Threshold of $18,200?	Salary packaging allows you to cover certain expenses pre-tax, if allowed by your employer. However, if you do not earn above the taxable threshold there is no benefit to this strategy.	
		Do you have any HECS or HELP debt?	You should note that salary packaging can lead to an increase in your repayment income assessable by Government agencies. The amount that is packaged pre-tax can be grossed up resulting in a reduction in certain Government entitlements, or an increase in your HECS/HELP repayments.	

Long Term Financial Goals

Category	Strategy	Questions	Considerations	Related Goal #
Wealth Accumulation	Monthly Investing into Managed Funds or ETFs	Do you have surplus monthly cashflow to commence a regular investment strategy?	If there are no other short-term financial goals of greater priority, investing what would otherwise be saved in cash helps to accumulate additional wealth over the long term.	
		Are you planning on investing into long term growth investments, and accept additional volatility that is present in growth investments?	Higher levels of Volatility can be mitigated through making regular investments each month. Taking advantage of upward and downward movements of financial markets month to month.	
	Investment Property purchase	Are you comfortable with your current levels of debt compared to your wealth?	Your loan to value ratios (LVR) needs to be at a level that you would be comfortable with, especially when considering volatility or additional interest costs that are experienced with leveraging.	
		Are you willing to accept the additional levels of volatility experienced through increasing the value of an investment with borrowed funds?	Property prices can move either upwards or downwards over different periods of time. You need to be willing to invest into a long-term Growth Investment.	
		Do you have enough spare Cash flow to cover any additional interest repayments or property expenses?	There may be times where the interest repayments increase, or the property is untenanted. It is important that you have ample cashflow, or savings in the short term, to meet any investment expenses.	

		Do you have enough cash held in savings to use as a deposit for the Investment Property?	If your available savings are less than what is required for a deposit on an investment property, you may wish to focus on a cashflow strategy first.	
	Lump Sum investment into Managed Funds, Shares or ETFs portfolio	Do you have enough cash held in savings to use as a lump sum investment into Managed Funds, Shares or ETFs?	You can use surplus cash at bank as a lump sum investment to help your funds receive greater long-term growth returns. It is important to consider diversification requirements, especially when investing in Direct Shares as a lump sum.	
		Are you willing to accept the additional levels of volatility experienced through liquid (easily bought and sold) investments?	Investments, such as shares, which can easily be bought or sold tend to experience higher levels of volatility. This is due to their values constantly changing due to the price that buyers and sellers wish to trade the exact same asset for.	
Wealth Accumulation - Leverage	Unlocking Equity in Property to invest	Are you comfortable seeing an increase in your Loan to Value Ratios (LVR) from time to time if the Value of the investment were to decline?	When utilising available equity in property to invest, while your overall LVR won't change initially, if the value of your investment declines then the LVR will naturally increase. Remember that at some point the investment loan will also needed to be paid back to the lender.	
		Do you have additional equity in any property that you own?	Based on the estimated values and borrowing capacity in your properties (estimated at an 80% LVR), the bank may allow you to borrow any available equity to invest (with the property as collateral).	
		Do you have enough spare Cash flow to cover any additional loan interest repayments, allowing the income to be reinvested?	When borrowing equity to invest, to maximise the potential returns it is best to pay for any interest expenses personally out of your cashflow. This allows all investment income to be reinvested helping increase the compounding nature of returns.	
		Are you willing to accept the additional levels of volatility experienced through increasing the value of an investment with borrowed funds?	The higher your levels of leverage against a volatile asset, the greater your returns and losses will be magnified.	

Wealth Accumulation – Leverage and Taxation	Negative Gearing	Is your marginal tax rate high enough to maximise the tax rebate?	The higher your marginal tax rate, the greater the effectiveness of negative gearing as you are generally receiving back your marginal tax rate for every dollar spent.	
		Are you purchasing an investment with long term expected growth?	It is important to only use negative gearing strategies on investments with higher levels of long-term growth prospects. Having additional levels of capital growth will help to offset the net cashflow loss otherwise experienced.	
		Do you have enough spare Cash flow to cover any additional interest repayments, or other cash outlays?	Generally, a property that is negatively geared due to interest expenses being greater than the rental income will result in you receiving a net income loss. It is important that you have ample surplus cash to cover the ongoing loss of income.	
		Are you willing to accept the additional levels of volatility experienced through increasing the value of an investment with borrowed funds?	The higher your levels of leverage against a volatile asset, the greater your returns and losses will be magnified. When negative gearing, capital losses are further compounded by the income losses on the investment.	
Wealth Accumulation - Superannuation	Allocation increase	Does your superannuation allocation have lower levels of Growth assets when compared to the illustration allocation for each Risk Profile?	You may wish to compare what alternative investment options your superannuation fund provides to see if there is one that offers an investment allocation closer to your profile.	
		Is your time until Preservation Age (i.e. having accessibility to superannuation) at least 7 or more years away?	If you have a long timeframe until you can use your superannuation funds, the risk of your investment value being below the original value decrease. Therefore, higher levels of volatility experienced with higher growth allocations can help to further compound the long-term growth returns.	
	Allocation Decrease	Does your superannuation allocation have Higher levels of Growth assets when compared to the illustration allocation for each Risk Profile?	You may wish to compare what alternative investment options your superannuation fund provides to see if there is one that offers an investment allocation closer to your profile.	
		Is your time until Preservation Age (i.e. having accessibility to superannuation) under 5 years?	If you have a short timeframe until you wish to use your superannuation funds, capital preservation becomes of	

		And are you planning to commence drawing an income within this time period as well?	greater importance. This is achieved by reducing the potential volatility levels to what you are comfortable with.	
	Non-Concessional contributions into Superannuation	Is your time until Preservation Age (i.e. having accessibility to superannuation) under 5 years, or will you require access to funds contributed to superannuation prior to this?	Due to the limitations on accessibility to superannuation, you should only consider contributing into superannuation if these funds won't be needed prior to having access to use these funds.	
		Do you have any Personal Cash savings which you will not require access to until you reach your preservation age?	Non-concessional contributions can be made in lump sums (up to the Non-concessional Cap limits) from personal cash holdings.	
		Do you hold any investments such as Shares or Managed Funds personally?	Please note that Capital Gains Tax would be triggered in a non-concessional contribution of investments. Some superannuation platforms allow for an 'In Specie' transfer of your direct holdings, avoiding you having to sell and repurchase the same investments.	
		Is your assessable income below the Government Co-Contribution threshold of $37,697 per annum?	If you're a low or middle-income earner and make personal (after-tax) contributions to your super fund, the government also makes a co-contribution. This is up to a maximum amount of $500 if you are below the lower income threshold and contribute $1,000 personally.	
	Superannuation account consolidation	Do you have more than one superannuation account (per person)?	Through consolidating your superannuation accounts, you can experience a reduction in the overall costs to your superannuation funds. This helps to increase your long-term retirement benefits by increasing the net returns, after the account (or insurance) costs are deducted.	
Wealth Accumulation - Superannuation and Taxation	Salary Sacrifice	Are you comfortable with not having access to these contributions until you reach you have access to superannuation, which generally once you reach Preservation age?	If you may need access to the funds invested before you reach preservation age, or have any financial goals which require personal cashflow, you may wish to not consider salary sacrificing.	
		Do you have enough cashflow to spare after redirecting funds into superannuation?	You should only consider salary sacrifice contributions if you can afford to do so, and do not require the cashflow for other financial goals in the short term.	
		How much of your Concessional cap is remaining after your employer Superannuation Guarantee contributions?	Concessional contributions are made up of Salary Sacrifice, or Employer contributions. Concessional Caps for the 2018/19 FY are $25,000 per individual. If you exceed this cap with Salary Sacrifice contributions, there	

			will be no tax savings on the amount contributed exceeding the cap.	
		Will you reduce your tax by more than 15% on every dollar contributed to superannuation pre-tax?	As concessional contributions pay a 15% superannuation contributions tax (Unless you earn above $250,000, in which case it is 30%), if you earn less than $18,200 p.a. you would pay more overall tax through salary sacrificing.	
Wealth Accumulation - Taxation	Family Trust Distributions	Do you currently (or expect to) have any adult (above 18 years old) family members who are eligible to make beneficiaries of a Family Trust?	Family Trusts are beneficial for family groups to help protect investments and to help reduce the tax burden on investment income. If you have adult children, or a partner with lower marginal tax rates then distributing investment income to them can reduce the overall levels of tax payable.	
		Will the investment income generated inside of the family trust be beneficial to distribute in the long term?	As Family Trusts cannot 'split' employment income, any distributions have to come from investment earnings. Due to the additional costs of running a Family Trust, the potential tax savings have to be at least greater than the running costs to make this strategy beneficial. Also, it should be noted that Tax Deductions and Investment losses will be trapped inside of the trust structure and not reduce your personal tax payable on employment income.	
Debt Repayment	Additional Mortgage Repayments	Do you wish to retire before your mortgage will be fully repaid?	Ideally, any 'Bad' Debts should be repaid prior to ceasing work and retiring. This helps to decrease your passive income requirements needed to maintain your lifestyle in financial impendence.	
		Do you have surplus cashflow, after meeting financial goals of greater priority or shorter timeframes, to direct towards mortgage repayments?	It is important to prioritise the repayment of personal debts, to ensure that it is not at the expense of other financial goals such as, building wealth for Financial Independence.	
		Are you paying your mortgage off monthly?	Increasing the frequency of repayments to fortnightly (or weekly) allows you to repay the loan in small increments and shorter timeframes. This reduces the amount of principal the interest repayments are calculated against at an accelerated rate.	
	Use Cash Savings as Offset	Do you have a mortgage with a Variable Rate?	Some banks do not allow for Offset Accounts on a Fixed Interest loan.	

		Do you have surplus cashflow or cash saved in the bank?	If you have any funds sitting in a savings account, placing this in an Offset account can normally provide a greater benefit. This is due to Interest rates on mortgages being higher than what you can earn on savings, especially after any tax is paid on the interest.	
	Investment Debt Repayment	Are you on track to meet your financial, or other investment goals?	The repayment of your investment debts may divert cashflow away from other financial goals. If you have other cash flow requirements which are of a greater priority, you may wish to focus on these first before any investment debt repayment strategies.	
		Have you repaid all other forms of debt?	Investment related debt should be repaid after your personal debts, such as mortgages or credit cards.	
		By the time you aim to be financially independent, will your investment income cover your investment debt repayments?	It is important to have the ability to repay investment debt (if any) once gaining financial independence.	