



Case Studies

Kathryn – Retirement & Centrelink

Kathy is 68, divorced, owns her own villa in Buderim, Sunshine Coast, has 2 adult children, \$380,000 in an Industry Super fund, a small mortgage and was unsure if she could retire from part-time work in Childcare and what would happen if she did.

We clarified what Kathy wanted to do and her income needs in retirement as well as her values and preferences with things like risk, investing and money.

Despite Kathy's comfort zone with her long-familiar industry fund, we performed a super fund comparison, shifting her to a retail super fund, saving her over **\$4,100 pa** in costs.

We helped her change the underlying tax-properties of her super, eliminating potential tax of **\$15,300** in the hands of her adult kids, payable upon her passing.

We allocated \$40,000 of Kathy's super towards paying off her mortgage - fully offsetting the loan but keeping it open to retain access to her cash. This saved her **\$2,000** in interest.

Kathy had term deposit cash to add to the strategy so she could stop worrying about managing this herself. She preferred to leave a cash buffer behind of \$5,000 for emergencies.

We ran financial modelling scenarios which incorporated Kathy's situation, our advice and her income and net asset outcomes if she retired now, or in a year's time as she thought, illustrating her eligibility for Age Pension upon retirement. Armed with this Kathy decided to retire now and get on with her life.

We helped her apply for the Age Pension and optimised her Centrelink record to maximise her benefits. This extended her Age Pension benefit by \$80 per fortnight (**\$2,080 pa**).

We restructured her super investments to support an income stream with layers to cater for market risk, options and liquidity. We optimised her regular payments to suit the mix, and ensured the new account aligned with her estate plans.

We helped Kathy review and update her Will and Power of Attorney via a facilitation service to meet her estate planning goals.

Kathy is a delight to work for. **She saved a combined \$23,480 in her first year**, got clarity on a big life decision, reduced stress and uncertainty as she transitioned into retirement and gained a clear path forward for her retirement years. **Her advice cost her \$5,200**. She is still a happy ongoing client and has taken up cruising.

Justin & Stephanie – Wealth Building

Justin (38) & Steph (37) are married, own their home in Mango Hill and have a 3yo daughter and plans for another baby. Justin works full-time as a fly-in fly-out Mining Engineer and Steph works part-time in Physio Admin. They have a \$550,000 mortgage, an investment property in Brisbane with a loan rented for \$770 per week, industry super funds with \$200,000 combined, a great cash flow surplus of \$60,000 pa and a strong desire to invest, build wealth and stop working so hard one day – Justin doesn't want to do it forever.

We clarified their goals – to pay down debt, build wealth and protect themselves, have a 2nd baby and ensure Steph can comfortably take a full 12 months off work, fund future education and to build the option to retire early at Justin's age 55 to travel, work less or change careers.

We used a measured portion of annual cash flow for super contribution strategies for both Justin & Steph to save tax and build super for post-60 retirement. This saved Justin **\$2,740** in tax and gained Steph a Gov Co-Contribution worth **\$500**.

We compared their industry funds to more cost-effective and better performing retail funds, helped them roll their balances and structure their portfolios with options and higher growth. This saved them **\$770 pa** in costs and raised the potential returns by 2.30% pa or **\$4,600** pa better off.

We worked with them to determine appropriate life, TPD & Income Protection cover and compared half a dozen insurers. We established new cover, partially funded from super to preserve cash flow and Income Protection in Justin's name for a further tax deduction. They saved a further **\$1,410 pa** in tax and set up affordable protection.

We flagged the idea of getting a depreciation schedule to claim non-cash tax deductions on their investment property, saving them net **\$2,400 pa** in tax.

We helped them start an Education Bond into which we allocated a larger portion of their annual cash flow surplus. We structured the investment mix for growth and income. Future education expenses for the kids funded from the bond attract a 30% rebate. Projected education spend for 2 kids through 13 years of school was \$208,000. The 30% rebate can save them **\$62,400** over this time. The bond is internally taxed at 30%, doesn't create tax for them in their higher income earning years and after 10 years invested, the bond can be accessed tax-free – becoming a tax-efficient vehicle from which to fund their pre-60 retirement years.

Modelling projections mapped Steph's time off with baby #2, lump sum spend, paying down debt, growth of investments, an eventual investment property sale and their retirement pathway – showing they had a bright future ahead. They said they felt more confident they were making good long-term choices.

These guys are an energetic couple with a thirst for investing knowledge and really enjoyed the planning process. **They saved \$12,420 in the first year and stand to save \$186,600 over the next 10 years. Their advice cost them \$7,200.**

Bruce – Wealth & Retirement

Bruce is 72, widowed, long retired, owns his own home in Coolum and has 2 adult kids and 2 grandkids. Bruce has wealth spread across super, pension and a personal investment account totalling \$4.3M and a healthy cash buffer in the bank. Bruce made his money in property, business and hard work, selling the lot some years ago to simplify and outsource the stress. He likes to stay active with walking & yoga, enjoys spoiling the grandkids and helping his own kids out with their business ideas and property and wants \$120,000 pa retirement income.

Each year we:

- Review and adjust his pension portfolios to ensure cash liquidity and income generation meets his annual minimum pension payments and any changes in markets, economics and interest rates can be taken advantage of or risk-managed.
- Scope opportunities to re-invest his surplus minimum pension payments in the lowest-tax manner.
- Track his long-term super contribution strategy to continue to change the tax properties of his super - saving an average of \$20,400 pa in tax in the hands of his adult kids upon his passing.
- Track his periodic strategy to shift personal investments into super where the tax rate is only 15% on this money compared with his marginal tax rate of 32%.
- Review his income stream transfer balance cap and total super balance for opportunities to shift super capital into pension phase, reducing the applicable tax rate from 15% to 0% on this money.
- Respond to semi-regular lump sum needs for gifts to the kids and travel plans with strategy to optimise funding sources to amplify his super strategy and optimise his tax position.
- Analyse changes in legislation and super rules applicable to Bruce with Div296 tax being the latest change to navigate.
- Model his position and projected net wealth at life expectancy to review the potential tax position of his estate and analyse any new plans for helping the kids of gifting.
- Review his estate planning and his goals for any changes and to ensure his wealth remains aligned with his needs and wishes.

Bruce is a warm and inclusive gentleman, inquisitive and seeks a full understanding of everything but very much enjoys outsourcing the management of it all. **Bruce pays \$22,000 pa for advice – around 0.50% of his total wealth.**

Retire with **confidence.**

