



Managing your Cash Flow

HOUSEHOLD CASH FLOW AND BALANCE SHEET

One of the keys to wealth creation is the understanding of your current cash flow and balance sheet position.

If you can treat your home like a business and understand your profit, this will allow you to take advantage of the various wealth creation strategies.

With any surplus cash flow or profit into your home, you will now have options to reduce your debt, buy an investment property, purchase direct shares or boost your superannuation.



Understanding your Cash Flow and Balance Sheet is integral for future wealth creation strategies

The Simplicity of Cash Flow Management

1. Understanding the inflow (income) and outflow (expenses) items to your household.
2. Understand the surplus funds remaining or profit margins to your home.
3. Once this is achieved then you can take advantage of many wealth creation and tax planning strategies for your household.

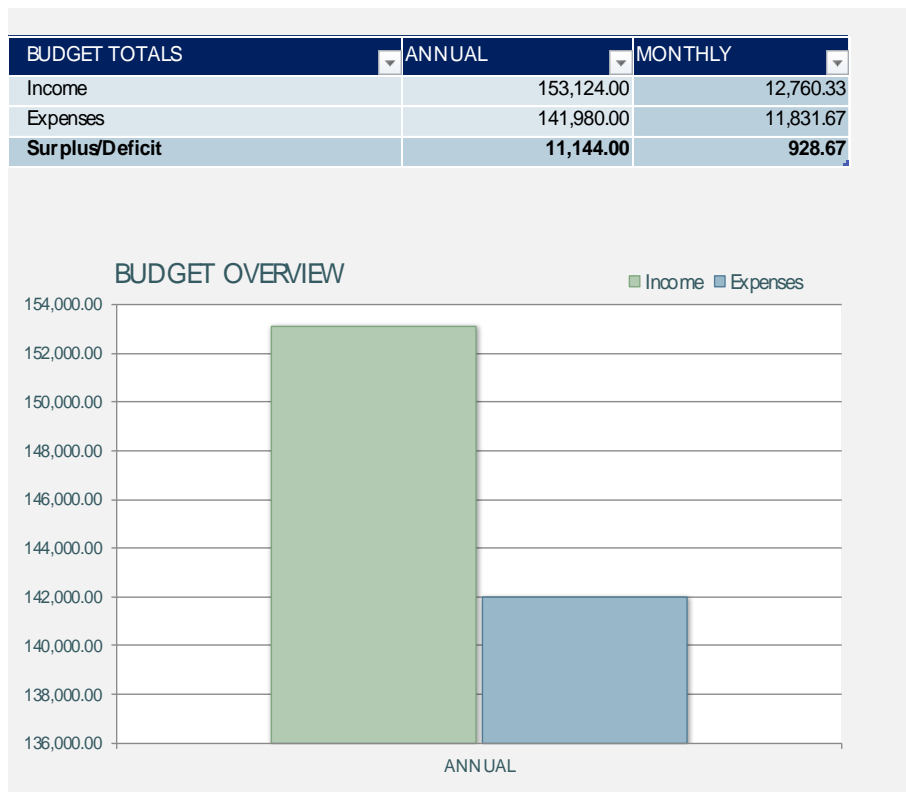
Wealth Creation and Tax Planning Opportunities

Once we can determine you have 'profit' in your household, there are many opportunities that we can assist you in creating wealth. The table below provides you an example of some of the best strategies we assist clients in building their net asset position:

Description	Objective	Wealth Creation
Debt Reduction or reducing your Home Loan	For first home buyers, the aim is to create equity in your home for investment purposes.	Paying off extra will also save you a considerable amount of interest and improve your balance sheet.
Property Investing	For the early wealth creators, the aim is to access equity for investment purposes.	Buying an investment property is a great way to accumulate long-term wealth and reduce your income tax payable.

Description	Objective	Wealth Creation
Leap-frog Property Investing	The aim here is to accumulate more than one investment property as your equity grows in your properties.	This strategy will certainly accelerate your long term wealth creation plan and reduce your level of income tax payable.
Starting building a share portfolio	As another alternative growth asset to property, it is great to start building a share portfolio and diversifying your asset exposure.	Investing in some of the best companies in Australia and globally will allow you to capture growth on your investments.
Boosting your superannuation	The aim here is to take advantage of a tax effective environment to build your overall wealth position. This can be achieved by contributing to superannuation.	Whilst your employer will contribute into super, you can also boost your super and save tax by salary sacrificing into your superannuation.

The importance of understanding your cash flow and balance sheet position will ultimately lead to advising you in appropriate wealth creation and tax planning strategies; based on your current and personal financial position. Below is an example summary of a household budget planner and the following page highlights the comprehensive view of a household budget planner:



By completing a comprehensive budget planner, we can then provide advice on wealth, tax and retirement planning strategies

Comprehensive Household Budget Planner

INCOME	Weekly	Monthly	Quarterly	ANNUAL
Gross Income - Client A	2,000.00			104,000.00
Gross Income - Client B	500.00			26,000.00
Rental Income		1,600.00		19,200.00
Interest income				0.00
Family Tax A & B		327.00		3,924.00
Other Income				0.00
Total	2,500.00	1,927.00		153,124.00
FINANCE/CAR/INSURANCE	Weekly	Monthly	Quarterly	ANNUAL
FINANCE				
Home Loan Payment		2,200.00		26,400.00
Investment Loan Repayment		800.00		9,600.00
Personal Loan				0.00
Credit Card				0.00
VEHICLES				
Car Repayment		650.00		7,800.00
Petrol		500.00		6,000.00
Car Insurance			500.00	2,000.00
Registration			500.00	2,000.00
Car Servicing/Maintenance				0.00
INSURANCE				
Life Insurance		80.00		960.00
Income Protection		150.00		1,800.00
Health Insurance (Medibank)		50.00		600.00
Home & Contents Insurance		50.00		600.00
Total Finance/Car/Insurance	0.00	4,480.00		57,760.00
OTHER EXPENSES	Weekly	Monthly	Quarterly	ANNUAL
HOUSEHOLD				
Food/Groceries	250.00			13,000.00
Electricity			300.00	1,200.00
Gas			200.00	800.00
Water			200.00	800.00
Home Rates			400.00	1,600.00
TELECOMMUNICATIONS				
Home Phone	50.00			2,600.00
Mobile Phones		200.00		2,400.00
Internet		100.00		1,200.00
CHILDREN				
Child Care	80.00			4,160.00
School Fees			250.00	1,000.00
Stationary/Books			200.00	800.00
Sports/Recreation		150.00		1,800.00
ENTERTAINMENT				
Pay-TV		150.00		1,800.00
Holidays			1,000.00	4,000.00
Entertainment/Spending	150.00			7,800.00
Sport Subscription/Gym	80.00			4,160.00
Presents/Gifts	100.00			5,200.00
OTHER				
Train Tickets	0.00			0.00
Salary Sacrifice - Client 1				0.00
Salary Sacrifice - Client 2				0.00
Income Tax - Client 1	500.00			26,000.00
Income Tax - Client 2	75.00			3,900.00
TOTAL OTHER EXPENSES	1,285.00	600.00		84,220.00

The household budget planner is an important ingredient in providing strategic financial advice and future wealth, tax and retirement planning strategies.

The Household Balance Sheet

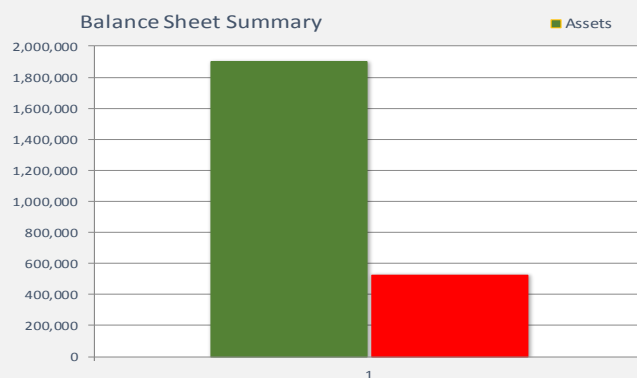
As part of the initial and ongoing wealth management program, we ensure we monitor, review and update your current household balance sheet to ensure your wealth creation strategies are being achieved.

HOUSEHOLD ASSET & LIABILITIES BALANCE SHEET

Please note the Total Column is automated for calculation.

January 2014

Balance Sheet Totals	ANNUAL
Assets	1,900,000
Liabilities	522,000
Net Asset Position	1,378,000



ASSET	Owner	Value	Cost	TOTAL
HOME				
Primary Residence	Joint	1,000,000	450,000	1,000,000
Home & Contents	Joint	100,000		100,000
Vehicles	Joint	55,000		55,000
Caravans/Boats				0
INVESTMENT PROPERTY				
Investment Property 1	John	600,000	250,000	600,000
Investment Property 2				0
Other Property				0
SUPERANNUATION				
Superannuation - Client 1	John	100,000		100,000
Superannuation - Client 2	Mary	45,000		45,000
OTHER				
Direct Shares				0
Managed Funds				0
Other Investments				0
Total Assets		1,900,000		1,900,000

LIABILITIES	Owner	Loan	Lender	TOTAL
HOME				
Primary Residence	Joint	350,000	NAB	350,000
Vehicles	Joint	20,000	NAB	20,000
Caravans/Boats				0
Credit Cards	Joint	2,000	NAB	2,000
				0
INVESTMENT PROPERTY				
Investment Property 1	John	150,000	CBA	150,000
Investment Property 2				0
Other Property				0
				0
SUPERANNUATION				
Superannuation - Client 1				0
Superannuation - Client 2				0
				0
OTHER				
Direct Shares				0
Managed Funds				0
Other Investments				0
Total Liabilities		0.00	522,000	522,000

Disclaimer

This publication may contain general advice without taking into account any particular persons objectives, financial situation or needs. Individuals should, before acting on this information, consider the appropriateness of this information having regard to their own circumstances. This publication does not constitute an offer or invitation to purchase any financial product. Any offer of a financial product will be made in a disclosure and applicants will need to complete the application form attached to that document. Except where under statute liability cannot be excluded, no liability (whether arising in negligence or otherwise) is accepted by any member of Australia Pacific Funds Management for any error or omission, or for any loss caused to any person acting on the information containing in this publication.

If you would like advice on your cash flow management, balance sheet and possible wealth creation strategies, please do not hesitate to email info@austpfm.com.au or contact the office on (03) 8621 8485.