

Little book of wealth concepts



PURPOSE PLANNING

W E A L T H A D V I C E

About Me



LIONEL O'MALLY

Principal Financial Planner

ASIC Authorised Representative Number: 001251765

Tax Practitioners Board Number: 26094936

Phone: 02 9172 5665

Email: lionel@purposeplanning.com.au

I am sub-authorised to provide the financial services described in the FSG by Purpose Planning Pty Ltd ("Purpose Planning"), authorised representative no. 001293039, which is a Corporate Authorised Representative of Axies Pty Ltd trading as Spark Advisors ABN 38 136 704 446 AFSL 339384.

Experience, Qualifications and Professional Memberships

I have spent over five years as a Financial Adviser offering advice to individual clients, as well as small and large business clients. Prior to Spark Advisors, I was a Financial Adviser with various financial organisations, including AGS Financial Group as Financial Planner.

I hold the following qualifications and professional affiliations:

- Bachelor of Financial Advising from University of Western Sydney
- Self-Managed Superannuation Fund Adviser (Personal Advice) from Mentor Education
- Margin Lending Adviser (Personal Advice) from Mentor Education
- Diploma of Financial Services (Financial Planning) from Mentor Education
- Listed Securities Accreditation from LPAC Online
- SMSF Specialist Advisor member of the SMSF Association of Australia Limited.

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Welcome

Throughout the course of your life, the importance of understanding your finances will be an integral part of your personal success.

That's why we developed this *'Little book of wealth concepts.'*

It's a quick guide to help you understand all the general areas of personal finances that you will need to consider at some stage in your life and help you make more informed financial decisions.

In it, you'll find valuable information that you can apply to your own personal finances or know where to look for help.

We hope you find it as a useful tool throughout your life's journey.

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Journey of financial decisions

As you navigate through life, your choices will be different because we are all uniquely different in our own ways.

We will all encounter different obstacles and decisions to be made.

To be able to make the best decision for yourself. You need to understand all the options available and choose the most appropriate for you at that point in time.

Therefore, education and information will help you make these decisions more wisely.

We aim to help you make more informed financial decisions, that hopefully put you in a better place throughout your journey in life.



Understanding your life stage

From the moment you leave school, your life begins as an adult and you will need to start making important financial decisions.

We see life in four stages relating to your journey with money:

- 1) Yours** (20's & 30's - managing your own money & starting life)
- 2) There's / Ours** (30's, 40's & 50's - family, career & responsibility)
- 3) Nearly there** (50's & 60's - preparing for retirement)
- 4) Next chapter** (60's + retirement phase)

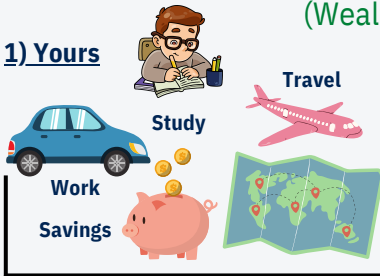
During your life stage, as it changes, you will need to make important financial decisions for yourself and potentially a family at some stage.

Broken down here are the four stages that we see you transition through. You will need help making decisions at all stages. Put all your effort into **Plan A** creating your own destiny, but always have a **Plan B** for backup so you or your family don't go without.

Plan A

(Wealth Creation)

1) Yours



2) There's / Ours



3) Nearly there



4) Next chapter



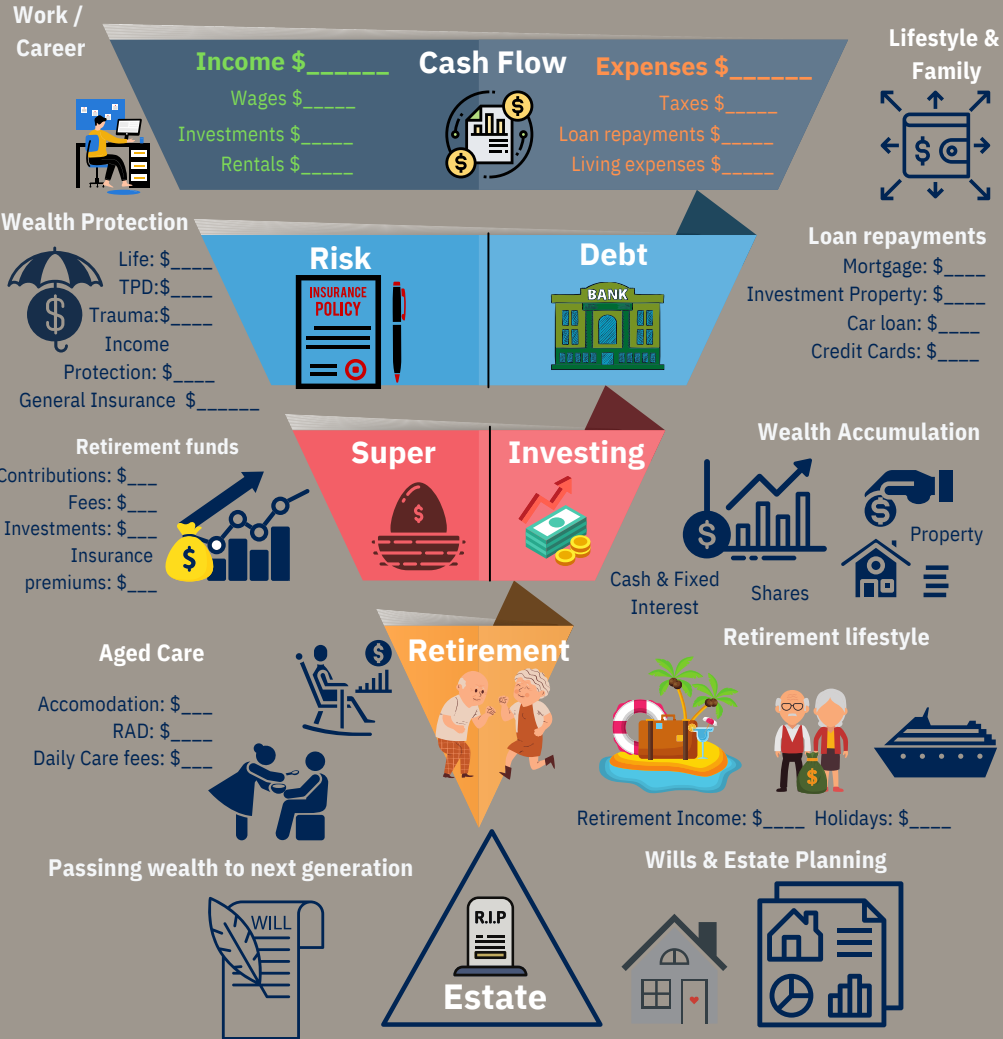
Plan B

(Wealth Protection)

Understanding money and wealth areas

Throughout the course of your life, you are bound to be involved with money and wealth. It provides you with the comfort to be able to purchase the necessities and luxuries in your life. Managing it and using it effectively can be the difference between success and struggles.

The areas of your wealth plan to keep on top of are listed below:



It all starts with *cash flow*

Cash flow is the oxygen to any strategy or plan you want to implement.

Without a positive cash flow, you are either spinning the wheels and not going anywhere or if you have negative cash flow, you're bogged and sinking financially.

Spending more than what you are making, you find yourself sinking.

Cash Flow

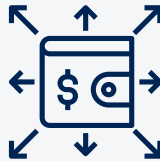


Having a structure and planning out your expenses will help you stay organised and on top of what's to come.

Work / Career	Salary/ Wages \$ _____
	Investments \$ _____
	Rentals \$ _____
	Gross Income
	\$ _____

Less Tax
Tax on income \$ _____

Bank account
Net Income \$ _____



Emergency Account
3 - 6 months worth of expenses

Expenses include:

Standard of living
Living expenses \$ _____

Debt Repayments
Loan repayments \$ _____

Luxuries
Holiday \$ _____
Nice things \$ _____

Investment
Shares \$ _____
Property \$ _____

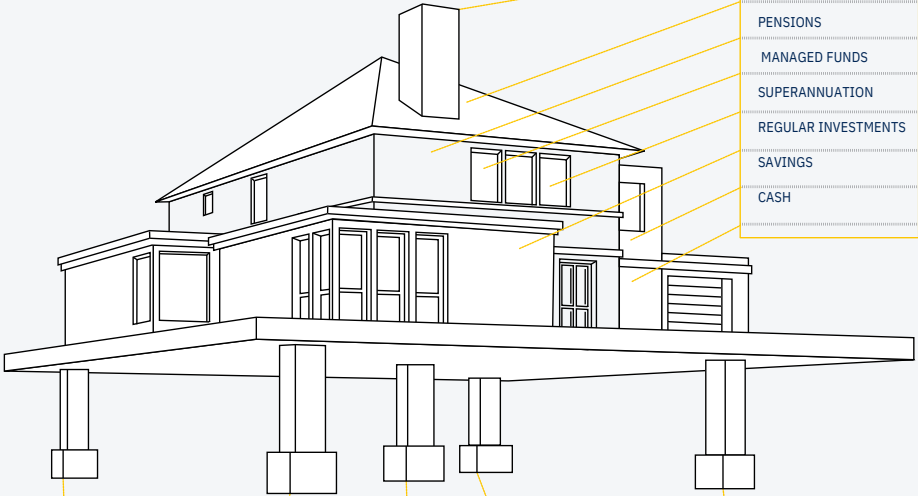
Lump sums
Kids education \$ _____
Kids wedding \$ _____
Renovations \$ _____

Gifts
Birthdays \$ _____
Xmas \$ _____
Other \$ _____

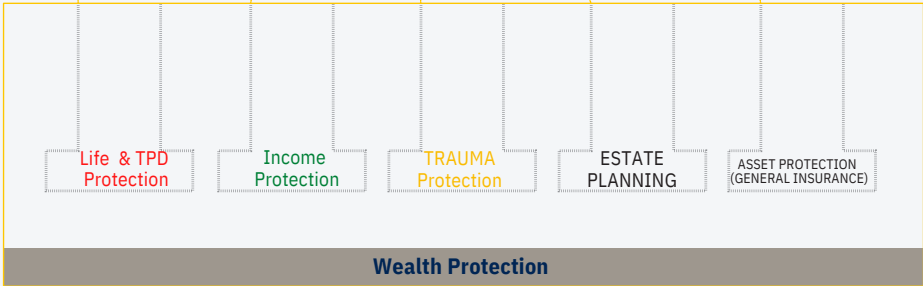
Building financial security

The best investment plan in the world can fall over if it doesn't have a solid foundation. That's why it's so important to balance your plan with *wealth creation* and *wealth protection* strategies to enable you to fulfill your goals.

Wealth Creation
DIRECT SHARES
PROPERTY
PENSIONS
MANAGED FUNDS
SUPERANNUATION
REGULAR INVESTMENTS
SAVINGS
CASH



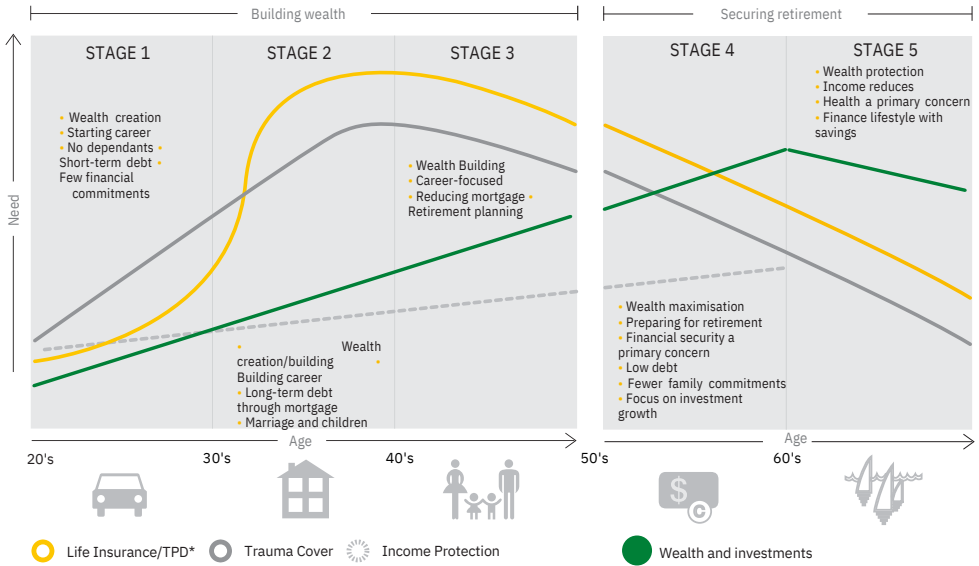
Wealth creation is built on top of the foundations of the wealth protection plan. No health, means no ability to earn and create wealth.



Understanding the **NEED** for insurance

As you move through life, your insurance needs will change as your life changes. So it's important that you're updating your wealth protection plan when significant life events occur. Your plan should reflect what you need in the event of an unforeseen accident, injury, illness or death.

The chart below shows the different Life stages and the types of insurance you may want to consider when covering yourself or family.



Life insurance should be covering at a minimum any debts that you have created. If you have kids you should also be covering the family income requirement including living expenses and school fees up until the kids are financially independent. This policy can be held through superannuation or non-super.

Total and Permanently Disablement Insurance (TPD) should be covering a portion of your income if you can never return to work again. Depending on the definition it could be in relation to your OWN occupation or ANY occupation in relation to past education or experience. This policy can be held through superannuation as ANY occupation or non-super as OWN occupation.

Trauma insurance is covering you for specific medical events and will pay you a lump sum tax-free into your bank account to cover some or all medical costs that you will incur after the injury or illness. It is to help get you back to work and cover medical bills that will arise. The policy is only available as a non-super policy but can be linked to a super policy to reduce premiums.

Income protection insurance covers your income if you're unable to work due to injury or illness. The insured monthly benefit is payable after you have met your Waiting Period (usually 30, 60 or 90 days based on your cash flow) and will be payable until your Benefit period finishes (either 2 yr, 5 yr, or to age 65). The policy can be structured both inside and outside superannuation, but most tax-effective usually when the premiums are paid from your bank account since they are all tax-deductible.

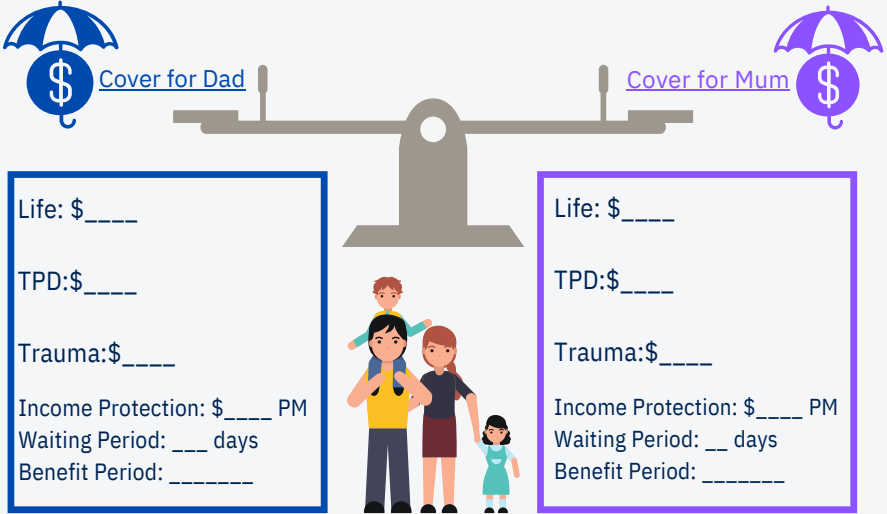
Quick guide to Personal insurance options

A further detailed explanation on the types of personal insurance. What is it? Payment type? When do you need it?

Cover	Income Protection	Trauma	Life	Total and Permanent Disability
What is it?	Payable if you're unable to work at full capacity or at all, due to sickness or injury	Payable if you suffers a specific medical condition	Payable on your death/ terminal illness	Payable where you're unable to ever work again due to sickness or injury
Payment type	Monthly replacement income & Lump Sum	Lump sum Tax-Free	Lump sum	Lump sum
When do you need it?	If you are working and your income is important to your financial obligations.	If you would like the security of a payment in the event you suffer from a debilitating medical condition	If you have any debts and/or dependants	If you have any debts and/or dependants

What is a Wealth Protection Plan?

Is a plan that can provide for you and your family, if an unforeseen event occurred by death, disablement, injury, or illness. The wealth of your family will be protected for both mum and dad. It will cover your family from any financial impact so your family wont go without.



*"The life who created the **debt**, is the life that should eliminate the debt"*



Living Expenses
\$ _____ PA

Debt

\$ _____

A guide to the level of cover is dependable on the income earners for the family, standard of living expenses, financial dependants and debt on your hands




Investment time frame

When making an investment decision, your first thought should be on the investment time frame and when you will need this money.

This will help you work out which assets you should be investing in.

Growth assets of Australian shares, international shares, and property are volatile and your money will fluctuate up and down based on the valuations of those assets.

Defensive assets of cash, bonds, and Australian and international fixed interest are more stabilised and secure your wealth in the short term.

Lifestage time frames						
20s	30s	40s	50s	60s	70s	80s
						

The investment area you structure your assets in will also determine the investment time frame.

Those types of structures include superannuation and non-super arrangements of trusts or companies.

Super can only be accessed when you have met a condition of release which is usually at your preservation age 60, for most people.

Non-super money is accessible whenever you need it.

But before making an investment decision, you need to weigh up the tax benefits of the potential future capital gain and income earned.

Investment asset classes

When investing money you should take into consideration your investment time frame and when you will need a portion of the funds. When this has been confirmed we then need to diversify into assets classes that are going to keep this portion safe and the remaining funds allocated growing with the financial markets.

Defensive assets __%

Growth assets __%



- Safer assets
- Stability
- Low Growth potential
- Short-term investments

- More risk
- Volatile
- More Growth potential
- Long-term investment



Cash

__%

Australian shares



BHP

__%

__%

International shares

NETFLIX

facebook

amazon



TESLA

__%

Property

Australian Fixed Interest



__%

__%

International Fixed Interest



Commercial



Residential



REITS

Good debt vs Bad debt

Paying off debt can be both good and bad. Good in the sense that it gives you more purchasing power to leverage your wealth and potentially continue growing. Bad that the debt doesn't give you any tax advantages and the interest repayments are too high.



Credit Cards ❌

- Not tax deductible
- High interest rates



Personal Loans ❌

- Not usually tax deductible
- High interest rates



Car Loans ❌ / ✅

- Interest can be tax-deductible
- Higher interest rates
- Usually not an appreciating asset



Home Loans ❌ / ✅

- Interest NOT tax deductible
- Better interest rates
- Growing asset
- no income

Debt on home



Investment property loans

- Interest is tax deductible
- Repairs and maintenance is deductible
- Potential for Growth
- Passive Income through rent



Loan to buy Shares

- Interest is tax deductible
- Potential for Growth
- Passive Income through dividends



Loan to buy Managed Funds

- Interest is tax deductible
- Potential for Growth
- Passive Income



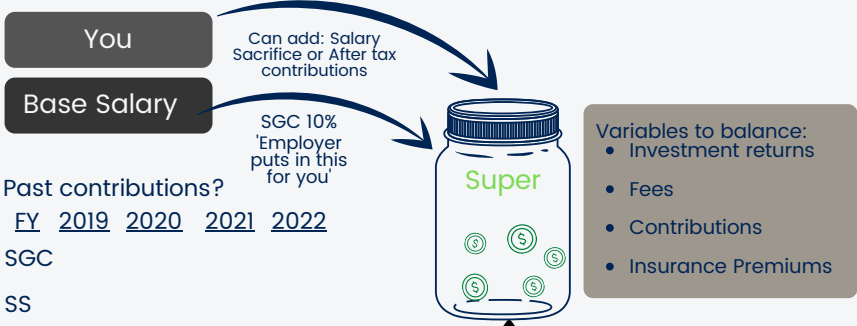
Investment Debt



Equity can potentially be withdrawn for investment purposes

How super works?

Superannuation is designed to help you fund your own retirement. It can also be used to hold personal insurance and pay premiums. There are many ways to manage it.



Past contributions?

FY 2019 2020 2021 2022

SGC

SS

CC

Questions you may need answering:

- Where is all my super?
- How is my super invested?
- What are my current fees?
- Can I start salary sacrificing?
- What will I have at retirement?
- When can I retire?

Personal Insurance:

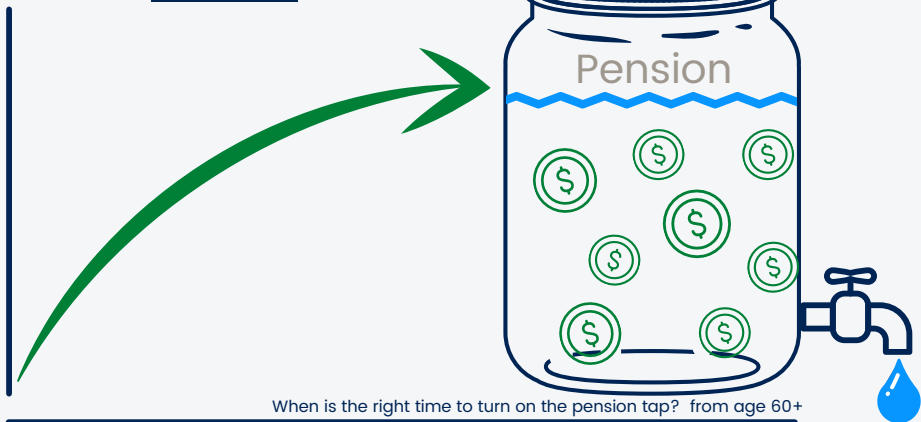
Life: \$

TPD: \$

IP: \$

\$

Time-line



Now

What's your dream Retirement?

Everyone will have their own expectation in retirement and income requirements. But what so many people leading into retirement are concerned about is. Will I have enough? When is the right time to retire? How do I retire?



We can help clarify these questions by understanding the following details:

Retirement Income: \$ _____ PA

Holidays: \$ _____ PA

Lump sum purchases: \$ _____



*We say to all our clients:
"Make sure you use it before you loose it"*



Aged care



Accommodation: \$ ____

RAD: \$ ____

Daily Care fees: \$ ____



Now

End of the road

"Because the next generation are going to spend it"

Wills & Estate Planning

There's one for sure in life, death is upon us at some point in time. Some, unfortunately, sooner than others. So it's important to have your affairs in order that spell out what you would like to happen with your estate and accumulated wealth. Having this area looked after by an estate planning professional is your best option.

If you die WITHOUT a Will



- If you die without a Will you are said to die intestate.
- Without a Will an Administrator is appointed by the NSW Supreme Court who must:
 - Arrange a funeral,
 - Collect Assets,
 - Pay taxes / debts,
 - distribute your estate.
- This requires a lot of groundwork which means a lot of money if paid to the acting solicitor. Causing stress to your loved ones that can be avoided with a proper estate plan.
- Your assets will be distributed according to a legal formula possibly leading to a different distribution than what you wanted



Why is it better to have a Will?

- Without a Will, you have no control over the administrator. With a Will then you can control who acts as your Executor and decide who inherits your assets.
- It is much cheaper and quicker with a grant of Probate when there is a Will.
- Preparing a will you can also set up appropriate trusts and your beneficiaries can benefit from tax minimisation and asset protection.
- You can also elect the guardian of your minor children in the Will.
- Enduring Powers of Attorney are two important documents that cover your financial and medical matters when you can or can't make decisions.



Superannuation & Pension Beneficiary Nominations

When leaving the proceeds to your estate or beneficiaries from your superannuation or pension account, you have to provide a nomination to the Trustee of the fund. There are various options available and it's best to consult with your financial adviser or legal professional to help with the nomination which includes:



- Non-binding nomination: The nomination is not binding and the trustee will determine whom the appropriate Beneficiary shall receive the funds.
- Binding lapsing nomination: The Trustee is bound to pay the nomination instructed by the member and it last for three years, while, need to be resigned every three years
- Binding non-lapsing nomination: The Trustee is bound to pay the nomination instructed by the member and it does not expire.
- Reversionary nomination: the nominated person (generally your spouse) will continue receiving the pension after your death.

All the beneficiaries nominated may or may not have to pay taxes based on their relationship with the member.

Tax in Australia

This website will help you work out what tax you will pay and what income you will receive in your bank account. Website: www.taxcalc.com.au

Financial Year:

2022-2023

2021-2022

2020-2021

2019-2020

2018-2019



Calculate your tax and after tax salary

Enter your taxable income in dollars:

For example, if you earn \$50,000 enter in "50000"

Income includes super?

Australian resident? ?

I have a HELP debt ?

I'm eligible for SAPTO ?

Calculate

Tax Rates for 2022-2023:

Australian Residents

Tax Rates 2022-2023

TAXABLE INCOME	TAX ON THIS INCOME
\$0 – \$18,200	Nil
\$18,201 – \$45,000	19c for each \$1 over \$18,200
\$45,001 – \$120,000	\$5,092 plus 32.5c for each \$1 over \$45,000
\$120,001 – \$180,000	\$29,467 plus 37c for each \$1 over \$120,000
Over \$180,000	\$51,667 plus 45c for each \$1 over \$180,000
Compulsory superannuation rate: 10.5%	

Medicare Levy of 2% applies (not applicable to low income earners).

Low and middle income tax offset (LMITO) to be removed in this year

Non Residents

Tax Rates 2022-2023

TAXABLE INCOME	TAX ON THIS INCOME
\$0 – \$120,000	32.5c for each \$1
\$120,001 – \$180,000	\$39,000 plus 37c for each \$1 over \$120,000
Over \$180,000	\$61,200 plus 45c for each \$1 over \$180,000
Compulsory superannuation rate: 10.5%	

Originated




and servicing



all areas.




CONTACT US ON

 02 9172 5665



www.purposeplanning.com.au

 info@purposeplanning.com.au



PO Box 6378 Baulkham Hills NSW 2153