

Modelling - Cashflow and Capital

Adding Income and Expenses

June 2023
v1.1



Contents

1.1.1	Introduction	3
1.1.2	Income	3
1.1.3	Salary.....	3
1.1.4	Annuity.....	4
1.1.5	Defined Benefit	8
1.1.6	Other Income	10
1.1.7	Expenses.....	11
1.1.8	Adding a one-off expense	12

1.1.1 Introduction

Income and expenses allows you to manage all information for any income your clients are receiving or expenses that are incurred.

Any income and expenses that were added to your clients details within Fact Find will pre-populate here if you elected to **Update from Fact Find** in the Settings page of C&C.

1.1.2 Income

As mentioned, any income added within Fact Find will be updated here if you chose. Alternatively, you can manually add income using the button on the far right.

Income + Add Income

	Period	Name	Type	Owner	Taxable (%)	Amount (\$ p.a.)
	Now-RetireC2 (10.0%)	Salary - Olive Oyl	Salary	Olive Oyl	100.00	80,000
	Now-RetireC1 (10.0%)	Salary - Popeye	Salary	Popeye the Sailor	100.00	80,000
	Now-End (0.0%)	Challenger Annuity	Annuity	Olive Oyl	0.00	0
	Now-End (0.0%)	CSS Benefit	Defined benefit	Popeye the Sailor		0
	Now-RetireC1 (3.0%)	Other income	Other income	Olive Oyl	100.00	0

This section also enables you to delete an income, set a name, the owner of the income (client 1 / client 2 / joint), the taxable portion and the annual amount received.

Another important button here is **Period**. When adding an income, you have the choice between Salary / Annuity / Defined Benefit or Other Income. For each of these types of incomes, the Period button will open up additional settings that you can modify as required. We will go into further detail of these below.

1.1.3 Salary

The settings for Salary are quite straight forward, allowing you to modify the value (pa), the indexation rate, when the income starts and ends, whether it is stepped (ie step by 2 indicates payments every second year) and will display the amount per financial year.

Edit Salary - Olive Oyl ×

Value (\$)	80,000
Indexation (%)	2.50
Start	Now (2021) ▼
End	RetireC2 (2036) ▼
Step by	1 ▼

Financial year	Annual value	
2020/2021	80,000	⬇
2021/2022	82,000	⬇
2022/2023	84,050	⬇
2023/2024	86,151	⬇

1.1.4 Annuity

The annuity income type is the most effective way of adding a pre-defined, ongoing fixed payment for your client if they have purchased an annuity. There are a number of additional settings available for annuities. This section will go into detail on how to use these to assist with modelling an annuity within C&C.

Value (\$)

2,000

Indexation (%)

2.50

Start

2025

End

End (2051)

Step by

1

Financial year	Annual value
2024/2025	2,000
2025/2026	2,050
2026/2027	2,101
2027/2028	2,154
2028/2029	2,208
2029/2030	2,263
2030/2031	2,319
2031/2032	2,377
2032/2033	2,437
2033/2034	2,498
2034/2035	2,560

Name

Challenger Annuity

Is this a defined benefit?

Pre/Post age

64

Purchase price (\$)

0

Purchase date

01/01/1990

Maturity value (\$)

0

Purchased with super funds?

Apply 1 July 2019 means test?

Annuity is DCAS compliant?

Detail of annuity pre-age 64

Tax assessability (%)	0.00
Tax free proportion (%)	100.00
Rebatable portion (%)	10.00
Centrelink assessability (%)	100.00
Centrelink deductible amount (\$)	0
Include in cashflow (%)	100.00

Detail of annuity post-age 64

Tax assessability (%)	0.00
Tax free proportion (%)	100.00
Rebatable portion (%)	10.00
Centrelink assessability (%)	100.00
Centrelink deductible amount (\$)	0
Include in cashflow (%)	100.00

Ok

Cancel

In the left of the image, you can set the annual amount received, whether there is any indexation, the start and end dates and whether it is stepped. These settings are similar to the normal Salary. You can also view the individual amounts per financial year, and if required override these figures and indexation.

The below image indicates an annual payment of \$2,000 with a 2.5% indexation, which will be visible in the Cashflow section of C&C outputs.

Value (\$)	2,000
Indexation (%)	2.50
Start	Now (2025) ▼
End	End (2051) ▼
Step by	1 ▼

Financial year	Annual value	
2024/2025	2,000	↓
2025/2026	2,050	↓
2026/2027	2,101	↓
2027/2028	2,154	↓

Step by1▼
Purchase date01/01/1990

Financial year	Annual value	
2024/2025	2,000	↓
2025/2026	2,050	↓
2026/2027	2,101	↓
2027/2028	2,154	↓
2028/2029	2,208	↓
2029/2030	2,263	↓
2030/2031	2,319	↓

Fill down (2027) ×



☒ Start indexing from now

Value (\$)	Indexation (% p.a.)	Years
2,101	2.50	0

Ok

Cancel

The top right section lets you add additional information on the product.

Name	Challenger Annuity		
Is this a defined benefit?	<input type="checkbox"/>		
Pre/Post age	60		
Purchase price (\$)	50,000		
Purchase date	20/01/2025		
Maturity value (\$)	0		
Purchased with super funds?	<input type="checkbox"/>		
Apply 1 July 2019 means test?	<input type="checkbox"/>		
Annuity is DCAS compliant?		<input checked="" type="checkbox"/>	

- You can change this annuity over to a defined benefit, which will update the type of income.
- The purchase price of the annuity, purchase date, and whether there will be any dollar value to the annuity at maturity date
- If you tick '**purchased with super funds**' then there will be a negative transaction from the clients super account equal to the purchase price on the month of the purchase date. You do not need to add a transaction within the Super section of C&C this will be automatic, just ensure that there are sufficient funds to cover this transaction.
- If this annuity requires the 1 July 2019 means test calculation (see below)

Apply 1 July 2019 means test?



This option allows you to determine whether the annuity was purchased **BEFORE** or **AFTER** 1 July 2019 to apply the relevant calculations.

Apply 1 July 2019 means test? ☐

Before

For annuities that are purchased BEFORE 1 July 2019, you do not tick the box.

This provides you with these two additional fields below:

- Centrelink assessability (%)
- Centrelink deductible amount (\$)

Detail of annuity post-age 60

Tax assessability (%)	0.00
Tax free proportion (%)	100.00
Rebatable portion (%)	10.00
Centrelink assessability (%)	100.00
Centrelink deductible amount (\$)	0
Include in cashflow (%)	100.00

This will allow the user to determine whether a portion of the annuity is assessable from a Centrelink perspective, and to manually calculate the Centrelink deductible amount as annuities that commenced before 1 July 2019 feature a reducing assessable value over life expectancy (known as the deduction amount rules).

The **Centrelink deductible amount** is the value a User can manually add in based on the calculations within the PDS for the existing annuity. Please refer to your specific product or legislation when determining this figure.

After

For annuities that are purchased AFTER 1 July 2019 you need to tick this box.

This will allow the system to automatically use the means tested calculation and the User does not need to input any additional fields.

DCAS Compliant Annuity

Refers to the ability to access this annuity at a higher withdrawal value than the declining capital access schedule.

1.1.5 Defined Benefit

This area of Cashflow & Capital allows a User to input regular, fixed payments once they have been set up as an ongoing defined benefit income stream.



If you wish to include information of a defined benefit paid to a client as a lump sum payment rather than fixed regular payments, this can be modelled within the **Inputs > Super** section of C&C as a rollover into an existing super account. Further details can be found in that section of the User Guide.

Edit income stream/annuity
✕

Value (\$)	50,000
Indexation (%)	0.00
Start	RetireC2 (2036) ▼
End	End (2051) ▼
Step by	1 ▼

Name	Defined Benefit
Is this a defined benefit?	<input checked="" type="checkbox"/>

* When the defined benefit box is checked, the income tax is automatically calculated on each component/element, based on the client's age.

* The transfer cap information will be added to the transfer cap calculations shown in the super projection table.

Financial year	Annual value	
2035/2036	50,000	⬇
2036/2037	50,000	⬇
2037/2038	50,000	⬇
2038/2039	50,000	⬇
2039/2040	50,000	⬇
2040/2041	50,000	⬇
2041/2042	50,000	⬇
2042/2043	50,000	⬇
2043/2044	50,000	⬇
2044/2045	50,000	⬇
2045/2046	50,000	⬇

Detail of defined benefit (all ages)

Tax free component (%)	0.00
Taxed element (%)	100.00
Def Ben-Untaxed element (%)	0.00
Centrelink assessability (%)	100.00
Centrelink deductible amount (\$)	0
Include in cashflow (%)	100.00

Defined benefits ⓘ

Transfer Cap information

Defined benefit payment for transfer cap (\$ p.a.)	0
Financial Year for Cap	2036
Financial Month	Jul ▼
Defined benefit income in financial year	50,000
Multiple for Cap	16

An amount of \$0 will be added to the transfer cap in Jul 2035

Ok

Cancel

The structure of this income is similar to an annuity.

In the top left you can determine the annual amount paid to the client, whether there is any indexation, start and end dates and if stepped. You can also modify the amounts paid in any specific financial year down the left side column.

You can update the details of the defined benefit using the central options, including tax free and taxed elements and whether there are Centrelink implications. Below this information on the transfer cap.

Detail of defined benefit (all ages)

Tax free component (%)	0.00
Taxed element (%)	100.00
Def Ben-Untaxed element (%)	0.00
Centrelink assessability (%)	100.00
Centrelink deductible amount (\$)	0
Include in cashflow (%)	100.00

1.1.6 Other Income

Other Income allows flexibility to include any additional income your clients may receive outside of their Salary, Annuities or Defined Benefits.

The options for this are similar to that of Salary.

Edit Other income

Value (\$)

0

Indexation (%)

3.00

Start

Now (2021)

End

RetireC1 (2043)

Step by

1

Financial year	Annual value
2020/2021	0
2021/2022	0
2022/2023	0
2023/2024	0
2024/2025	0

1.1.7 Expenses

The Expenses section of the Income and Expenses menu shows your clients general living expenses excluding any loan repayment or savings plans. Any expenses that have been included within **Client > Fact Find > Income and expenses** will appear here as long as you have selected **Update from Fact Find** for this scenario. Alternatively you can manually add this information within C&C or override any that need changing.

Expenses

						+ Add expense
Period	Name	Type	Owner	Deductible (%)	Amount (\$ p.a.)	
Now-RetireC2 (10.0%)	Deductible expenses	Deductible expenses	Olive Oyl	100.00	0	
Now-RetireC1 (10.0%)	Deductible expenses	Deductible expenses	Popeye the Sailor	100.00	0	
Now-End (10.0%)	General expenses	General expenses	Joint	0.00	0	
Now-End (3.0%)	Non-cash deductible expenses	Non-cash deductible expenses	Popeye the Sailor ▼	100.00	0	
Now-End (3.0%)	Other expenses	Other expenses	Popeye the Sailor ▼	0.00	0	

The owner of the expense can be Client 1, Client 2 or Joint.

Similar to incomes, by clicking on the **Period** button you're presented with additional fields which allows you to view and amend each of the specific expenses and determine the amount, indexation, start and end dates and change these amounts for each financial year as required.

Edit Deductible expenses ×

Value (\$)

0

Indexation (%)

10.00

Start

Now (2021) ▼

End

RetireC1 (2043) ▼

Step by

1 ▼

Financial year	Annual value	
2020/2021	0	⬇
2021/2022	0	⬇
2022/2023	0	⬇

When including tax deductible expenses, you can modify the % of deductibility as required.

Period	Name	Type	Owner	Deductible (%)	Amount (\$ p.a.)
Now-RetireC2 (10.0%)	Deductible expenses	Deductible expenses	Olive Oyl	80.00	0

1.1.8 Adding a one-off expense

You have the ability here to manually add one-off expenses rather than regular ongoing expenses. Examples may be planned holidays, a child's wedding or gifts to family etc.

- Click **+ Add expense** and select **Other expenses**, then click on the **Period** button

Expenses + Add expense

Period	Name	Type	Owner	Deductible (%)	Amount (\$ p.a.)
Now-RetireC2 (10.0%)	Deductible expenses	Deductible expenses	Olive Oyl	80.00	0
Now-RetireC1 (10.0%)	Deductible expenses	Deductible expenses	Popeye the Sailor	100.00	0
Now-End (10.0%)	General expenses	General expenses	Joint	0.00	0
Now-End (3.0%)	Non-cash deductible expenses	Non-cash deductible expenses	Popeye the Sailor	100.00	0
2024-2024 (3.0%)	Other expenses	Other expenses	Popeye the Sailor	0.00	0

- Leave the **Value (\$)** field as \$0 as this is for ongoing expenses each year, and instead add the amount within the specific financial year. To reduce the number of fields you can update the **Start** and **End** dates so that only the required financial year is visible. In the example below you can see there will be a \$60,000 expense for the 2023/24 financial year.
- This will appear within the general expenses in Cashflow as a one off expense.

Edit Other expenses ×

Value (\$)	0
Indexation (%)	3.00
Start	2021 ▼
End	2028 ▼
Step by	1 ▼

Financial year	Annual value
2020/2021	0 ⬇
2021/2022	0 ⬇
2022/2023	0 ⬇
2023/2024	60,000 ⬇
2024/2025	0 ⬇
2025/2026	0 ⬇

Edit Other expenses ×

Value (\$)	0
Indexation (%)	3.00
Start	2024 ▼
End	2024 ▼
Step by	1 ▼

Financial year	Annual value
2023/2024	<div>60,000 ⬇</div>



Midwinter Financial Services



Level 6/345 George Street, Sydney NSW 2000



info@Midwinter.com.au



1300 882 938