

Modelling - Cashflow and Capital

Adding Income and Expenses

June 2023 v1.1





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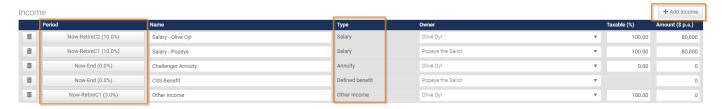
1.1.1 Introduction

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.



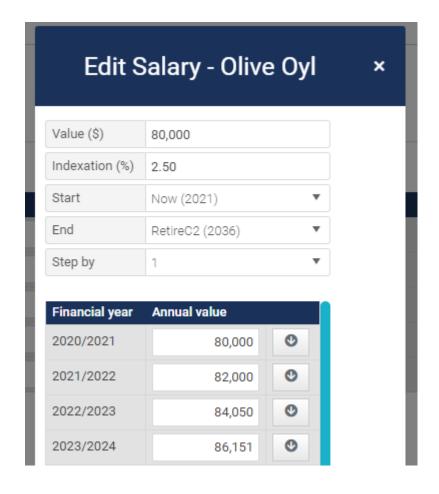
This section also enables you to delete an income, set a name, the owner of the income (client 1 / client 2 / joint), the taxable portion and the annual amount received.

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.

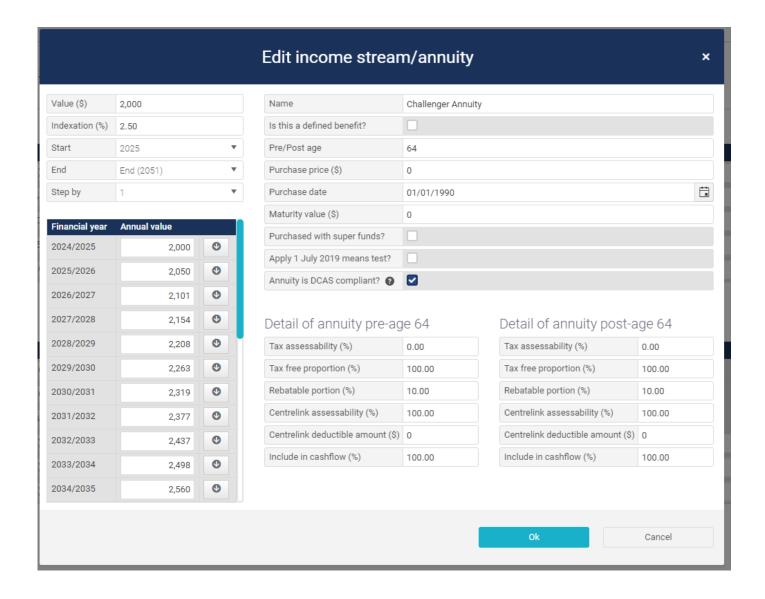




1.1.4 Annuity

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.





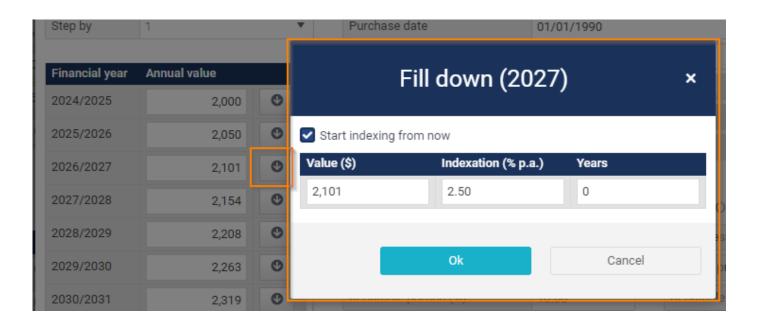
In the left of the image, you can set the annual amount received, whether there is any indexation, the start and end dates and whether it is stepped. These settings are similar to the normal Salary. You can also view the individual amounts per financial year, and if required override these figures and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









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



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

- 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?	
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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
	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.

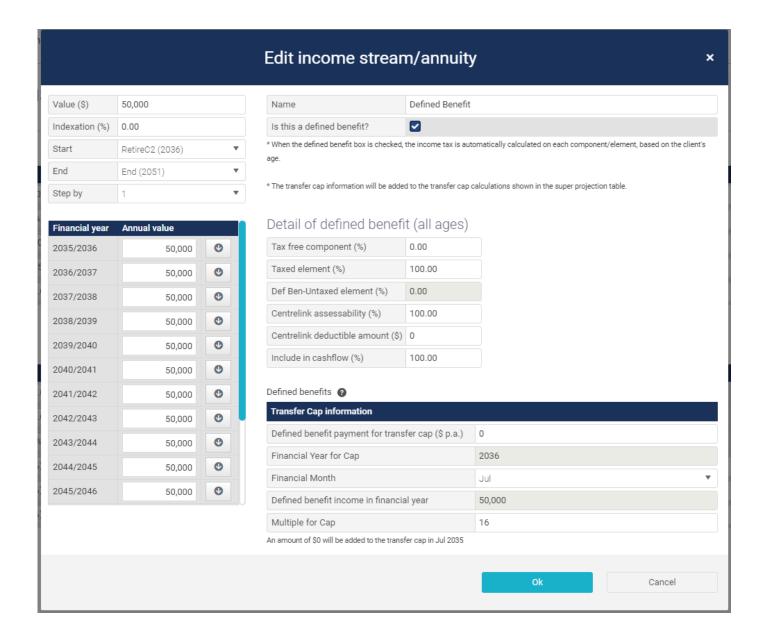
1.1.5 Defined Benefit

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.





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 coloumn.

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.



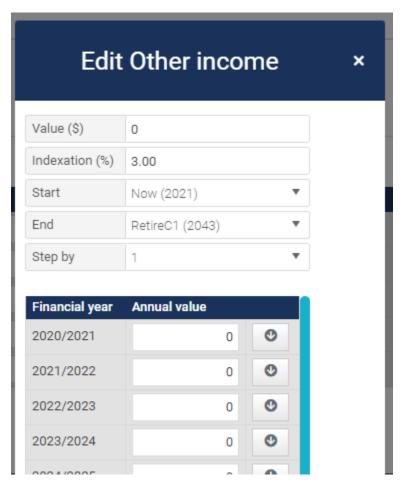
Detail of defined benefit (all ages)

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 flexibilty 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.





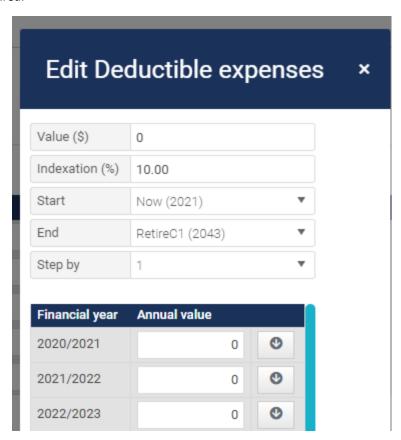
1.1.7 Expenses

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.



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.





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



1.1.8 Adding a one-off expense

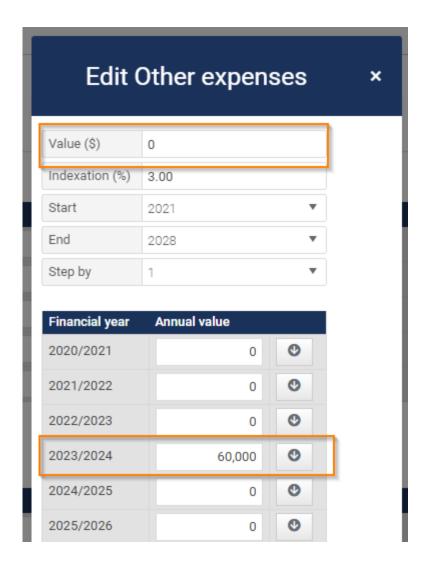
You have the ability here to manually add one-off expenses rather than regular ongoing expenses. Examples may be planned holidays, a child's wedding or gifts to family etc.

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

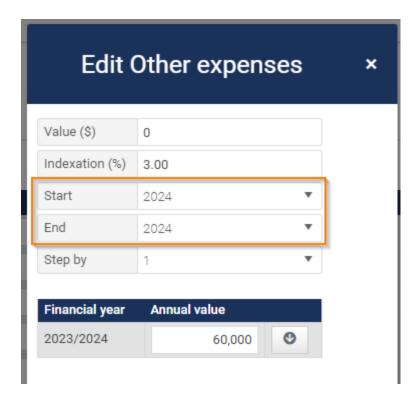


- Leave the Value (\$) field as \$0 as this is for ongoing expenses each year, and instead add the amount within the specific financial year. To reduce the number of fields you can update the Start and End dates so that only the required financial year is visible. In the example below you can see there 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.













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