

Wealth benchmarks - Wealth analysis report

Data for username	visitor
Valuations as at	01-Jan-2007
Income and expenses for year ending	01-Jan-2007
Data last updated	23-Nov-2007
Date and time this report generated	03-Dec-2007 11:55:15 am
Advisor	

1. About this report

The following is a personalised and confidential report about various aspects of "what you own, owe, are worth, earn, spend, save and insure". It is based on your inputs and application of various simplifying assumptions. Accordingly it will not accurately describe your position and you should seek expert advice before relying on this information. Wealth benchmarks? does not warrant the accuracy of any information provided. As a high-level summary, we hope this helps you better understand your position and perhaps hint at your priorities for improving or enjoying your financial security.

The following Section 2 provides a summary of your financial position and the interaction between what you earned and consumed with what you own and owe. Depending on your situation, you may have saved and grown your overall wealth or depleted it through consumption (including via self-funding retirement) or asset depreciation. See our User Guide for more information on how to read this.

Section 3 details what you "own, owe and are worth" using an indicative Balance Sheet and asset and liability ratios. Our ratios are a useful way of understanding the relativity of your position, eg. the size of your debt relative to your assets. They are also very useful for making comparisons with others who may be in a different overall financial position.

Section 4 details what you "earn, spend and save" using an indicative income statement and income and expense ratios. Some of the ratios like hourly expense rate may surprise you.

Note the plots in Section 3 and 4 which depict your balance sheet and income statement information work like a staircase showing the various **steps up** that make up a total (eg. Total Assets) or **steps down** that describe its allocation (eg. how your Gross Income is consumed).

Section 5 explores some key items that relate to life and illness insurance. While by no means complete, the statistics and ratios should start you thinking whether you have and have enough the right kinds of insurance. To answer those questions properly you should consult with an expert life insurance advisor.

Optional Section 6 provides a breakdown of your personal expenditure. Later we hope to release a tool for you to compare with others.

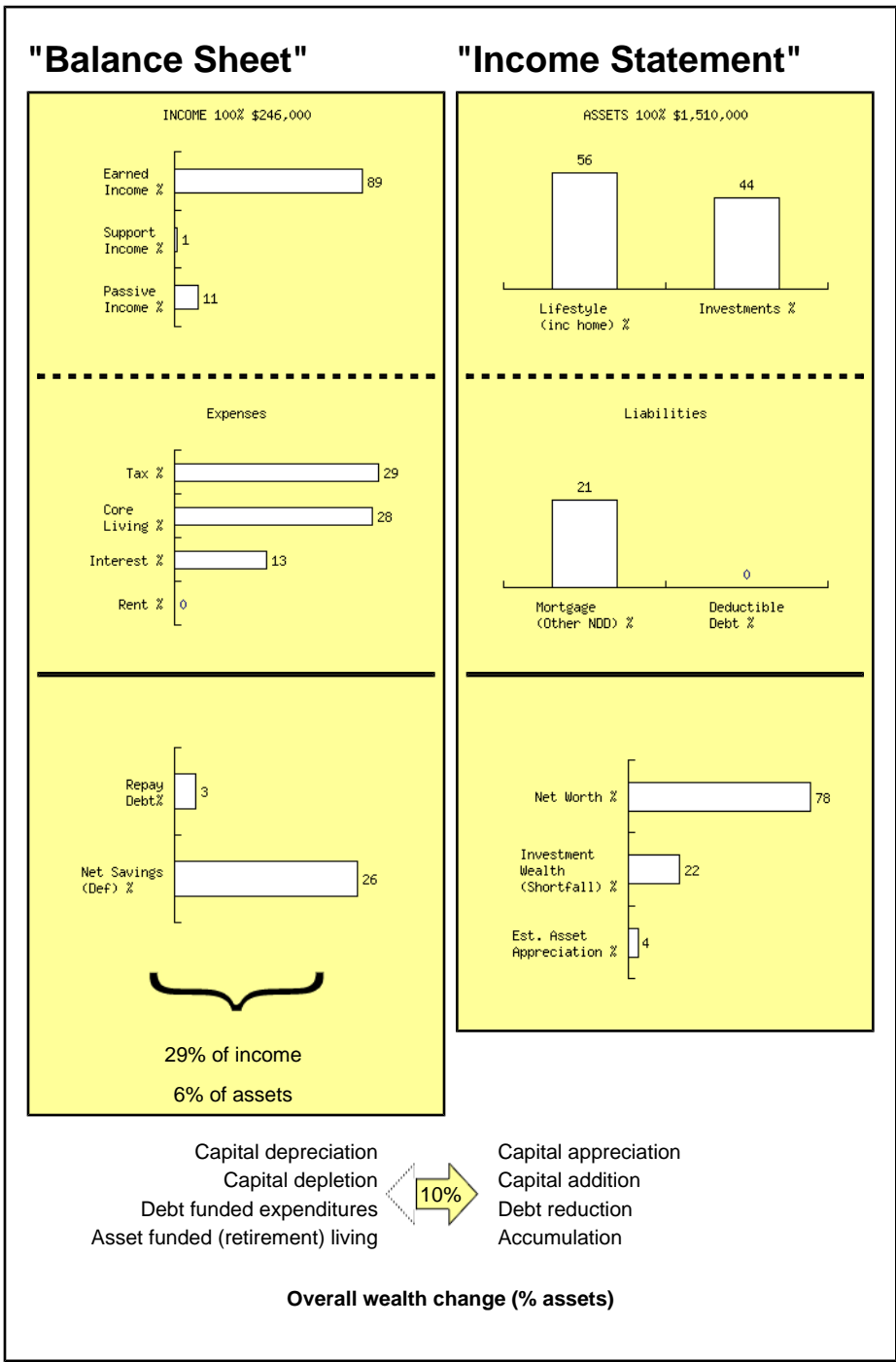
Option Section 7 provides further detail on your assets and liabilities. The Asset Allocation provided breaks down your assets into various classes and sub-groups (incl. income/growth-like and domestic/international) based on your inputs and some simplified rules. The detailed assets and liabilities tables will be relevant also for making detailed comparisons with others.

Note for Sections 6 and 7 to appear you must have entered data into the optional Expenses and Other detail data sections respectively.

For further explanation please refer to the site User Guide

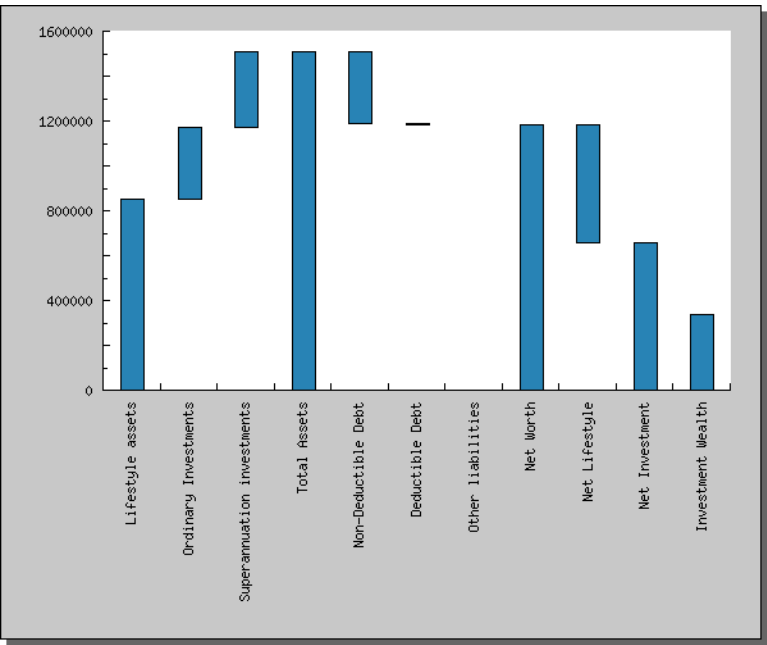
2. Wealth and income summary

The following summaries the composition of your assets, liabilities, income and expenses in financial statement format. The information is shown as a % of either total assets or income to emphasize relativity. Depending on your situation, you may be growing your Net Worth through savings and asset growth or depleting your Net Worth by negative savings and/or asset depreciation.



3.1 Your balance sheet (Net Worth summary)

Home	\$750,000
Other lifestyle assets	\$100,000
Total Lifestyle Assets	\$850,000
Total Ordinary Investments	\$320,000
Total Superannuation Investments	\$340,000
Total Investments	\$660,000
TOTAL ASSETS	\$1,510,000
Mortgage	\$220,000
Other non-deductable debt	\$100,000
Total non-deductable debt	\$320,000
Total deductible debt	\$5,000
Total other liabilities	\$0
TOTAL LIABILITIES	\$325,000
NET ASSETS ("Net Worth")	\$1,185,000
Investment Wealth	\$335,000
Net Lifestyle Assets	\$530,000
Net Investment Assets	\$655,000



3.2 Asset ratios

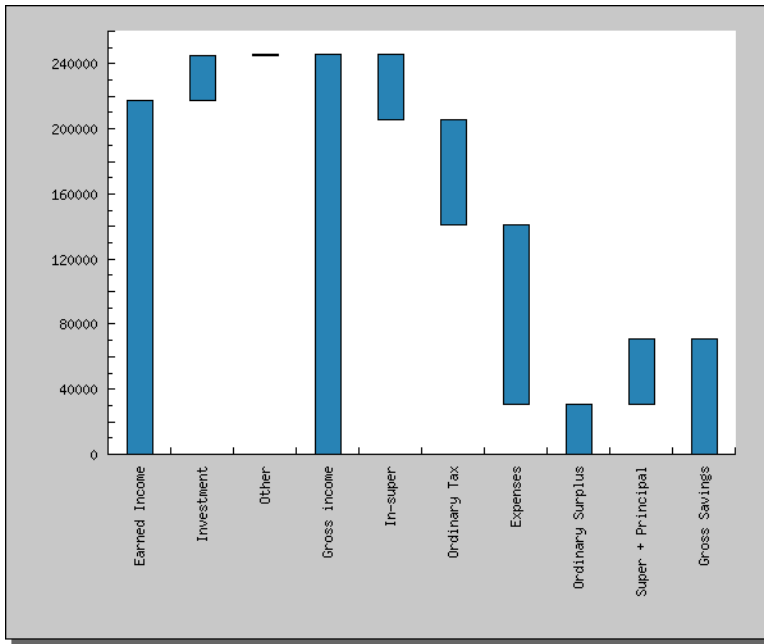
About your home		
Home equity	71%	How much equity in your home you own [(Home value - mortgage) / Home value]
Home asset	50%	Proportion your home value is to all assets. For many the home is their biggest asset. [Home value / total assets]
Home income	3.0	The value of your home as a proportion of your gross income. (Not relevant for those not working). [Home / Gross income]
About all your lifestyle assets (incl. your home)		
Lifestyle assets	56%	Proportion of total assets made up of personal use items (incl. home). Lower the value, typically greater your financial security. [Lifestyle assets / Total Assets]
Lifestyle wealth	45%	Proportion the value of your net lifestyle assets (incl. your home equity) is of your Net Worth. [(Lifestyle Assets - Non-deductible debt) / Net Worth]
About your investments		
Investment assets	44%	Proportion of total assets made up of investments. [Investment assets / Total Assets]
Investment wealth	55%	Proportion of your Net Worth made up of investments (after reducing by any investment debt). [(Investment assets - investment debt) / Total Assets]
Super investments	52%	Proportion of investments in tax sheltered, super (for many preserved). [Super investments / Total Investments].
Employer/business asset-concentration	12%	Proportion holdings of shares in your employer company or business make up your investments. A high value may suggest a concentration risk. [(Employee shares + Own-business ownership stake) / Total Investments]
Make Work Optional TM Investment wealth expense cover	4.8	No. of times (years) your Investment Wealth covers annual expenses (and rent?), reduced after paying out all debt. This hints at the number of years you might not have to work to fund current expenses. This is an inaccurate time-measure for large numbers / long periods as investment income and growth is not considered, nor is the corrosive effects of expense inflation. [Investment Wealth / (Expenses + Home Rent?)]
About your efficiency creating wealth		
Wealth accumulation performance	125%	Your vs. expected net worth after Stanley & Danko in The Millionaire Next Door. Values >> 100% supposedly indicate superior wealth accumulation, <<100% underachievement. This relationship penalises those who have stopped work (incl. retire). [Net Worth / (Age * Income / 10)].
Lifetime savings efficiency	119%	Amount of your gross lifetime income converted to personal financial wealth, after Dominguez & Robin's Your Money or Your Life. This helps understand how much potential wealth may have slipped through our fingers, or have converted incl. through investing into something more. [Net Worth / Gross Lifetime Income]

3.2 Liability ratios

About how much debt you have - as a proportion of assets		
Total gearing	22%	Ratio of debt to assets. A measure of your leverage or aggressiveness borrowing for all purposes. [Total debt / Total Assets]
Ordinary gearing	28%	Adjusted gearing ratio, excluding generally preserved superannuation [Total Debt / (Total Assets - Super Investments)]
Lifestyle gearing	38%	Gearing ratio of lifestyle assets. [Total non-deductible debt / Total lifestyle assets]
Housing gearing	29%	Gearing ratio of home mortgage only. [Mortgage balance / Home value]
Investments gearing	2%	Gearing ratio of investments. [Non-deductible debt / Ordinary investments (excl. super)]
About how much debt you have - as it relates to income		
Total debt gross income multiple	1.3	Size of your total debt load to your gross income. [Total debt / Gross income]
Lifestyle-debt net income multiple	2.3	Size of your lifestyle debt (eg. mortgage) relative to your net income after tax, excluding investment debt [Non-deductible debt / Net income]
Debt servicing	28%	How much of your after-tax income is directed to gross debt servicing costs and repayments. [Total debt payments / Net income]
Investment debt funding	3%	Estimate of how much gross-investment income may cover, or potentially "self fund", investment-debt interest-only costs (excl. tax effects). Values >100% may represent "positive gearing" and <100% "negative gearing". [Ordinary investment income / (Investment debt * 8%)]
About reducing your debt		
Principal repayment	2%	How much of your total debt you repaid. [Principal payments / Total debt]
Debt repayment potential multiple	9	A measure of the size of your debt relative to the principal you paid off and any excess savings that could have further reduced your debt. This is a crude measure of speed (years) you could pay out all debt, based on current principal repayment and surplus (actual would be quicker as principal component of debt payment rises with debt reduction). [Total debt / (Principal payments + Ordinary surplus)]
About your debt mix		
Deductible debt mix	2%	Mix of deductible (sometimes called "good") debt to all debt. [Deductible debt / Total debt].
Variable rate debt mix	69%	A measure of your interest cost sensitivity to rate change. [Variable rate debt / Total debt]
About the cost of your debt		
Average gross cost of debt	10.2%	An estimate or your average debt interest rate. [(Total debt payments - principal paid) / Total debt]

4.1 Your income statement

Total, primary occupation income (PE)	\$157,250
Total, primary occupation income (SE)	\$60,000
Other earned income	\$500
Total earned income	\$217,750
Ordinary investment income	\$13,000
Superannuation investment income	\$14,000
Total investment income	\$27,000
Privately funded pension	\$0
Taxable support	\$1,250
Non-taxable support	\$0
Total other income	\$1,250
Gross income	\$246,000
less ?funds contributed to super	\$26,250
less? income earned in super	\$14,000
less? non-taxable income	\$0
Taxable income	\$205,750
Est. tax on ordinary income	\$65,000
Net income (after tax ordinary)	\$140,750
Total mortgage / other finance payments (p&i)	\$40,000
Total rent	\$0
Core living expenses (excl. finance/rent)	\$70,000
Total expenses	\$110,000
Ordinary savings (or deficit)	\$30,750
plus? net contributions, income earned in super	\$33,312
plus? debt principal repaid	\$7,000
Gross savings	\$71,062



4.2 Income ratios

About the income you work for		
Occupational income	88%	Proportion of your gross income that is derived from occupational income (excl. hobbies and investments). [Occupational income / Gross income]
Variable earnings ratio	9%	How much of your occupational income is variable pay. [Variable Pay / Occupational income]
PE total hourly rate	\$85	Estimated hourly remuneration from occupational earnings. (Based on 46 week working period. 52 weeks - 4 weeks leave - 2 weeks public holidays, excludes sick/other leave). [Gross occupation income / 46 weeks, 40 hr/week, adjusted if part-time]
SE total hourly rate	\$32	As above, but for second or lower income earner
"Life energy" trading rate	\$30	Weighted average, hourly rate for income earners (one or both of you), discounted by your average tax rate and 25% for job related time and expense impact. Per author's Dominguez and Robin's Your Money or Your Life who suggest this is what you are "trading" one hour of your life for.
"Life energy" cost (hrs/\$100)	3.3	Estimated time (one of) you need to work to buy \$100 of goods or services (per Domginuez-Robin) [\$100 / life energy trading rate]
About your investment income		
Investment income	11%	Proportion of income from investments (not personal exertion or other, excludes gains/losses). [Investment income / Gross income]
Ordinary investments' yield	4%	Measure of average income yield of ordinary investments (excl. capital gains or losses). [Ordinary investment income / Ordinary investment assets]
About private pension and income support (if applicable)		
Pension-assets drawdown	0%	How large your personal super pension drawing was of your super balance. [Private pension drawings / Super assets]
Pension investment income	0%	How much your pension drawdown was matched by your total investment income (super and non-super). The higher the value, the lower % of capital depleted to fund this payment. Values > 100% means you may be living off income only (or being supported) and not "eating" into capital. [Investment income / Private pension drawings]
Income support	1%	Proportion of gross income derived from external support (eg. government or corporate pension). [(Taxable + Non-taxble support) / Gross income]
About super and tax		
Super contribution	11%	How much of your gross income you directed to super. [Super contributions / Gross income]
Average ordinary tax rate	32%	Tax on ordinary income. [Ordinary tax payable / ordinary pre-tax income]
Average gross tax rate	29%	Tax on all income including income streamed to or generated in super. [(Ordinary Tax Payable + Est. tax paid in super) / Gross income]

4.3 Expense and savings ratio

About your expenses		
Gross expense ratio	45%	Expenses as proportion of all income. [Expenses / Gross income]
Earned income expense ratio	51%	Expenses as a proportion of pre-tax earned income (excl. investment and other support).[Expenses / Occupational income]
Net ordinary expense ratio	78%	Expenses as proportion of after-tax, ordinary income (after tax, after directing to super). [Expenses / Net income]
Liquidity	2	How many months of personal expenses you can fund from your short-term reserves (eg. in case of loss of paid work). [Short term reserves / total expenses]
Hourly-living expense rate	\$12	Your expenses expressed as an hourly dollar "burn rate", including time awake, at work and asleep [Expenses / 365*24]
Hourly-working expense rate	\$84	This is how much \$/hr one individual must earn full time to cover expenses and tax. [Expenses / (1- avg tax rate) / (46 wk X 40 hr)]
About what you are saving		
Ordinary savings rate	22%	How much of your after tax, ordinary income you have left over after expenses. (Excludes monies paid into or earned into super and is after making p&i debt payments). [Ordinary surplus / net income]
Gross savings rate	29%	How much of your gross income was saved (ie. contributed to super, paid down mortgage principal and was not spent nor paid in tax). [Gross savings / Gross income]
Net savings rate	41%	How much of your after-tax income was saved. [Gross savings / (Gross income - ordinary tax - tax in super)]
Net worth contribution	6%	The size of your gross savings relative to your net worth (excl. cap gain / loss). [Gross savings / Net worth]
Net worth change	10%	Rough measure of how your Net Worth may have changed that year. [(Gross savings + est. capital gain - private pension) / Net worth]
Super savings mix	31%	Proportion of gross savings that are super contributions (net after assumed 15% contribution charge). [Total net super contributions / Gross savings]
Ordinary investment income expense cover	12%	How much of your expenses could be funded by ordinary investment income (excl. capital gain/loss and income in super). [Ordinary investment income / expenses]
Investment income expense cover	25%	How much of your expenses could be funded by investment income, incl. super (excl. capital gain and loss) [Investment income / expenses]

5. Illness and death background

While your circumstances will vary, you may note the following Australian average historical experience. Some suggest we may live longer on average than these estimates and the incidence of major critical/traumatic illness may be understated here. Indeed the latter exclude incidences of disabling conditions not considered traumatic such as a back injury which could prevent you from returning to work and earning an income. Please don't rely upon these estimates. Their purpose is to remind us that unfortunate events occur and having, or having the right amount of, insurance can be important.

(Source: Australian Government Actuary Life Tables 2000-2002 with permission; Pricing Dread Disease Insurance, Fabrizio and Gratton, 1994)

Male Australians age 42, are expected on average to live for another 38 years until age 80. However, from age 42 to 55, the cumulative chance for a male having a critical illness was 15% and dying (from all causes) was 4%.

Female Australians age 35, are expected on average to live for another 49 years until age 84. However, from age 35 to 55, the cumulative chance for a female having a critical illness was 12% and dying (from all causes) was 3%.

Users should contact a professional life-risk advisor to properly assess your risks and options available to "transfer" via insurance or to "self-insure" purposefully (instead of via neglect or ignorance for some)

Your estimate of your insurance coverage

Death/tpd total cover (PE)	\$375,000
Death/tpd total cover (SE)	\$100,000
Income protection or trauma insurance status (PE)	Income protection (outside super)
Income protection or trauma insurance status (SE)	Critical illness cover

You should confirm your estimates above and important benefit details by reviewing your policy or contacting your insurance advisor. It is also important to know whether payments may be subject to tax resulting in a reduction in benefit.

Some life insurance ratios

Insurance, expense cover (PE death/tpd)	3.4	No. of times your gross, pre-tax insurance pay out covers current annual expenses (excl. any tax, investment income and realising assets). [PE death-tpd insurance / Total Expenses]
Insurance expense cover (SE death/tpd)	0.9	No. of times your gross, pre-tax insurance pay out covers current annual expenses (excl. any tax, investment income and realising assets). [SE death-tpd insurance / Total Expenses]
Investment Wealth adj. insurance expense cover (PE death/tpd)	10.1	No. of times your gross, pre-tax insurance payout and Investment Wealth together cover annual expenses (latter reduced after notionally paying out all debt). [(PE death-tpd insurance + Investment Wealth) / (Total Expenses - Debt payments)]
Investment Wealth adj. insurance expense cover (SE death/tpd)	6.2	No. of times your gross, pre-tax insurance payout plus Investment Wealth together cover annual expenses (latter reduced after notionally paying out all debt). [(SE death-tpd insurance + Investment Wealth) / (Total Expenses - Debt payments)]

Liquidity	2	How many months of personal expenses you can fund from your short-term reserves (eg. in case of loss of paid work). [Short term reserves / Total Expenses]
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You should seek the advice of an insurance expert to properly explore your needs/ options to protect you and your families plans in the event of illness or death. For instance, your expense needs may be higher. Many industry studies point out that Australians are under-insured and it would be prudent to assume you may be also. Just because you may have “some” insurance in a workplace super plan doesn’t guarantee you have “enough”.

6. Detailed Expense Breakdown (from Detailed Expenses data entry)

Normal mortgage payments on principal residence	\$30,000	26%
Rent	\$0	0%
Goods (incl. furniture, furnishings, minor improvements)	\$5,000	4%
Services (incl. utilities, telco, insurances, rates, cleaning, gardening and other, repair and maintenance and other services)	\$3,500	3%
Total principal housing	\$38,500	33%
Normal mortgage payments on any loan(s)	\$0	0%
Net operating costs and expenditures	\$0	0%
Other lifestyle, non-investment housing	\$0	0%
Auto capital cost (pre-tax/FBT lease payment or depreciation)	\$5,000	4%
Fuel	\$2,500	2%
Repairs, maintenance, parking	\$1,250	1%
Insurances	\$1,000	1%
Public transport	\$250	0%
Total transport	\$10,000	9%
Grocery food and non-alcoholic beverages	\$7,500	6%
Restaurant, café expenditure (excl. alcohol)	\$2,500	2%
Alcohol	\$1,000	1%
Tobacco or other	\$350	0%
Total food and other	\$11,350	10%
Health insurances	\$1,250	1%
Professional fees (net after reimbursements)	\$2,500	2%
Medication, remedies, vitamins, optical ...	\$750	1%
Services (incl. fitness, massage)	\$1,100	1%
Total health and fitness	\$5,600	5%
Work related education (deductible)	\$500	0%
Other adult education	\$200	0%
Children school and University fees	\$15,000	13%
Child or other dependent care	\$100	0%
Total education and dependent care	\$15,800	14%

Clothing and footwear	\$1,100	1%
Personal care and grooming	\$750	1%
Gifts (non deductible)	\$1,500	1%
Charity (tax deductible)	\$1,000	1%
Total personal care and gifts	\$4,350	4%
Entertainment tickets, memberships, sport and other recreational services	\$750	1%
Recreational goods like A/V, PC, collectibles, books, music, sport equipment, "boy's toys"	\$2,100	2%
Domestic holidays	\$3,500	3%
International holidays	\$5,500	5%
Total recreation	\$11,850	10%
Investment property loan payments	\$0	0%
Other investment loan payments	\$15,000	13%
Personal loan payments	\$0	0%
Student loan payments	\$0	0%
Insurance premiums (directly paid, outside super)	\$1,000	1%
Professional fees (directly paid)	\$1,500	1%
Other finance (incl. fees and charges, investment education)	\$500	0%
Total other finance	\$18,000	15%
Misc. goods and services	\$1,000	1%
TOTAL ALL EXPENSES	\$116,450	100%
TOTAL LIVING* (excl. all debt payments, auto capital and rent)	\$66,450	57%
*Note: you entered \$70,000 earlier in the Financial Summary. Please reconcile if these differ substantially.		

About your detailed expenses

Discretionary expenses mix	19%	Estimated proportion of expenses that are discretionary (eg. lifestyle property, non-grocery food, personal grooming, recreation ...). Excludes all auto expenses however this may be discretionary for you. [various discretionary / Total expenses]
Charitable giving income	0.4%	Proportion of gross income donated. [Charitable giving / Gross income]
Goods:services core-living	29%	Proportion of core living expenditures considered to be on physical goods, the balance being services (excl. all debt payments, rent and auto capital cost) [various goods expenses / Total core living expense]
Capital carrying cost	43%	Proportion that all (pre-tax) debt payments and auto capital costs are of Total Expenses. This may reflect current carrying cost of past capital expenditures. [(All debt payments + auto capital cost) / Total Expenses]
Mortgage servicing	26%	How much of your after-tax income is directed to servicing the mortgage (incl. any overpayments). [Mortgage payments / Net income]

7. Asset allocation and detailed assets and liabilities (from Other Detail data entry)

Asset allocation			
	Include lifestyle	Exclude lifestyle	First column is for all assets including your home, holiday home and personal possessions Second column is mainly for your investments
Lifestyle (non-property)	7%	n/a	Home contents, auto and other personal items
Cash	4%	9%	Includes cash in mgd funds, other
Fixed interest	7%	17%	Includes term deposits, debentures or bonds including in managed funds
Residential property	49%	0%	First column includes your home and any holiday home. Second column is investment property only.
Other property	7%	16%	Office, retail and commercial property directly owned or via managed funds
Total property	57%	16%	
Shares	24%	55%	Directly held or in managed funds
Equity in your own business	1%	3%	Relevant for business owners only
Total equity	25%	58%	
Other investment	0%	0%	Includes any alternate investments and other assets you specified
Total	100%	100%	
Est. income-like assets	n/a	34%	A rough split of your assets into those that mainly seek to provide income and those that mainly promise capital appreciation. Noting that some income assets, eg. bonds, can appreciate or depreciate and growth assets can provide income, eg. dividends. Property is treated here as equal income and growth
Est. growth-like assets	n/a	66%	
Est. domestic Australian assets	87%	71%	A measure of your exposure to the local and international environments. The latter assets can behave differently than the A\$ and economy.
Est. international assets	13%	29%	

Please treat the above as approximate only. It will not accurately describe your situation. It has been calculated based on your categorisation and some simple rules on the allocation of grouped assets (eg. "Balanced managed fund"). Many research studies suggest asset allocation drives a significant proportion of your investment wealth outcomes. You should consider discussing with a licensed financial advisor your current position and how it relates to your needs and risk profile.

Detailed assets and liabilities

Home	\$750,000	50%
Home contents and possessions	\$50,000	3%
Personal collectibles (eg. art for personal use)	\$10,000	1%
Vehicles	\$40,000	3%
Other-lifestyle property (eg. holiday home)	\$0	0%
Other lifestyle (eg. boat, caravan)	\$0	0%
Total Lifestyle "Assets"	\$850,000	56%
Cash (may include cash in loan offset account)	\$5,500	0%
Fixed interest (eg. term deposits, bonds)	\$15,000	1%
Managed investments	\$220,000	15%
Shares in listed companies	\$50,000	3%
Residential investment property	\$0	0%
Other directly held investment property (eg. office)	\$0	0%
Alternative investments (eg. private equity)	\$0	0%
Value of (part) owned business (your share, net after business debt)	\$20,000	1%
Investments via trusts/other	\$15,000	1%
Speculative collectibles (ie. those things you trade)	\$0	0%
Other capital (eg. royalty stream, company payout)	\$0	0%
Total Ordinary Investments	\$325,500	21%
Traditional investments in super	\$300,000	20%
Other assets in super (eg. business property in a SMSF)	\$40,000	3%
Capital value of a government or company pension (optional)	\$0	0%
Total Superannuation Investments	\$340,000	22%
Total Investments	\$665,500	44%
TOTAL ASSETS	\$1,515,500	100%
Home mortgage debt outstanding	\$220,000	96%
Other lifestyle property mortgage debt outstanding	\$0	0%
Car loans	\$5,000	2%
Credit card (n/a: if regularly pay out)	\$0	0%
Study loans	\$0	0%

Other personal loans	\$0	0%
Total non-deductible debt	\$225,000	98%
Investment property loans	\$0	0%
Shares/managed funds loans	\$5,000	2%
Other investment loan	\$0	0%
Total deductible debt	\$5,000	2%
Other liabilities (eg. pending settlement, tax)	\$0	0%
TOTAL LIABILITIES	\$230,000	100%

The above provides further detail about your assets and liabilities which you summarised earlier in report output section 3. After reviewing the subtotals here, you should update the earlier inputs you provided in the "Financial Summary" survey if these do not reconcile. (Do not do so if the difference is the estimated capital value of any defined benefit pension or the capital cost of an owned car which we exclude for simplicity reasons in Section 3)