



# Thrive in a changing environment

**Why cash flow matters for achieving  
your lifestyle goals.**

# Your cash flow plan for achieving your lifestyle goals

Cash flow management is an essential building block for a strong financial foundation. Understanding where your money is going is important in helping you grow your wealth and reach your lifestyle goals.

If you've got clear oversight of where your money is going, you'll be better equipped to manage your cashflow. We've developed a tool to help you look at your overall position: how you're spending your money and whether you're putting money towards liabilities and expenses, or wealth-building assets.

This tool should be used in conjunction with an overall financial plan to help you reach your long-term financial goals.

To complete this you'll need:

pay slips or your income summary

bank statements or access to 12 months of transaction history on your online banking app

regular bills

dividend and shareholding statements, or access to your online trading account

insurance policies

other financial paperwork.

Your income	Person 1	Person 2	
Net income	Amount (per month)	Amount (per month)	Total (per month)
<b>Net non-investment income (after tax)</b>			
• Salary			
• Bonus			
• Other			
<b>Total</b>			(A)
<b>Net investment income (after tax, borrowings and deductions)</b>			
• Interest			
• Rent			
• Dividends and distributions			
• Other (e.g. superannuation)			
<b>Total</b>			(B)
<b>Total net monthly income (A+B)</b>			(C)

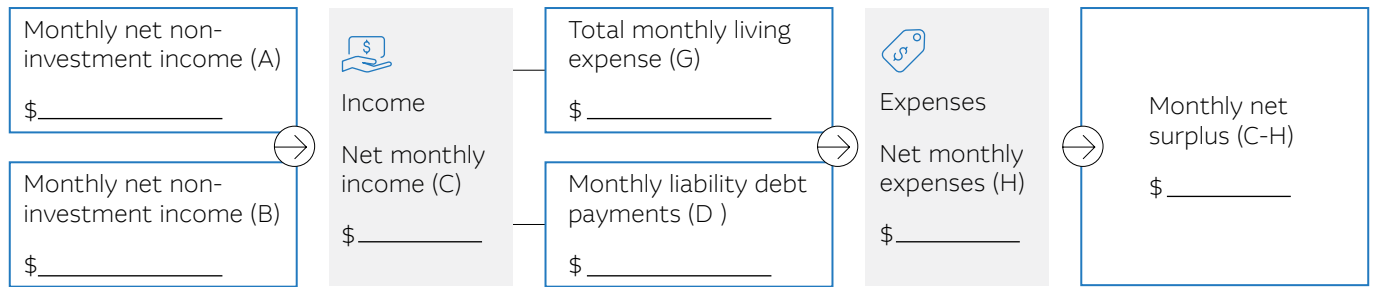
Your expenses	Person 1	Person 2	
Liability debt payments	Amount (per month)	Amount (per month)	Total (per month)
<b>House</b>			
• Mortgage repayments			
<b>Vehicles</b>			
• Lease/loan			
• Credit cards			
• Education loans			
• Other			
<b>Total</b>			(D)
<b>Living expenses</b>			
• Home and contents insurance			
• Council rates			
• Strata fees			
• Rent			
• Car insurance			
• Green slip / third party motor vehicle personal injury insurance			
• Registration			
• Car servicing and maintenance			
• Roadside assistance membership			
• Health insurance			
• Life insurance			
• Income protection insurance			

Your expenses	Person 1	Person 2	
	Amount (per month)	Amount (per month)	Total (per month)
• Accounting/legal/financial advice fees			
• Other			
<b>Total</b>			<b>(E)</b>
<b>Living expenses (variable and discretionary)</b>			
<b>Work</b>			
• Travel			
• Parking			
• Food			
• Newspapers, subscriptions and memberships			
• Household			
• Electricity			
• Water			
• Gas			
• Petrol			
• Groceries and alcohol			
• Home phone and internet			
• Mobile phone			
• Subscriptions (Netflix, Spotify, Foxtel, etc.)			
• Cleaner			
• Incidental			
<b>Family expenses</b>			
• School fees and childcare fees			
• Pets (including vet)			
• Sporting activities			
• Personal care and hairdressing			
• Medical			
• Dental			
• Prescriptions			
• Optometrist, physio, other			
<b>Gifts</b>			
<b>Clothing</b>			
<b>Furniture and household goods</b>			
<b>Entertainment</b>			
<b>Holidays</b>			
<b>Transport</b>			
<b>Philanthropy / donations</b>			
<b>Other</b>			
<b>Total</b>			<b>(F)</b>
<b>Total living expenses (E+F)</b>			<b>(G)</b>
<b>Total net monthly expenses (D+G)</b>			<b>(H)</b>

## Your balance sheet

Net assets		\$ Lifestyle liabilities	\$
Investment property		Mortgage (home)	
Shares and managed funds		Vehicle loan	
Cash and term deposits		Personal loan	
Superannuation		Credit cards	
Other investments		Education loan	
Total (I)		Other liabilities	
Less investment loans (J)			
Total (K)			(L)

# Your monthly cashflow chart



## Your cost-to-income ratio

If your cashflow is in good shape, your costs should be lower than your income – ideally, substantially lower. Use this simple formula to calculate what percentage of your income is being spent on liability and living expenses.

$$\left[ \frac{\text{Total monthly expense (H)}}{\text{Net monthly income (C)}} \right] \div 100 = \% \text{ of income spent on}$$

## What's next

Now that you have a clear picture of your cashflow pattern, you can work with your financial adviser on reducing your expenses and increasing your investment income (by increasing your assets and decreasing your liabilities). This, in conjunction with a comprehensive financial plan, may help you to reach your financial and lifestyle goals sooner.