



QUANTUM

Wealth Creation

# Case Study

Presented By  
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**Study Type: Age 42 Build Retirement assets, sell Home top-up Super at age 60, and releases some funds to kids.**

<b>Name</b>	<b>Peter Smith</b>	
<b>Age</b>	42	
<b>Married</b>	Yes	
<b>Dependants</b>	Yes, Aged 16, 21	
	<b>Assets</b>	<b>Liabilities</b>
<b>Home</b>	\$1,200,000	\$500,000
<b>Shares</b>	\$10,000	
<b>Bank</b>	\$20,000	
<b>SMSF</b>	\$208,000	

## Background

Peter and his wife Rachael have been working as accountants over the last **22 years**. They have 2 children, aged 13, and 10. They expect to fund their schooling as one has just finished private high school and the second child is due to complete in 2 years. They have used substantially amounts of income to fund these school payments and now want to concentrate on building assets pre retirement.

They have placed various income into paying off a home loan, and purchased a 4-bedroom home on the Upper North Shore 5 years ago which has increased sustainably since being purchased from \$600,000 to just over \$1.2m.

They expect the kids to move out of home in the next 4- 6 years, and would like to help them with a deposit circa \$50,000 each from the sales of the family home in 2020 (with an expected value of say \$1.5m), and they expect to have additional funds say \$200,000 to invest into retirement assets, and use the expected proceeds to buy a unit close to the city.



## Aim:

- ✓ build assets to prepare for retirement, at age 65.
- ✓ Sell home in 6 years and gift cash to kids (\$50k each).
- ✓ Reinvest balance into smaller terrace unit on lower north shore.
- ✓ Top-up retirement funds, \$200,000.
- ✓ Aim is to travel 3-4 months a year, every 2 years.
- ✓ Require cash of approximately \$40,000 p.a. for travel.
- ✓ Budget income requirements is \$80,000 pa post retirement.

## Options to Build Assets

### Pay off Home Loan faster

Make extra \$1000 pm repayment off home loan.



\$1,000 pm over **15 years** is  $1 \times 12 \times 15$  years = **\$180,000 in extra repayments**

Save you in total repayments/interest off the home loan is **\$202,000**

Extra \$1,000 loan payments are Gross salary used is **\$1,500, alternate to place this into Super as Concessional Contributions**



Super will Jump from \$436,000 to \$778,000 and extra in retirement funds **\$342,000.**

Pay off Home Loan OR Gear into Shares

Gear into a Share Portfolio Plus Extra Super

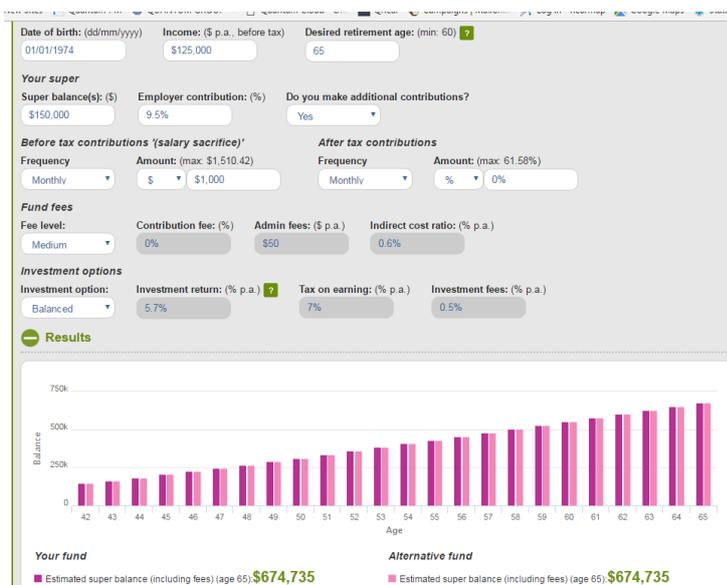
Using part of the equity in your home gear into a share portfolio, say

Place \$500 pm into shares and \$1,000 into Super.

Extra \$1,000 into super is  $\$436 - \$674 = \mathbf{\$238,000}$

PLUS Gearing Portfolio \$\$\$

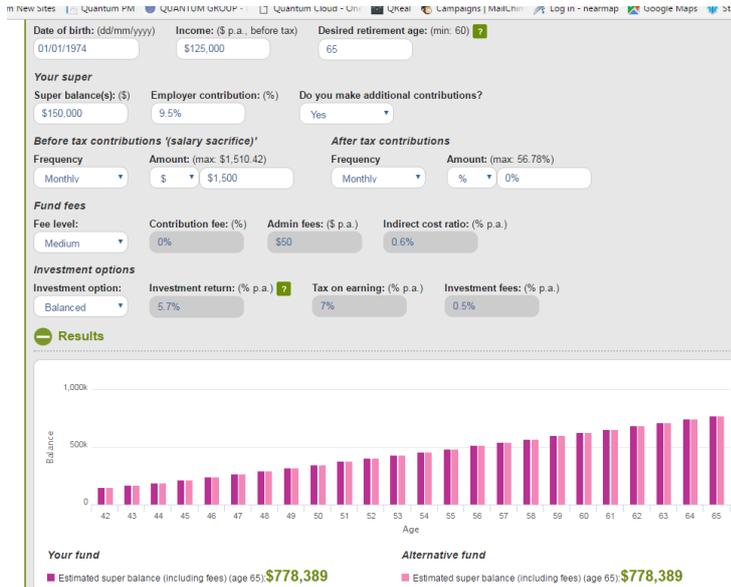
Total Benefit \$\$\$



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## Buy Investment Property

Direct savings into an investment Property

## Reset Home Loan Interest

Reset current Home Loan – at bank at 5.5% over a 20 year loan savings are \$90,000 over a 20 year loan. Or if you keep the same repayments at tis lower rate – save \$146,000



Ref; Case Study - Age 42 Build assets, top up Super, release funds to kids