



# Annual Review Meeting

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Jack and Jane Citizen

JANUARY 2021

PRIVATE WEALTH PROGRAM

# Focus Areas

CONTEXT – “A GREAT LIFE”



Live



Love



Learn



Legacy

CONTENT

## CAPITAL MANAGEMENT **PROGRAM**

- How do we manage our capital?
- How do we manage risk in reaching our goals?
- How do we achieve a consistent investment return?
- Understanding liquidity
- Understanding cash flows

## WEALTH ORGANISATIONAL **PROGRAM**

- Checklist completed
- Feeling well organised and confident
- The Family Office is 'across' our affairs:
  - Estate planning, Legal, Tax
  - Assets
  - Cash flows & Investment
  - Storage of important documents
  - Strategy & Planning scenario
  - Family constitution
  - Family communications

LIFE PLAN

# Goals & Objectives

## Jack and Jane Citizen Goals

as at 1st January 2021

*Context – “what makes a great life?”*

NOW	THREE YEARS	TEN YEARS
<ul style="list-style-type: none"> <li>• Live in Sydney/ Hamilton Island</li> <li>• \$100 million in assets</li> <li>• Too much time spent on managing affairs</li> <li>• Concerned about kids ability to manage assets</li> <li>• Sell business</li> <li>• Succession</li> <li>• Develop Family Roles</li> <li>• More time on health</li> </ul>	<ul style="list-style-type: none"> <li>• Succession in place</li> <li>• Family are happy</li> <li>• Assets producing well</li> <li>• Robust structure in place</li> <li>• Family are well recognised in the community</li> <li>• All members are contributing</li> </ul>	<div>  <b>Jack Citizen</b> <ul style="list-style-type: none"> <li>• Have a family holiday with all children and grandchildren</li> <li>• Improve fitness</li> <li>• Living in Melbourne</li> <li>• Not working</li> <li>• Director role</li> <li>• Teach MBA Program</li> </ul> </div> <div>  <b>Jane Citizen</b> <ul style="list-style-type: none"> <li>• Help provide for grandchildren's education</li> <li>• Be healthier, e.g. 9 out of 10</li> <li>• Charity work</li> <li>• Living in Melbourne</li> <li>• Social work</li> <li>• Start a charitable fund</li> </ul> </div>

## LIFE PLAN

## Your Net Worth

	VALUE	
<b>CITIZEN, JANE</b>		<b>\$4,000,000</b>
<b>Macquarie Bank</b>		
<i>Transaction Account</i>	\$500,000	
<b>Lifestyle Properties</b>		
<i>Holiday Home</i>	\$3,500,000	
<b>CITIZEN, JACK</b>		<b>\$21,000,000</b>
<b>Macquarie Bank</b>		
<i>Transaction Account</i>	\$1,000,000	
<b>Lifestyle Properties</b>		
<i>Family Home</i>	\$20,000,000	
<b>CITIZEN SUPERANNUATION FUND</b>		<b>\$6,550,000</b>
<b>Macquarie Bank</b>		
<i>Transaction Account</i>	\$200,000	
<i>Savings Account</i>	\$500,000	
<b>Hub24 Investment Account</b>		
<i>Balanced Investment Portfolio</i>	\$1,500,000	
<i>International Equities</i>	\$250,000	
<i>Australian Equities</i>	\$400,000	
<i>Term Deposits</i>	\$500,000	
<b>Property</b>		
<i>Commercial Property – Melbourne</i>	\$1,200,000	
<i>Commercial Property – Sydney</i>	\$2,000,000	
<b>CITIZEN FAMILY TRUST</b>		<b>\$16,750,000</b>
<b>Macquarie Bank</b>		
<i>Transaction Account</i>	\$750,000	
<b>Hub24 Investment Account</b>		
<i>Balanced Investment Portfolio</i>	\$6,500,000	
<i>International Equities</i>	\$3,500,000	
<i>Australian Equities</i>	\$1,500,000	
<b>Lifestyle Assets</b>		
<i>Yacht</i>	\$3,000,000	
<i>Collector Motor Vehicles</i>	\$1,500,000	
<b>CITIZEN INVESTMENT TRUST</b>		<b>\$30,950,000</b>
<b>Macquarie Bank</b>		
<i>Transaction Account</i>	\$450,000	
<b>Property</b>		
<i>Sydney Investment Properties</i>	\$6,000,000	
<i>Melbourne Investment Properties</i>	\$4,500,000	
<i>Land for Development</i>	\$20,000,000	
<b>CITIZEN BUSINESS TRUST</b>		<b>\$20,750,000</b>
<b>Macquarie Bank</b>		
<i>Transaction Account</i>	\$750,000	
<b>Business</b>		
<i>Business Value</i>	\$20,000,000	
<b>GRAND TOTAL</b>		<b>\$100,000,000</b>

## LIFE PLAN

# Risk Management Considerations

1 REDUCE

2 AVOID

3 TRANSFER

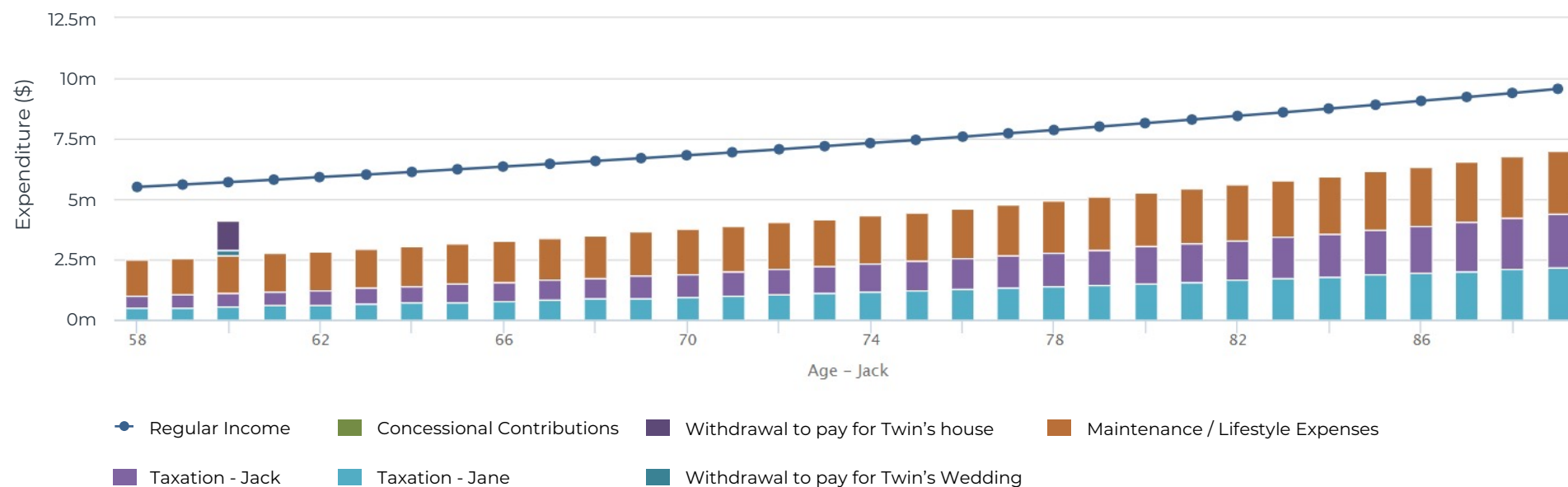
4 RETAIN

HUMAN CAPITAL	INVESTMENT RISK	TAXATION RISK	ESTATE RISK	LITIGATION RISK	BUSINESS RISK	OTHER RISKS
<ul style="list-style-type: none"> <li>• Family Relationships</li> <li>• Communications</li> <li>• In community</li> <li>• Legacy &amp; Philanthropy</li> <li>• Family Rule Book</li> <li>• Family Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• How much investment risk?</li> <li>• End goal</li> <li>• Live too long</li> <li>• Spend too much</li> <li>• Market risk</li> <li>• Income required</li> <li>• Diversification</li> <li>• Specific risk</li> <li>• Liquidity</li> </ul>	<ul style="list-style-type: none"> <li>• Risk profile</li> <li>• Governance</li> <li>• Tax structures</li> <li>• Tax plans</li> <li>• Reporting to ATO</li> <li>• BAS, GST</li> <li>• Tax Program</li> </ul>	<ul style="list-style-type: none"> <li>• Protect beneficiaries</li> <li>• Fund the estate</li> <li>• Insurance issues</li> <li>• Wills</li> <li>• Powers of Attorneys</li> <li>• Agreements</li> <li>• Death benefit nominations</li> <li>• Documentation</li> <li>• Estate Equality</li> </ul>	<ul style="list-style-type: none"> <li>• Structures</li> <li>• Warranties</li> <li>• Directorships</li> <li>• Entities</li> <li>• Loans</li> <li>• Agreement</li> <li>• Personal &amp; Professional Risk</li> <li>• Estate</li> </ul>	<ul style="list-style-type: none"> <li>• Covenants</li> <li>• Directorship</li> <li>• Staff</li> <li>• Succession</li> <li>• Key Person risk</li> <li>• Advisory board</li> <li>• Mergers and acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>• Family</li> <li>• Relationships</li> <li>• Divorce</li> <li>• Finance</li> <li>• Cash flows</li> <li>• Inflation</li> <li>• Health</li> <li>• Charity</li> </ul>

LIFE PLAN FV

# Cash Flows

## REGULAR EXPENDITURE OBJECTIVE



## GAME PLAN

# Capital Allocation

TOTAL CITIZEN FAMILY INCOME – \$5,500,000

Allowance for tax	\$1,500,000
Allowance for maintenance / lifestyle expenses	\$1,500,000
Capital available for allocation	\$2,500,000

\$100,000



Family Home

Maintenance expenses

\$1,000,000



Properties

Purchase of an additional investment property

\$1,350,000



Citizen Family Trust

Allocate to investment portfolio's

\$50,000



SMSF

Concessional super contributions for Jack and Jane

\$ Nil



Business income

## CAPITAL PROGRAM

# Progress

### PROGRESS SNAPSHOT

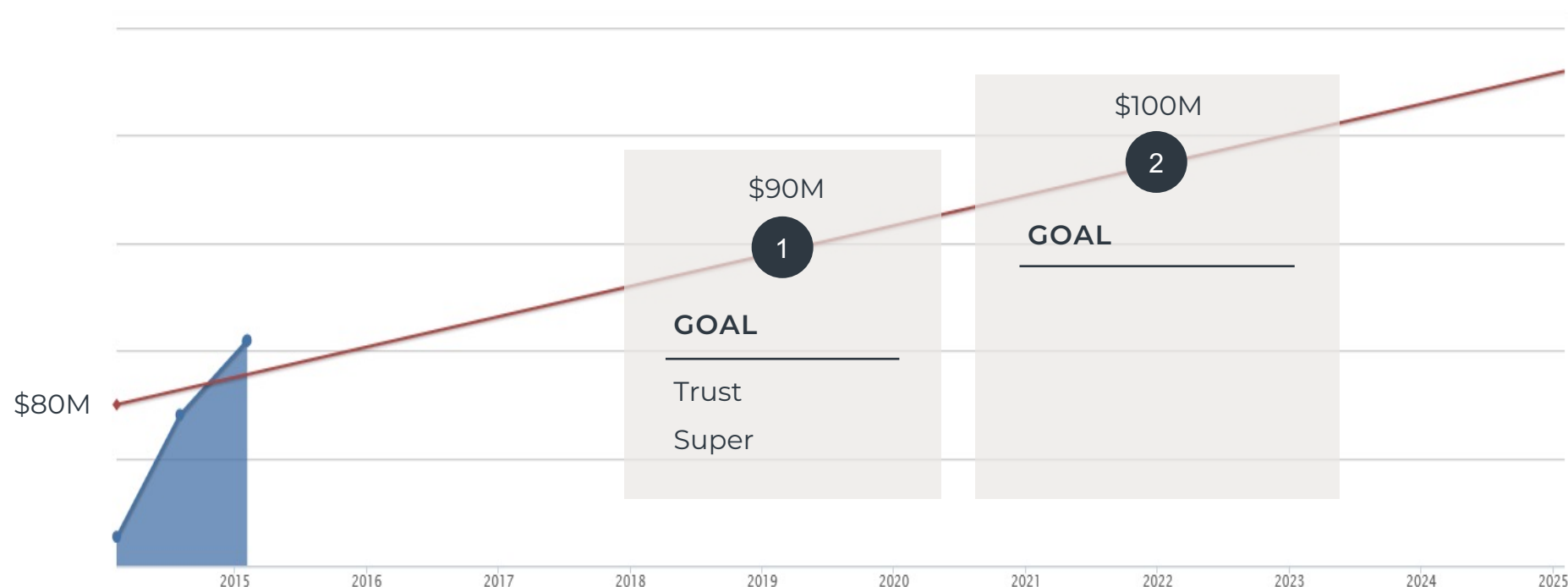
- Excluding family home
- According to the game plan
- Income at 3% per annum - \$2.4M
- Capital growth at 4% per annum - \$3.2M

#### Estimate Balance Sheet improvement %

- 1 year – 4%
- 3 years – 5% p.a.
- 5 years – 6% p.a.
- 10 years – 7.5% p.a.

#### Sharpe Ratio - %

- Income - 3%
- Capital Growth - 2%
- Equities – average 8%
- Property – average 6%
- Other – average 4%





# Annual Review

YOUR CAPITAL  
MANAGEMENT  
PROGRAM



YOUR LIFE PLAN

YOUR 'LIFE PLAN'

# Consistency / Diversification

WHY IT IS IMPORTANT

## RANDOMISED RETURNS

Starting value \$1,000,000

Year	Return	Withdrawal	Portfolio Value
1	5%	\$50,000	\$1,000,000
2	15%	\$50,000	\$1,000,000
3	-20%	\$50,000	\$830,000
4	5%	\$50,000	\$821,000
5	25%	\$50,000	\$976,875
6	15%	\$50,000	\$1,073,406

## SUMMARY

Total Withdrawals	\$300,000
Average Return	7.5%
Internal Rate of Return	6.1%
Ending Value	\$1,073,406

## RANDOMISED RETURNS

Starting value \$1,000,000

Year	Return	Withdrawal	Portfolio Value
1	7.5%	\$50,000	\$1,025,000
2	7.5%	\$50,000	\$1,051,875
3	7.5%	\$50,000	\$1,080,766
4	7.5%	\$50,000	\$1,111,823
5	7.5%	\$50,000	\$1,145,210
6	7.5%	\$50,000	\$1,181,101

## SUMMARY

Total Withdrawals	\$300,000
Average Return	7.5%
Internal Rate of Return	7.5%
Ending Value	\$1,181,101

## RANDOMISED RETURNS

Starting value \$1,000,000

Year	Return	Withdrawal	Portfolio Value
1	15%	\$50,000	\$1,100,000
2	25%	\$50,000	\$1,325,000
3	5%	\$50,000	\$1,341,250
4	-20%	\$50,000	\$1,023,000
5	15%	\$50,000	\$1,126,450
6	5%	\$50,000	\$1,132,772

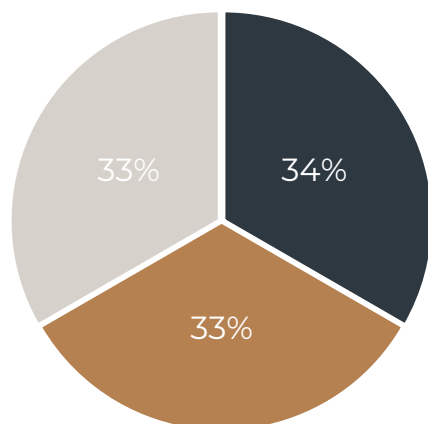
## SUMMARY

Total Withdrawals	\$300,000
Average Return	7.5%
Internal Rate of Return	6.9%
Ending Value	\$1,132,772

## MANAGING VOLATILITY IN YOUR PORTFOLIO THROUGH

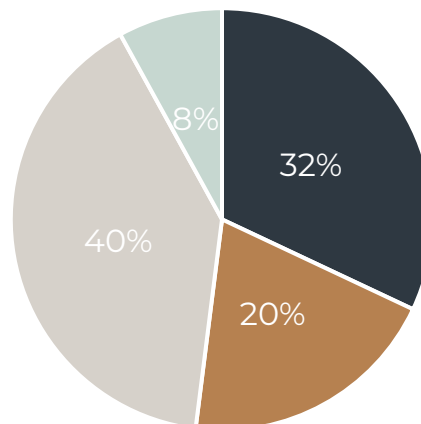
# Diversification

### CAPITAL PRESERVERS



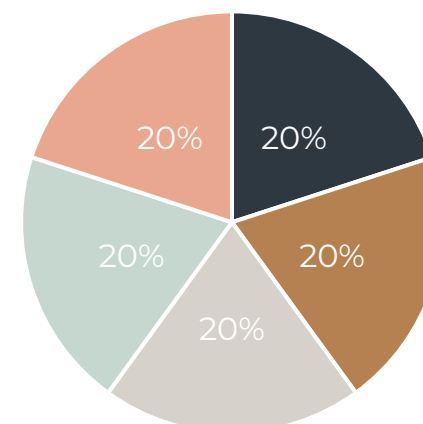
- Cash
- Australian Fixed Interest

### CORE EQUITY - MARKET



- Australian Equities - Large Cap
- Australian Equities - Small Cap
- International Equities

### DIVERSIFIERS

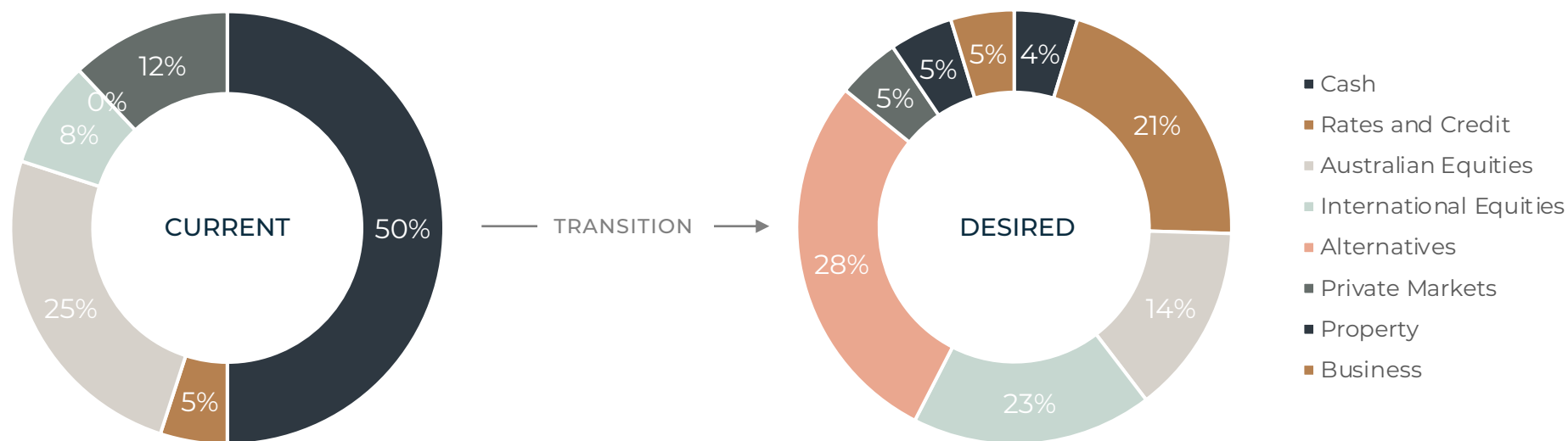


- Asset Type 1 - eg Gold
- Asset Type 2 - Real Assets Property
- Asset Type 3 - Soft Coms
- Invest Strategy 1 - eg Market Neutral

CAPITAL PROGRAM

# Net Worth Distribution

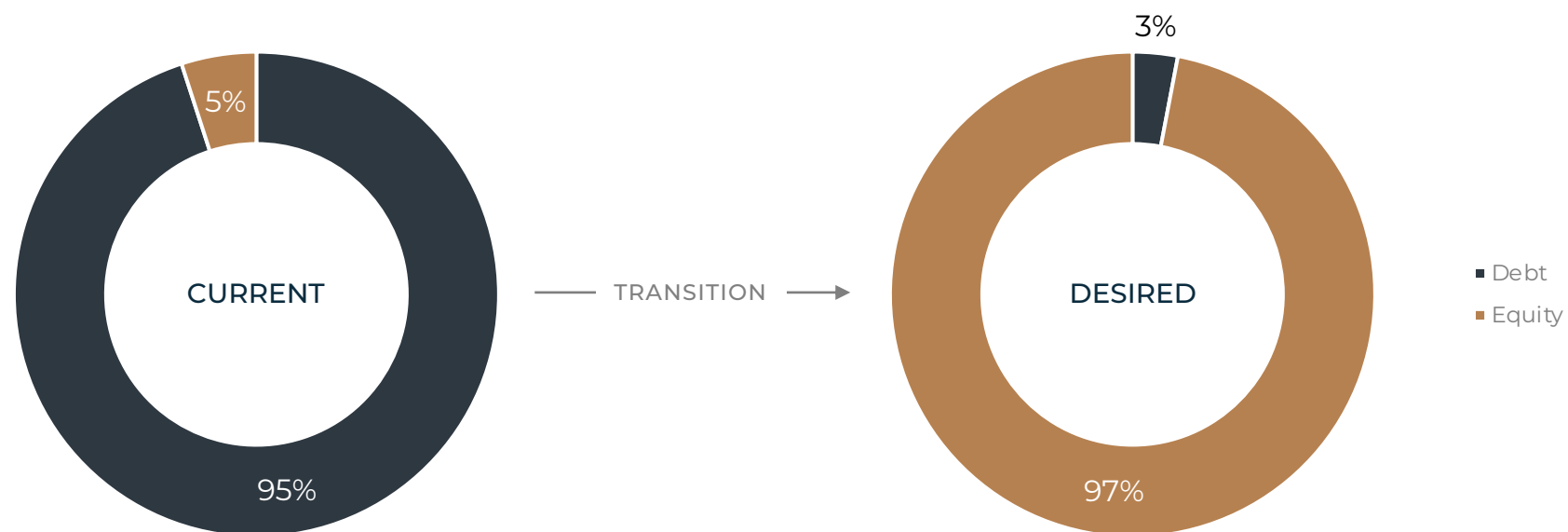
ASSET ALLOCATION OF PASSIVE INVESTMENTS



CAPITAL PROGRAM

# Debt to Equity

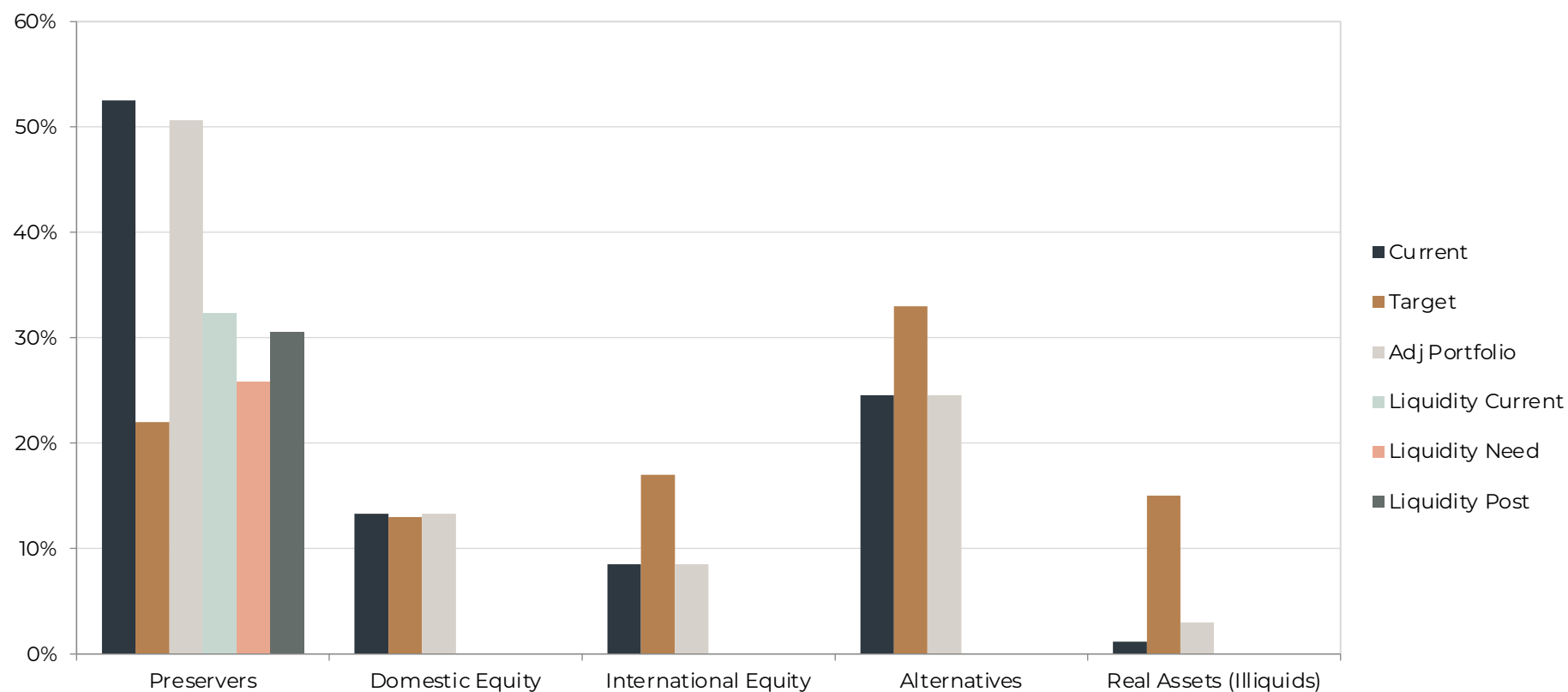
LEVERAGE ALLOCATION



CAPITAL PROGRAM

# Asset Adjustments

ADJUSTMENTS



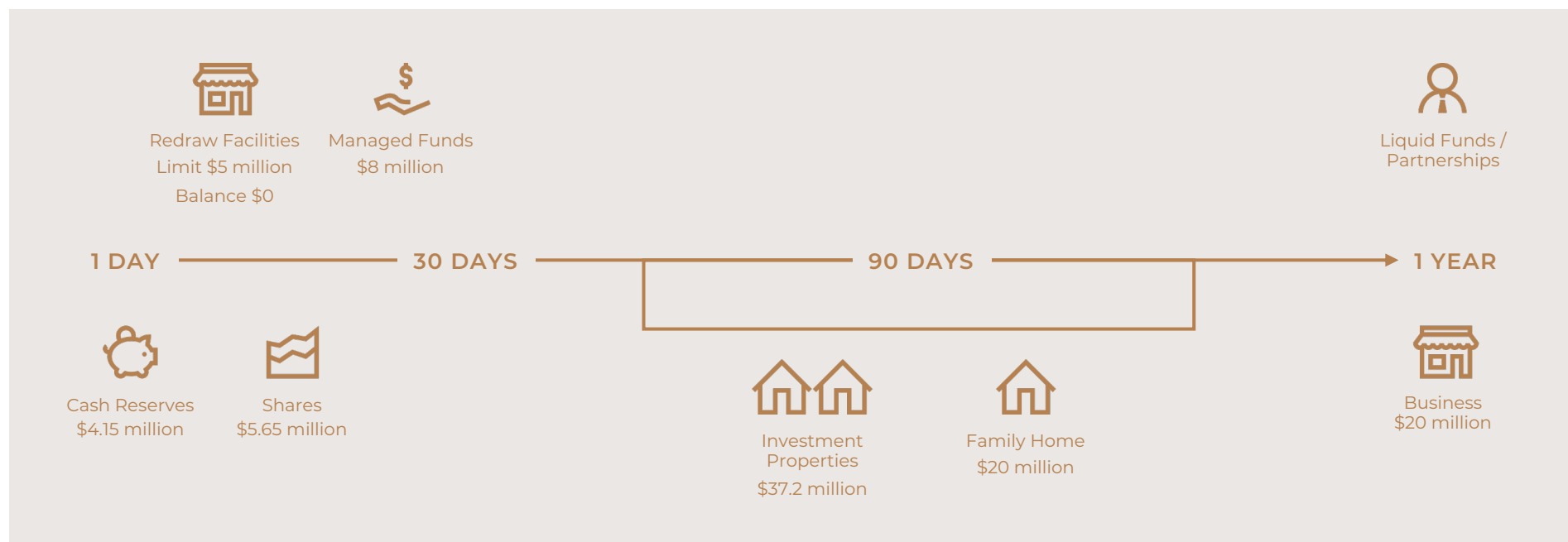
## CAPITAL PROGRAM

# Liquidity Access

## READY REALISABLE ASSETS

### Comments

- Interest rate sensitivity
- Active income required to maintain assets
- Cash buffer and access to cash



## WEALTH ORGANISATIONAL PROGRAM

# Key Strategies & Planning Considerations


STRATEGY	CHECKLIST	YES / NO	ACTION ITEMS ARISING
Cash flow planning			
Superannuation contribution strategies			
Retirement goals and capital required			
Gearing and debt plan			
Contribution to wealth trust			
Investment and risk planning			
Liquidity considerations			
Tax efficiency and structure			
Asset protection and succession			
Insurances documented			
Wills and estate issues			
Children's affairs and planning			
Key documents stored			
Guarantees and Warranties			
Loan Securitisation			




## WEALTH ORGANISATIONAL PROGRAM

# Financial Position


### LIFESTYLE ASSETS




**Family Home**  
Owner: Jack Citizen  
Value: \$20m




**Holiday Home**  
Owner: Jane Citizen  
Value: \$3.5m




**Regal 2860**  
Owner: Citizen Family Trust  
Value: \$3m




**2020 BMW X5**  
Value: \$200k




**2018 Range Rover**  
Value: \$150k




**Credit card**  
Limit: \$80k



**Credit card**  
Limit: \$80k



**Redraw Facilities**  
Limit: \$5m  
Balance: \$0




**Macquarie Bank**  
Balance: \$1.5m

**Assets:** \$28.35m


**Liabilities:** \$0

### ACTIVE ASSETS

**CITIZEN BUSINESS TRUST**



**Macquarie Bank**  
Balance: \$750k




**Business Value**  
Value: \$20m

**Assets:** \$20.75m


**Liabilities:** \$0

### PASSIVE ASSETS


**CITIZEN SUPERANNUATION FUND**



**Macquarie Bank**  
Balance: \$700k




**Hub24 Portfolio**  
Balance: \$2.65m




**Commercial Properties**  
Value: \$3.2m


**CITIZEN FAMILY TRUST & CITIZEN INVESTMENT TRUST**




**Macquarie Bank**  
Balance: \$1.2m



**Hub24 Portfolio**  
Balance: \$11.5m



**Properties**  
Value: \$30.5m



**Miscellaneous Assets**  
Value: \$4.5m

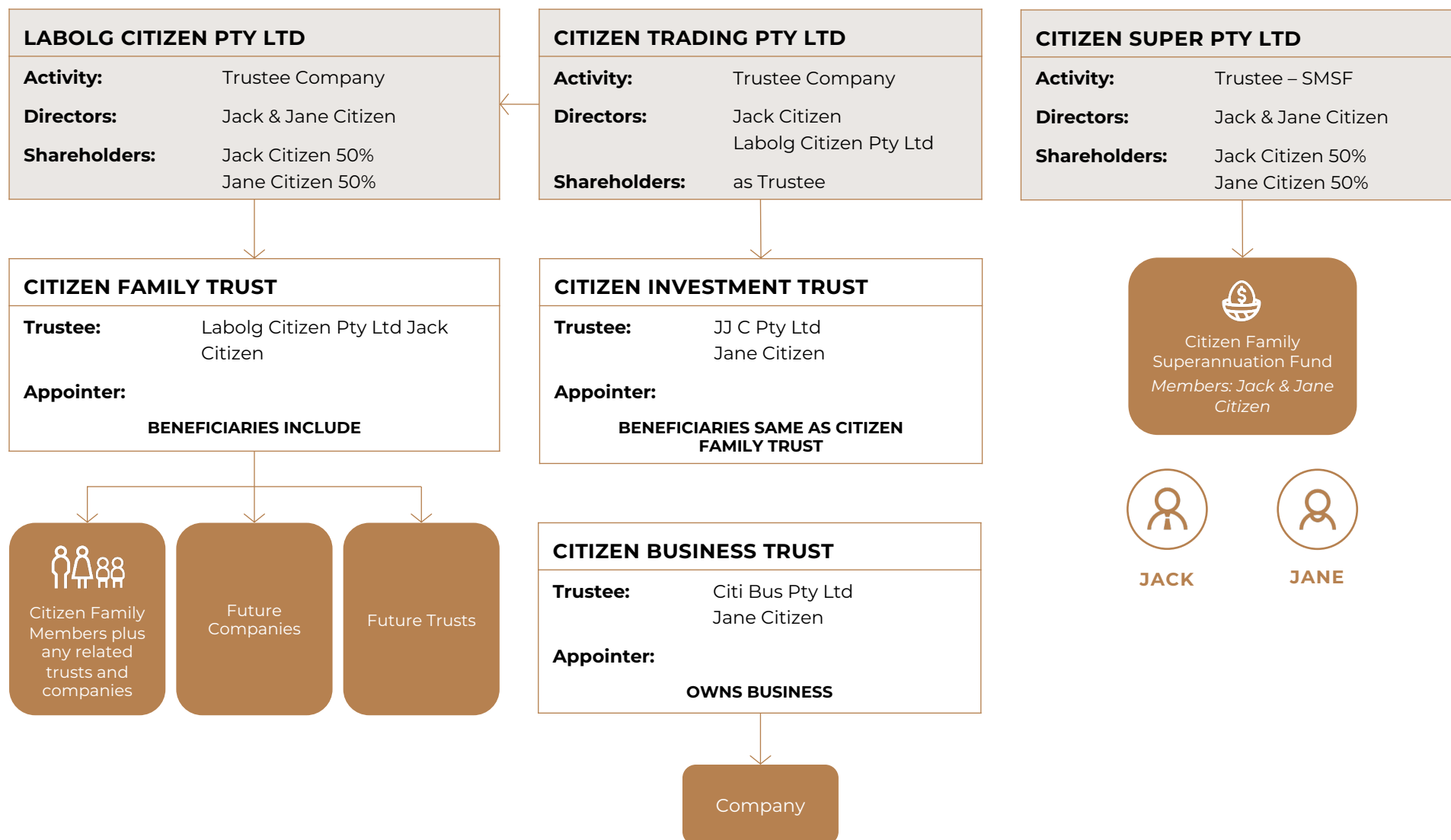
**Assets:** \$54.25m

**Liabilities:** \$0

**NET ASSETS:** \$103,350,000

MR & MRS CITIZEN

# Group Structure Diagram



## WEALTH ORGANISATIONAL PROGRAM

# Appointed Attorneys

DATE EPOA PREPARED:

28 February 2015

SOLICITOR WHO PREPARED EPOA:

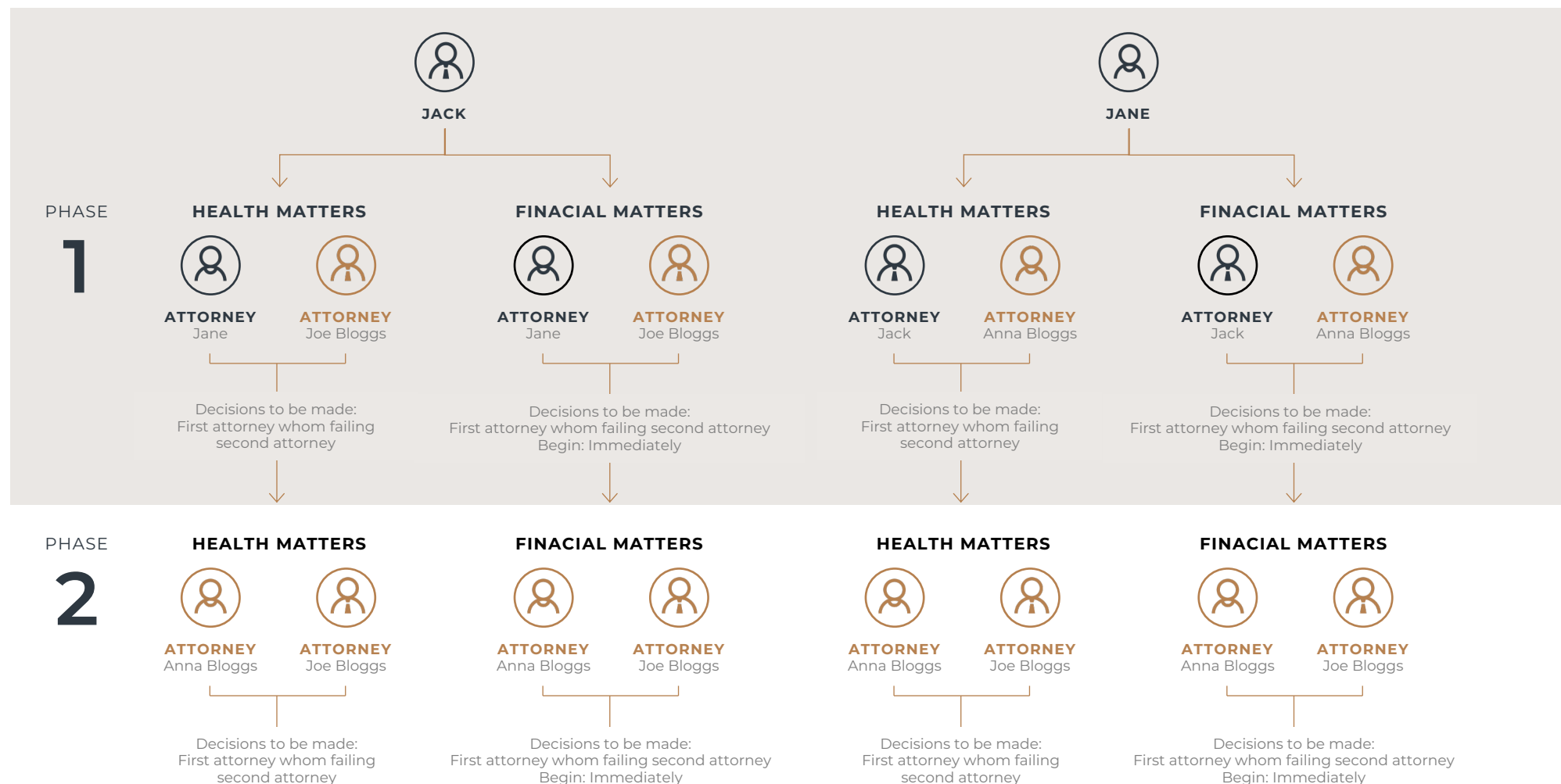
XYZ Lawyers

LOCATION OF ORIGINAL EPOA:

XYZ Lawyers – 1 Big Street Bedrock

FINANCIAL ADVISOR:

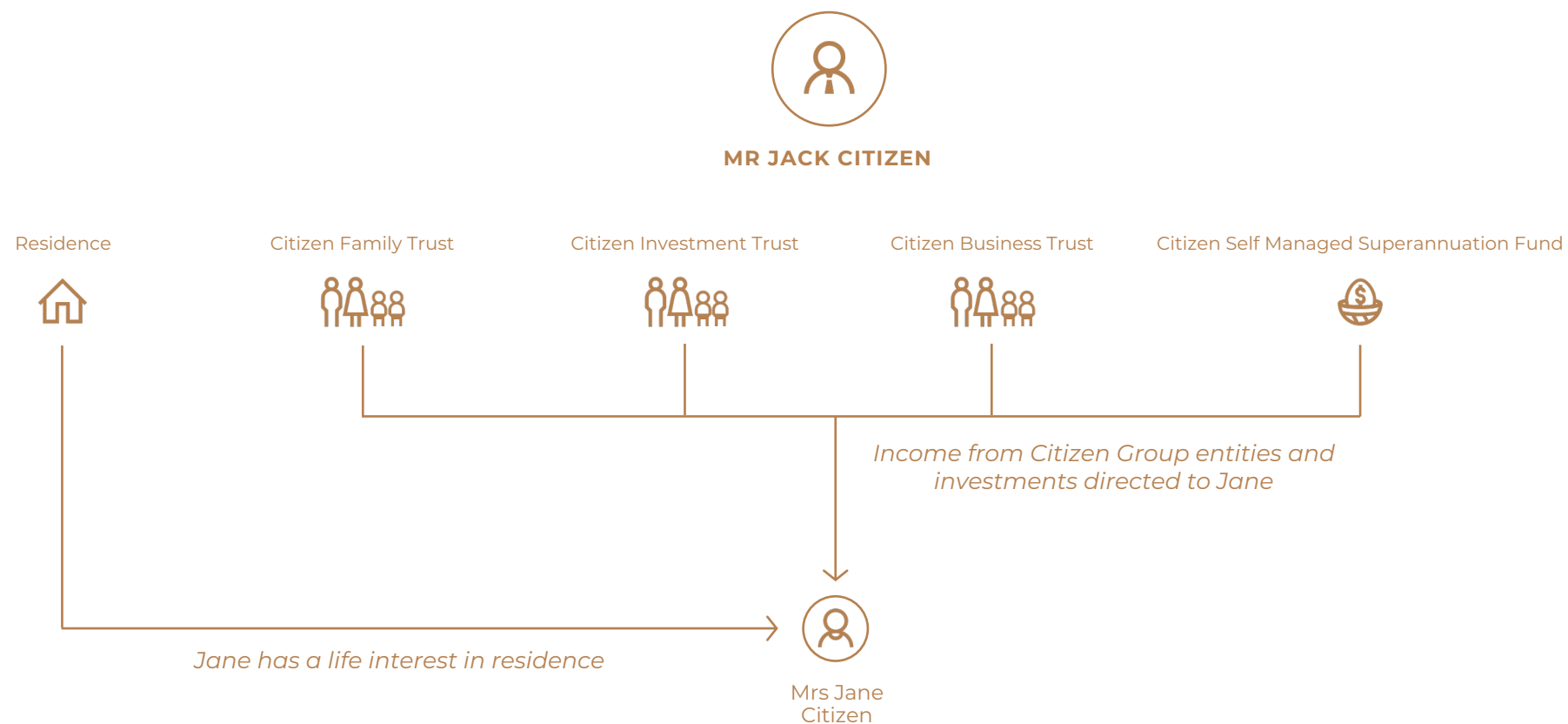
Mr Scott Fitzpatrick (Fitzpatrick's Gold Coast)



WEALTH ORGANISATIONAL PROGRAM

# Mr Citizen Estate Plan Flowchart

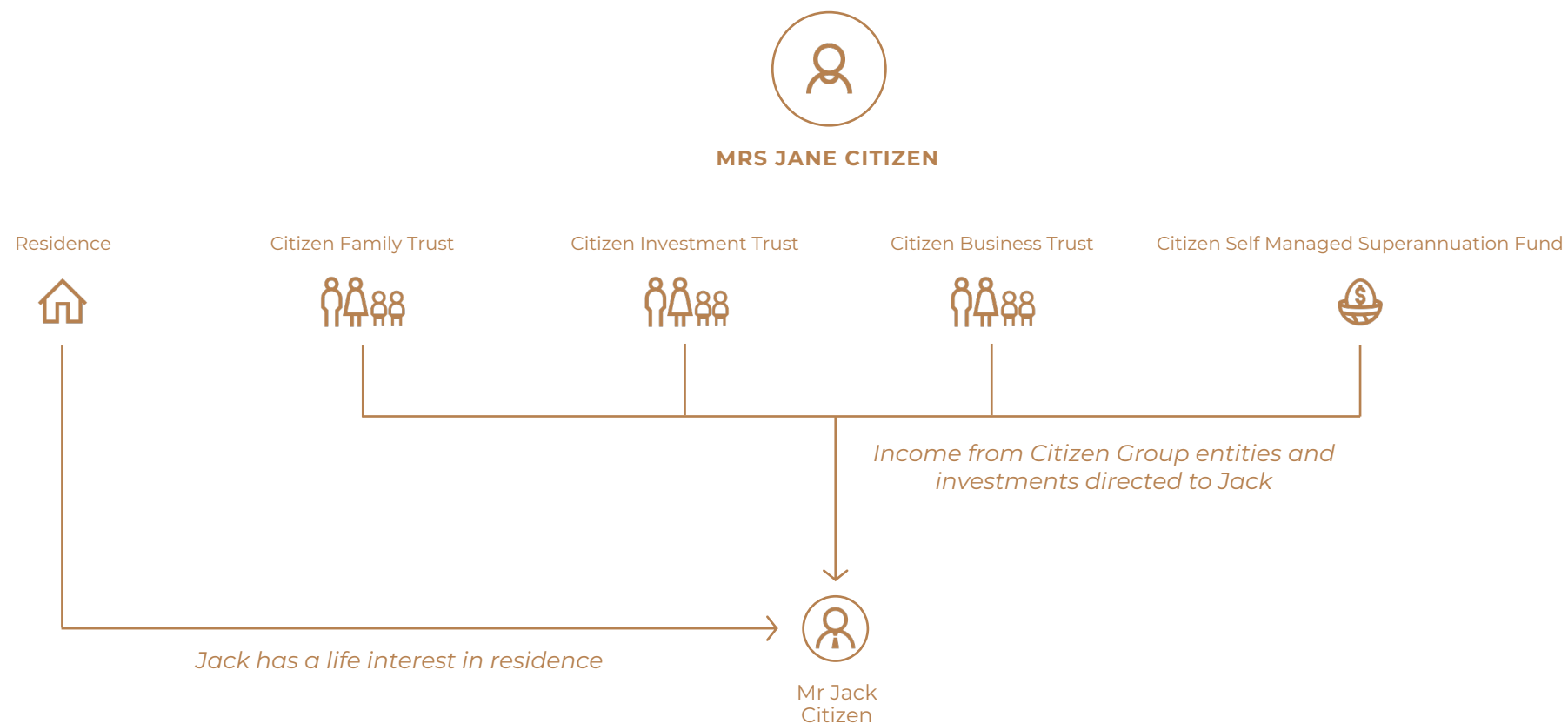
ON DEATH OF JACK CITIZEN (Mrs Jane Citizen still alive)



WEALTH ORGANISATIONAL PROGRAM

# Mrs Citizen Estate Plan Flowchart

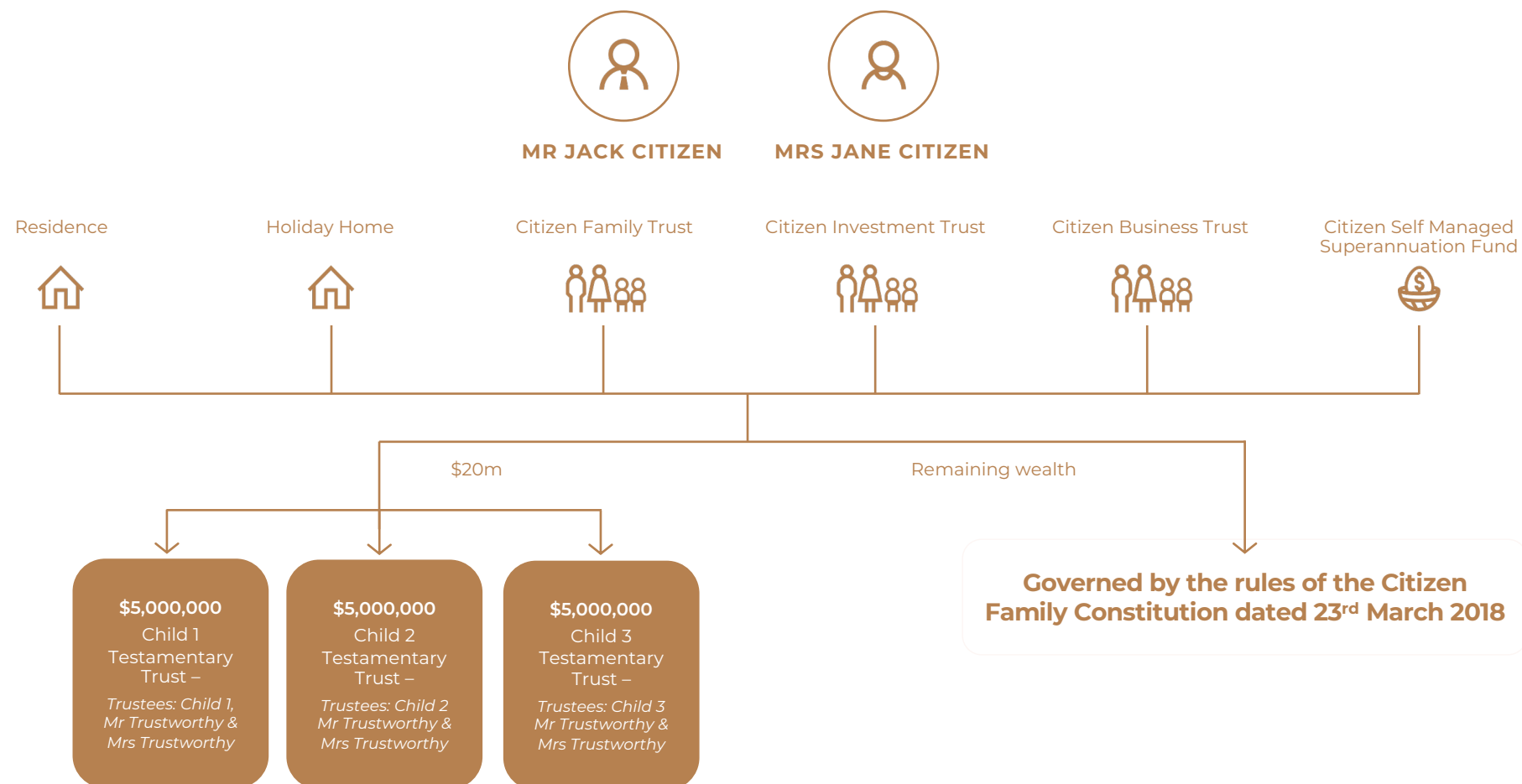
ON DEATH OF JANE CITIZEN (Mr Jack Citizen still alive)



## WEALTH ORGANISATIONAL PROGRAM

# Citizen Estate Plan Flowchart

ON DEATH OF BOTH JACK AND JANE CITIZEN



## WEALTH ORGANISATIONAL PROGRAM

# Deeds & Document Register

ESTABLISHMENT OF YOUR ONLINE VAULT	12 MONTHS	YES / NO	REVIEW OF DOCUMENTS
<input type="checkbox"/> Wills			
<input type="checkbox"/> Power Of Attorney			
<input type="checkbox"/> Enduring Guardianship			
<input type="checkbox"/> Deeds			
<input type="checkbox"/> Constitutions			
<input type="checkbox"/> Insurance Policies			
<input type="checkbox"/> Finance Documents			
<input type="checkbox"/> Passports/Licenses /Credit Cards etc.			
<input type="checkbox"/> Tax Returns			
<input type="checkbox"/> Leases			
<input type="checkbox"/> Family Constitution			

WEALTH ORGANISTATIONAL PROGRAM

# Deeds & Document Register (2)

**FAMILY TREE**

**12 MONTHS YES / NO**

**REVIEW OF DOCUMENTS**

☐ Constitution update

☐ Family Meeting / Sample agenda

☐ Issues log / Family matters

☐ Philanthropy update  
 - Who?  
 - When?  
 - Why?  
 - How much?

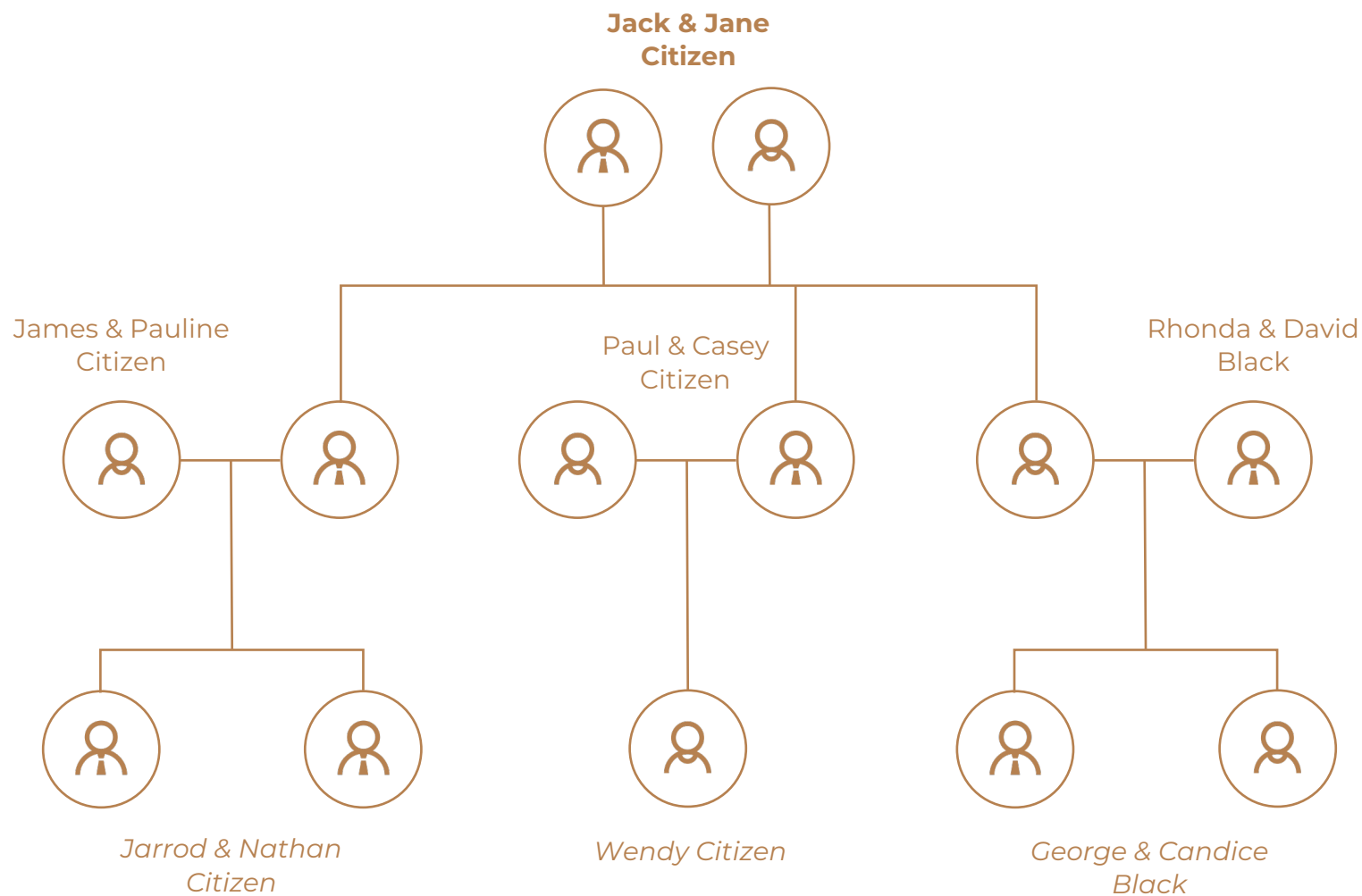
☐ Important people

☐ Comments



WEALTH ORGANISATIONAL PROGRAM

# Family Tree





# Disclaimer

# Annexure

“The figures shown are projections only and you should not place undue reliance on them. The projections may be affected by inaccurate assumptions or by known or unknown risks and uncertainties.

The projection rates used in the projections are long term (i.e. 10 years plus) estimates only. The figures have been sourced from the Investment Committee and are reviewed 6 monthly. It is important you realise past performance is no a reliable indicator of future performance.

You should also be aware that your account balance is not guaranteed. Your final balance depends on a variety of factors that will change over the long term. These factors include:

- The amounts contributed by you or on your behalf and whether these contributions are regular or lump sums
- Your asset allocation;
- The relative performance of asset classes in conjunction with your asset allocation and investments as well as the Australian and international economies generally;
- The fees that are charged on your product
- The amounts and costs of any insurance provided through your product and
- Any changes to product features over time and the cost of those features.

Due to the number of factors that can affect these projections, it is important that they are reviewed regularly, at which time we will calculate how well you are progressing to achieving your stated goals”.



# Thank You

-GAF-