

# Case study realistic financial goals

Business



It is official to set a reliable and realistic financial goals, they should understand their financial position and environment. Setting these goals will gullied their actions and give the right direction to control their finance. For the budgeting mechanism, It Is significant to record their accurate financial account and keep the data up to date during the budgeting process. In this process, it is also necessary to analyze their financial structure, for example, their take home income, their financial expense, bills expense and living expense. The asset and liability part in the budget helps them to understand their financial position.

Budgeting Is a good control tool, as long as they use this tool efficiently, It will make them manage their fiance easier and contribute to meet their financial goals. Part 2: Their current financial situation and overall position  
Take home income For David, he has a IT business and he earns 85000 before tax and any other deductions, he also has a self managed superfine with 65000 In cash and he sacrifices a further 5000 above the So his total assessable Income should be 145000 and his tax expense should be 41 597, by deducting the tax expense from the assessable income, his take home pay should be 103403. For the wife Jennifer, she works in media earning 135000 before tax, she also has 167000 superannuation and salary sacrifices IPPP. A. Based on this, she should be has 292000 assessable income, her tax expanse should be 104947 based on the tax expense table, so her take home pay should be 187053. They also own a Investment unit as a Joint tenants, they receive 255 per week and It Is managed by an agent.

Expenses Their expenses including their financial expense and bills expense.

They have a mom mortgage cost 5895 per month. For their Investment unit, they also need to pay the line-of- credit Interest 8757. 5 per month. They have three personal loans, the first has one year left and It has 550 early repayment fee and 325. 5 monthly payment.

The second has a monthly payment of 437. 50. The third has early repayment fee of 325 and monthly interest payment 905. 7145. Their credit card minimum payment expense should be 1275. 77.

They also have to pay the school costs 65000 for three months.

Assets They have a lot of assets, their home property is now Worthington 950000 and their Investment unit now worthy 215000. They also have a Joint savings account 20000, David also NAS a term apposes Tort 1 David NAS a sell manage supernatant 6 and Jennifer also has a superannuation fund 167000. From their budget spreadsheet and calculation, their total income is 25310 per month and their monthly financial expense is 16300, their bills expense is 21667, so their total expenses is 37966.

They have monthly deficit 12657, In this case, they have many assets, like residential property, investment property, superannuation and cash in their saving accounts.

However, they also have many loans which need to be pay off, for example, the personal loan, the property mortgage and the credit outstanding. So after all the analysis of their finances, their overall situation is not good, they have to get a well plan to save their money and spend the money properly.

Part 3: List the actions they can take to improve their position Action 1: From the superannuation point of view, superannuation is tax effective and compulsory saving for retirement, the funds can not be accessed until retirement. The fund is taxed 15% on concessional intrusions, 15% on the earnings, 10% on capital gains and excess contribution are taxed at 46.5%.

The husband has a self managed superfine with 65000 in cash and contributes 5000 p. A. The self managed superfine is expensive and time consuming, it is also not include the tax benefit.

So under this situation, it is necessary for him to chose a efficient super funds which has lower fees and can claim tax benefits. The wife also salary sacrifice 10000 p.

A in her superannuation funds, she do not have to contribute this high amount, both of them can save money from their overpopulation fund, when they have extra money, they can set again their contribution at any time. However, this will increase their tax payable by decreasing their super funds, their take home pay will still increasing. Action 2: His younger brother living with them, he did not contribute any of the household expenses. He works as apprentice earning 21 500 which is not very high. They can ask his brother to pay reasonable money to share their household expense, this will decrease their pressure to pay the household expense and increase their take home pay. Action 3: The husband David has his own IT business, he can make some advertisement on the newspaper and attract his customer to improve his income.

Action 4: They have three children and all of them are very young, they all attend the private schools at a cost of 65000, which is very high cost. To cut down the cost, they can chose to send their children to other cheaper school.

Action 5: Their credit card outstanding amount is 36450. 55 and they make the minimum payment is 3. 5% which is low. The credit card has a high interest and penalty when they do not pay off on time, so it is significant for them to pay off all the credit card outstanding money as soon as possible to save interest fee and other penalty cost.

Action 6: They have a saving account with 20000 for emergencies and David has 10000 term deposit, they can use the money to investing the new venture which will improve fuel efficiency in cars by 70%, this is a good opportunity to make money. Action 7: They own a investment rent, assuming the market price for the rent fee is increasing, so they should increase their rent fee to the tenant to increase their total income.

But this action maybe will tot get the expected result in the short time, because the tenant maybe not willing to pay the extra rent fee, but after they do some research of the market price, they will pay as long as the price is reasonable. Conclusion During their financial goals setting and budgeting process, it is easy for them to unreason tenet Atlanta position Ana recognize tenet Atlanta problem, so It noels them to take actions to fix the problem. However, they really need to manage their finance efficiently and keep their financial details up to date, it will them to meet their financial goals and get what they want.