

## USING SAVINGS GEARING TO BUILD YOUR WEALTH STEP BY STEP

**Names:** Sarah and Jake

**Ages:** 28 and 31

**Occupations:** Teacher and Police Officer

### Current financial position

Sarah and Jake want to be able to provide the best education for their children, Tom, 4 and Jessie, 2. So far they have set aside \$8,000, but they're concerned this won't be enough to cover their children's school and university fees. After meeting with their financial adviser, a strategy was devised that would allow them to achieve their goal of having more funds to meet their children's needs.

### Investment recommendation

Sarah and Jake's adviser recommended a margin lending strategy with savings gearing and quickly confirmed their approval online. They invested their \$8,000 in managed funds and supplemented this with \$10,000 borrowed from Margin Lending. After a review of their other financial commitments and based on their level of available income, Sarah and Jake's adviser recommended a monthly contribution consisting of \$500 of their own funds plus \$1,000 of borrowed funds.

### Projected outcome

After five years, it is projected that Sarah and Jake will have built a share portfolio of \$144,271, based on a year - on-year return of 10% p.a.\* After repaying the cost of the loan - approximately \$69,000 - the total of Sarah and Jake's savings and profits will have grown to around \$75,271, a return on equity of 100%\*\* over five years... and a substantial sum to help them provide for their children's future.

**"Achieving our goals for our family may take some time, but with a savings and investment plan in place, we plan to get there sooner."**

Important:

\*These examples assume an average growth in funds of 10%p.a. This return is not necessarily indicative of future performance. Remember, investing in managed funds has the potential for losses as well as gains. Distributions, interest payments and fees are not included in this calculation.

\*\*Earnings as a percentage of total client contribution.