PIA Key Features

Data Entry Check List

The *Data Entry Check List* provides an intuitive interface for entering data about an investment property, how it is to be financed, how tax credits are to be calculated, and how these variables are to change over time. This would normally be the first step in analysing any prospective property as it helps construct an *Investment Analysis* spreadsheet with all of the appropriate starting values.

Spreadsheets (4)

- **Investment Analysis** The *Investment Analysis Spreadsheet* is the main focus of PIA and of this Quick-Start Guide. You will find that you spend most of your time within this spreadsheet as it gives you instant answers on how much a prospective investment property is likely to cost you after tax and what rate of return you might anticipate for the data you have entered.

  - Cash flow projections (40 years)

  - Internal rate of return

  - Before-tax & after-tax cash flows

  - Tax benefits

  - Variety of possible loan types

  - Calculate personal investment & borrowing capacities

  - Include a portfolio of properties

- **Home Loan Analysis** The *Home Loan Analysis Spreadsheet* is used to describe the status of your home loan (i.e. how much is still owing and what your repayments are). You can use it to analyse ways of repaying your home loan faster (e.g. by way of additional payments, fortnightly payments or a credit line) or even to consolidate and refinance several non-deductible loans into one.

- **Wealth Builder** The *Wealth Builder Spreadsheet* helps you interactively plan a portfolio of investment properties based on projected multiples of the property under review in the *Investment Analysis Spreadsheet.* At each step (that is, each year) you

can see whether you would have the necessary funds (cash savings) and whether the banks would be likely to lend you the finance (loan/value ratio and debt /service ratio). This spreadsheet integrates data from the investment property under review, your home and any existing investment property portfolio.

- **Linked Loan Analysis** The *Linked Loans Spreadsheet* allows you to explore methods of repaying non-deductible loans faster using surplus cash flows from an investment property. Where a credit line is the preferred method for repaying a home loan, the *Linked Loans Spreadsheet* also allows you to take account of the after-tax cost of an investment property, though this can also be explored in the *Wealth Builder*.
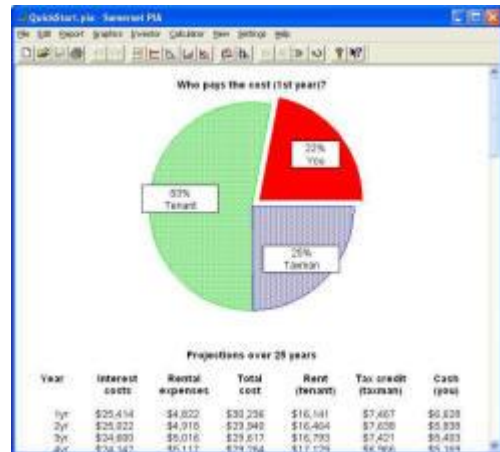
Reports

- **Investment report** The report begins with the summary report of the variables displayed on the spreadsheet, then gives a detailed explanation and breakdown of all input variables displayed on the spreadsheet. This report also includes details of projected internal rate of return (IRR), tax benefits and investment capacity.

- **Investment report (descriptive)** A report which details all of the information relevant to the specific investment along with a detailed description of the input variables and what they mean.

- **Cash flow analysis report** The first part of the report gives a tabulated breakdown of all the items that contribute to the cash flow in the first year of the investment. The later parts of the report show the cash flow projections over time.

- **Capital gains tax report** This report outlines CGT legislation and shows how the capital gains tax liability (for Australia) would be calculated if the investment property were to be sold at the end of the projection period

- **Home loan report** A report which provides the details and annual break-down of an investor's home loan, showing the term of the loan and the total interest paid.

- **Wealth builder report** A report showing the accumulation of investment properties specified in the Wealth Builder spreadsheet. The report includes the spreadsheet, projections of property values, income and expenditure, as well as graphics of Investment Equity & Net Worth, Loan to Value & Debt Service Ratios and After-Tax Cash Flows.

- **Linked loan report** a report describing the interest and repayment schedule for both the home and investment loans. This is a detailed report that includes the projections from the Linked Loans spreadsheet, together with detailed analysis of projected loan payments and balances, equity, and tax benefits

- **Custom report** Allows you to collate a report which optionally includes various reports and graphics screens

Graphics screens

- **Who pays?** Pie chart showing the relative contribution of the investor, the tenant and the taxman in meeting the bills for the specific investment property.

- **Property value & debt** Chart of the increasing property value compared to the level of debt on the investment property.

- **Before- and after-tax cash flows** Chart showing the cash flows (and break-even points) for the investment property before and after tax is taken into account.

- **Before- and after-sale rates of return** Chart showing the internal rates of return for the investment projected over a range of years.

- **Property and bank returns comparison** Chart which compares the return from the investment property to that of the same monies invested at a specified bank interest.

- **Investment loan repayments** Chart showing annual interest and repayments on the investment loan.

- **Equity & investment** Chart comparing the rising equity in the investment with the total monies invested over time.

- **Tax liabilities** Chart comparing projected tax liabilities with and without the acquisition of the investment property.

- **Home loan payments** Chart showing the annual interest and repayments on a home loan.

- **Loan balances** Chart comparing the home and investment loan balances over time.

- **Combined LVR** Chart showing the loan to value ratio for home and investment properties over time.

Property Investment Calculators

- **Capital growth** Calculates an average rate of capital growth given the value of a property at two points in time and the number of years between.

- **Inflation rate** Calculates an average inflation rate based on the value of any item at two points in time.

- **Income tax** Calculates the tax liability and medicare levy for any specified taxable income using the tax scales set within the program's settings menu.

- **Stamp duty** Calculates the stamp duty on a property based on the government stamp duty scales as set within the program's settings menu

- **Sales commission** Calculates the sales commission on a property based on the scales set within the program's settings menu.

- **Capital gains tax** A facility for estimating capital gains tax liability on the sale of an investment property, catering for capital improvements and the write-back of any depreciation claims.

- **Land tax** A calculator which allows you to calculate land tax liabilities for any State in Australia.

- **Borrowing capacity** This calculator provides a means of working out your borrowing capacity. The assumption is that your ability to borrow funds is limited by either or both of your Loan Value Ratio (LVR) or your Debt Service Ratio (DSR).

- **Loan payments** A financial calculator is provided for working out the repayments on any P&I loan. It is also possible to work out the new term of the loan if either the frequency of payments is changed (e.g. paying fortnightly rather than monthly) or the payments are increased.

- **Loan Consolidation** A facility for examining the revised payments and after-tax cost of combining existing loans and adding that for an investment property.

- **Loan Eligibility** A calculator for working out whether an investor meets a financial institutions criteria to qualify for a property investment loan.

- **Retirement Reckoner** A facility for working out current net worth of investment assets and the number of years needed to achieve retirement goals.

- **Superannuation** This enables you to calculate the total amount accumulated in a superannuation fund, based on the parameters you enter into the calculator. PIA then works out the total superannuation (both nominal and adjusted to today's dollars) that accumulates over a specified period for the specified parameter values