

# New Digital Tools for Mortgage Brokers – Best Interest of Client Rule

Mortgage Brokers should be relieved that the Government will not implement a key recommendation of the Hayne royal commission to ban trailing commissions from 2020.

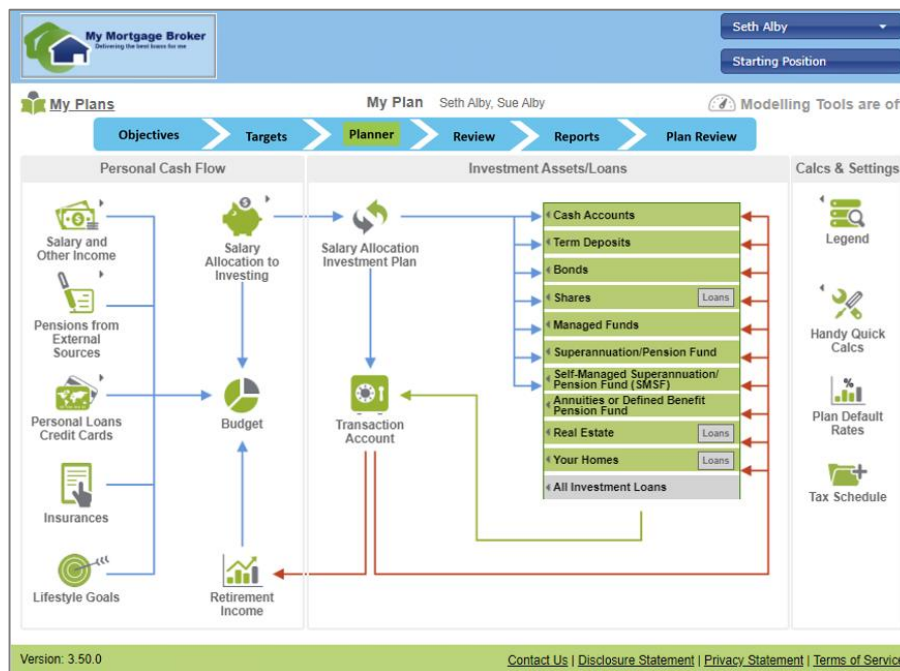
The government wants to see the effect of other measures it has announced. These include a legal obligation on mortgage brokers to act in the best interests of customers.

In response to this, *Financial Mappers* has developed the perfect tool for client engagement which does not involve another round of learning new software.

## Improve Client Engagement

Research is showing that clients expect digital tools from their service providers. Imagine how popular you will be if you can give your client a digital tool which allows them to create a 5-year Savings/Investment Plan which includes all their personal, investment and retirement income and expenses.

*Financial Mappers Lite* is a white labelled tool you can provide, to your client free for the first 12-months. Thereafter, if your client wants to maintain an annual subscription, they can pay a small annual service fee.



## **Financial Mappers Lite**

*Financial Mappers Lite* is a tool for the exclusive use of your client. This tool is white-labelled, in this case, the name of the company is **My Mortgage Broker**. However, the client can email the broker custom made reports which will deliver to the broker all the information they require to **Know their Client** and demonstrate that the loan provided was in the **Best Interests** of the client.

### **How does Financial Mappers Lite Work?**

The client receives an invitation to register for *Financial Mappers Lite*. They use a wizard type form to enter all their current financial information including all their current loans, the name of the lending situation and the interest rate.

This information is imported into a 5-year plan, called **My Plan**.

On the **Objectives** chevron, the client can enter their objectives and strategies to reach those objectives over the next 5-years.

On the **Targets** chevron, the client can enter their financial targets.

On the **Planner** chevron, the client can enter all the details of what they plan to do over the next 5-years. This can include new property purchases with loan details and any loans they may want to refinance. Say, if they are planning a home renovation in a couple of years. They may also be looking at a car replacement and require a new car loan.

On the **Review** chevron, the client can review their plan and check if financial targets have been achieved.

On the **Reports** chevron, the client can generate reports customised by the broker as a PDF and email to their broker.

On the **Plan Review**, the client can upload into this portal any reports created by the broker, so that the client can review the report one section and at a time. In addition, the broker, can upload their Financial Services Guide, provide educational content from either ASIC's Money Smart website, or their own content. Examples of the types of reports the broker can generate are found on the website. These two examples are typical of what the broker, my provide, but remember plans in *Financial Mappers Lite* are restricted to 5-years.

- First 5-years of Client Plan
- Debt Management Report

## Starting Position Report

After your client has completed entering their current finances, a PDF report of this information can be generated and emailed to the broker, who will receive a 4-page report of valuable information.

### Page 1: Net Worth

**Starting Position Report**

Based on plan "Starting Position"  
Seth Alby and Sue Alby

## Net Worth

At the start of your plan, based on the assumptions you have made, you will have Net Investments (including Retirement Accounts) of \$570,000 and Net Personal Assets of \$433,000.

The following table shows the breakdown of these funds, including each asset's associated liability where applicable. (Note that if you have an SMSF or Annuity, these are not included.)

	Assets	Liabilities	Net Value
Cash, Term Deposits, Bonds	\$160,000	\$0	\$160,000
Shares and Managed Funds	\$10,000	\$0	\$10,000
Investment Property	\$0	\$0	\$0
Retirement Accounts	\$400,000	\$0	\$400,000
<b>Total</b>	<b>\$570,000</b>	<b>\$0</b>	<b>\$570,000</b>
Home	\$500,000	\$100,000	\$400,000
Other Personal	\$40,000	\$7,000	\$33,000
<b>Total</b>	<b>\$540,000</b>	<b>\$107,000</b>	<b>\$433,000</b>
<b>TOTAL NET WORTH</b>			<b>\$1,003,000</b>

## Asset Allocation

Your investment profile at the start of your plan is Low Growth, with the largest portion of your assets in Retirement Accounts.

The breakdown of your assets is shown in the table and pie chart below.

	Total Value
Investment Profile	Low Growth
Cash, Term Deposits, Bonds	28.07%
Shares and Managed Funds	1.75%
Investment Property	0.00%
Retirement Accounts	70.18%

### Asset Allocation

Starting Position Report

Based on plan "Starting Position"  
Seth Alby and Sue Alby

### Assets

<b>Non-Retirement Assets</b>	<b>Seth</b>	<b>Sue</b>	<b>Total</b>	<b>\$170,000</b>
Bank Account	\$75,000	\$75,000	\$150,000	
Emergency Cash (Joint)	\$5,000	\$5,000	\$10,000	
Shares 1 (Seth)	\$10,000	\$0	\$10,000	
<b>Home</b>	<b>Seth</b>	<b>Sue</b>	<b>Total</b>	<b>\$500,000</b>
Our House (Joint)	\$250,000	\$250,000	\$500,000	
<b>Personal Assets</b>	<b>Seth</b>	<b>Sue</b>	<b>Total</b>	<b>\$40,000</b>
Seth's Car (Seth)	\$20,000	\$0	\$20,000	
Boat (Joint)	\$5,000	\$5,000	\$10,000	
Furniture and electrical goods (Joint)	\$5,000	\$5,000	\$10,000	
<b>Retirement Accounts</b>	<b>Seth</b>	<b>Sue</b>	<b>Total</b>	<b>\$400,000</b>
Seth's Super (Seth)	\$200,000	\$0	\$200,000	
Sue's Super (Sue)	\$0	\$200,000	\$200,000	

### Liabilities

<b>Investment Loans</b>	<b>Seth</b>	<b>Sue</b>	<b>Total</b>	<b>\$0</b>
Bank Overdraft	\$0	\$0	\$0	
<b>Home Loans</b>	<b>Seth</b>	<b>Sue</b>	<b>Total</b>	<b>\$100,000</b>
Our House [Loan] (Joint)	\$50,000	\$50,000	\$100,000	
<b>Personal Loans</b>	<b>Seth</b>	<b>Sue</b>	<b>Total</b>	<b>\$7,000</b>
Car Loan (Seth)	\$5,000	\$0	\$5,000	
Sue's Credit Card (Sue)	\$0	\$2,000	\$2,000	

Starting Position Report

Based on plan "Starting Position"  
Seth Alby and Sue Alby

### Salaries and Expenses allocated in the Starting Position

Salary	Seth	Sue	Total	\$240,000
Seth's Salary (Seth)	\$120,000	\$0	\$120,000	
Sue's Salary (Sue)	\$0	\$120,000	\$120,000	
<b>Living Expenses</b>				<b>\$65,000</b>
Commitments			\$5,000	
Home			\$5,000	
Utilities			\$5,000	
Education			\$0	
Health			\$5,000	
Shopping			\$30,000	
Transport			\$5,000	
Entertainment			\$5,000	
Other			\$0	
Miscellaneous			\$5,000	
<b>Insurance</b>	<b>Seth</b>	<b>Sue</b>	<b>Total</b>	<b>\$2,800</b>
zzz Insurance (Seth)	\$1,000	\$0	\$1,000	
zzz Insurance (Sue)	\$0	\$1,000	\$1,000	
zzz Insurance (Seth)	\$500	\$0	\$500	
zzz Insurance (Seth)	\$300	\$0	\$300	
<b>Salary Allocation to Investment Plan</b>				<b>\$33,119</b>
Loan Expenses (Home & Investment Loans less Rent)			\$7,919	
Additional Payments for Home & Investment Loans			\$1,200	
Other Investments			\$24,000	
<b>Unallocated Funds (including Tax Liability)</b>				<b>\$206,881</b>

<b>Starting Position Report</b>		Based on plan "Starting Position" Seth Alby and Sue Alby					
<b>Milestones</b>							
<b>Description</b>					<b>Year of Event</b>		
Buying a car (Sue)					2018		
Buying an investment property (Joint)					2018		
<b>Insurance</b>							
<b>Seth Alby</b>							
<b>Description</b>	<b>Type</b>	<b>Value</b>	<b>Cost</b>	<b>Payment</b>			
zzz Insurance	Life Insurance (Death & TPD)	\$200,000	\$1,000	Superannuation			
zzz Insurance	Income Insurance	\$50,000	\$500	Budget			
zzz Insurance	Trauma Insurance	\$60,000	\$300	Budget			
<b>Sue Alby</b>							
<b>Description</b>	<b>Type</b>	<b>Value</b>	<b>Cost</b>	<b>Payment</b>			
zzz Insurance	Life Insurance (Death & TPD)	\$200,000	\$1,000	Superannuation			
<b>Loans &amp; Credit Cards</b>							
<b>Description</b>	<b>Type</b>	<b>Lender</b>	<b>Interest Rate</b>	<b>Length</b>	<b>Seth</b>	<b>Sue</b>	<b>Amount</b>
Our House [Loan] (Joint)	Principal and Interest	NAB	5.00%	20 Years	\$50,000	\$50,000	\$100,000
Car Loan (Seth)	Principal and Interest	NAB	9.00%	3 Years	\$5,000	\$0	\$5,000
Sue's Credit Card (Sue)	Credit Card	NAB	15.00%		\$0	\$2,000	\$2,000 (\$0 limit)

All this information can be emailed to the broker before the client has even made a plan. When your client makes a plan, they can email you the report which you designed. This report should give you all the information you need to know about your client’s intentions and whether or not the client has sufficient cash flow to execute that plan.

**Find out More**

Contact **Glenis Phillips**, *Designer of Financial Mappers*, for more information directly or via the **Corporate Contact Form**.

You will be given a link to additional information, including costs and how to customise your platform and demonstration videos.

Email: [glenis.phillips@financialmappers.com.au](mailto:glenis.phillips@financialmappers.com.au)

Mobile: 0411 086 532

## What Financial Mappers Lite does for the Mortgage Broker

### Build Trust with the Client

Applying for a new loan can be a very stressful time. Some clients can't evaluate whether they can afford the loan. *Financial Mappers Lite*, enables your client to see that they can afford the loan or whether they need to be more realistic in their expectations.

You can build a long-term relationship with your client based on trust. You are the person, who has given that family, the opportunity to plan their future, fully knowing all the implications of your new loan.

### Improve your Compliance without any additional work

Where you are able to engage with your client and have them email you the report, you have designed, together with the *Starting Position Report*, you can attach these documents to your client's file to support your evidence that you have recommended loans which are in the best interest of the client..

### Maintain a Long-Term Relationship with the Client

Clients who see value is paying a very small subscription fee after the first 12-months to maintain access to *Financial Mappers Lite* will revisit this tool every time they want to make a financial decision. If this decision involves taking new loans or refinancing existing loans, you are the broker they will most likely reach out to. After all this is your white-labelled product and every time they open the software you can deliver your message

My Mortgage Broker  
Delivering the best loans for me

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