

Lifetime Financial Planning

The cause way

By Hadyn Bernau

Introduction

Q: What am I trying to maximise in my life? (What is my cause?)

1. Personal
 1. Career success
 2. Happiness / comfort / money / house / food / experiences / travel
 3. Loving relationships
 4. Spiritual ends – salvation / honouring God / becoming pure / a better reincarnation
 5. Live a morally good life
 6. Health
 7. Security / freedom / choices
 8. Retirement – length & quality
2. Inner circle
 1. Relationships – give love to others
 2. Provide for family - needs and opportunities
3. Outer circle
 1. **Social causes**



Return on Investment & Multiplication

Cause Investments vs Financial Assets

- Case studies
 - Plant a tree – multiplication through dispersal of seeds
 - Train a teacher – multiplication through impacting hundreds of lives, each of those with a ripple effect
- If the multiplication is greater in the cause than say the 7% return on financial assets – better long-term cause outcomes will come from investing sooner rather than later.

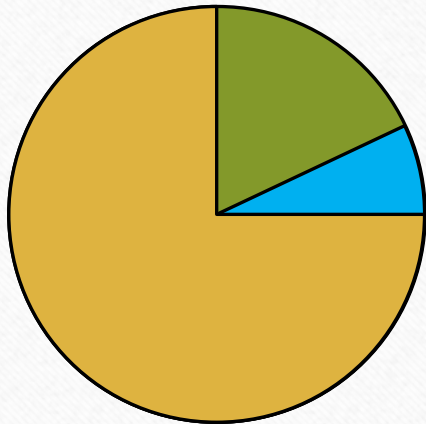
Investment Options

	Financial assets		Childrens home	Uni scholarship	Train a teacher / pastor	Disaster relief	Homeless man	Private School Education	Healthy Living	Buying Experiences	Building Relationships
One-off value	1		0.5	1	2	2	2	2	2	0.5	2
Multiplication	6%		10%	15%	40%	1%	0%	20%	5%	1%	50%
Investment	-\$100		-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100
Immediate pay-off	\$0		\$50	\$100	\$200	\$200	\$200	\$200	\$200	\$50	\$200
Time	Cash/value flow		Cash/value flow	Cash/value flow	Cash/value flow	Cash/value flow	Cash/value flow	Cash/value flow	Cash/value flow	Cash/value flow	Cash/value flow
0	-\$100		-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100
1	\$6		\$50	\$100	\$200	\$200	\$200	\$200	\$200	\$50	\$200
2	\$6		\$5	\$15	\$80	\$2	\$0	\$40	\$10	\$1	\$100
3	\$6		\$6	\$17	\$88	\$2	\$0	\$44	\$11	\$1	\$110
4	\$6		\$6	\$18	\$97	\$2	\$0	\$48	\$12	\$1	\$121
5	\$6		\$7	\$20	\$106	\$3	\$0	\$53	\$13	\$1	\$133
6	\$6		\$7	\$22	\$117	\$3	\$0	\$59	\$15	\$1	\$146
7	\$6		\$8	\$24	\$129	\$3	\$0	\$64	\$16	\$1	\$161
8	\$6		\$9	\$27	\$142	\$4	\$0	\$71	\$18	\$1	\$177
9	\$6		\$10	\$29	\$156	\$4	\$0	\$78	\$19	\$1	\$195
10	\$6		\$11	\$32	\$171	\$4	\$0	\$86	\$21	\$1	\$214
11	\$6		\$12	\$35	\$189	\$5	\$0	\$94	\$24	\$1	\$236
12	\$6		\$13	\$39	\$207	\$5	\$0	\$104	\$26	\$1	\$259
13	\$6		\$14	\$43	\$228	\$6	\$0	\$114	\$29	\$1	\$285
14	\$6		\$16	\$47	\$251	\$6	\$0	\$126	\$31	\$2	\$314
15	\$6		\$17	\$52	\$276	\$7	\$0	\$138	\$35	\$2	\$345
16	\$6		\$19	\$57	\$304	\$8	\$0	\$152	\$38	\$2	\$380
17	\$6		\$21	\$63	\$334	\$8	\$0	\$167	\$42	\$2	\$418
18	\$6		\$23	\$69	\$368	\$9	\$0	\$184	\$46	\$2	\$459
19	\$6		\$25	\$76	\$404	\$10	\$0	\$202	\$51	\$3	\$505
20	\$6		\$28	\$83	\$445	\$11	\$0	\$222	\$56	\$3	\$556
21	\$106		\$31	\$92	\$489	\$12	\$0	\$245	\$61	\$3	\$612
IRR	6%		14%	44%	155%	102%	100%	133%	110%	-3%	165%

What will I contribute? Time or Money?

Does your 'time pie' or 'money pie' have more capacity now? Over the coming years?

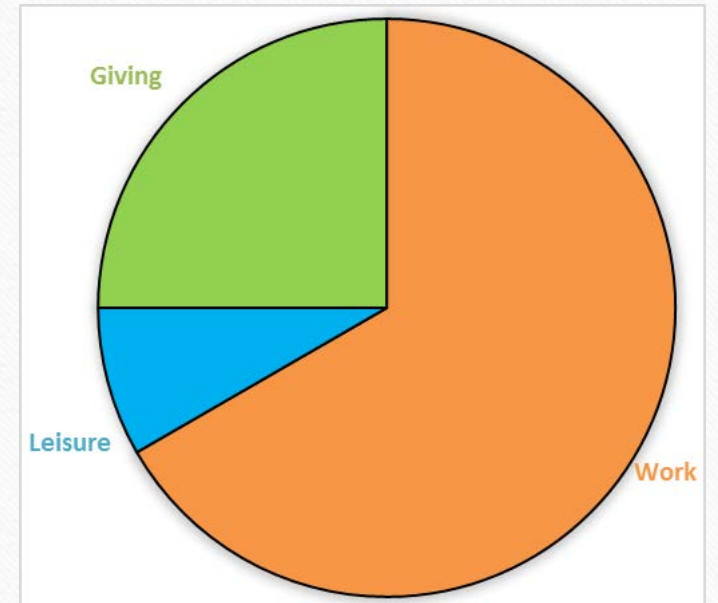
Money Pie



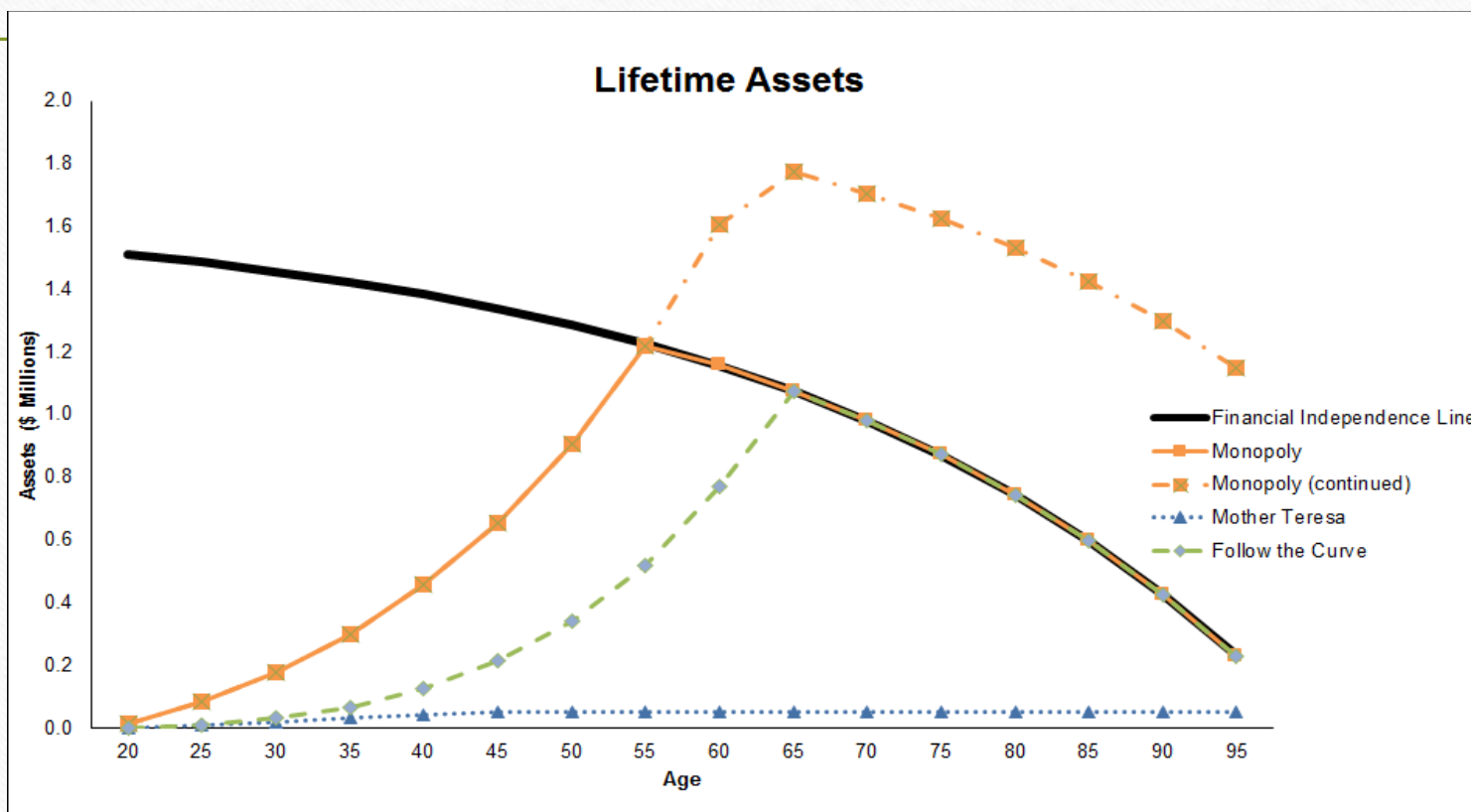
Work longer hours and earn more money – take from your time pie and give to your money pie

Give more time – reduce your work time portion of pie, this reduces your money pie in order to increase your giving time.

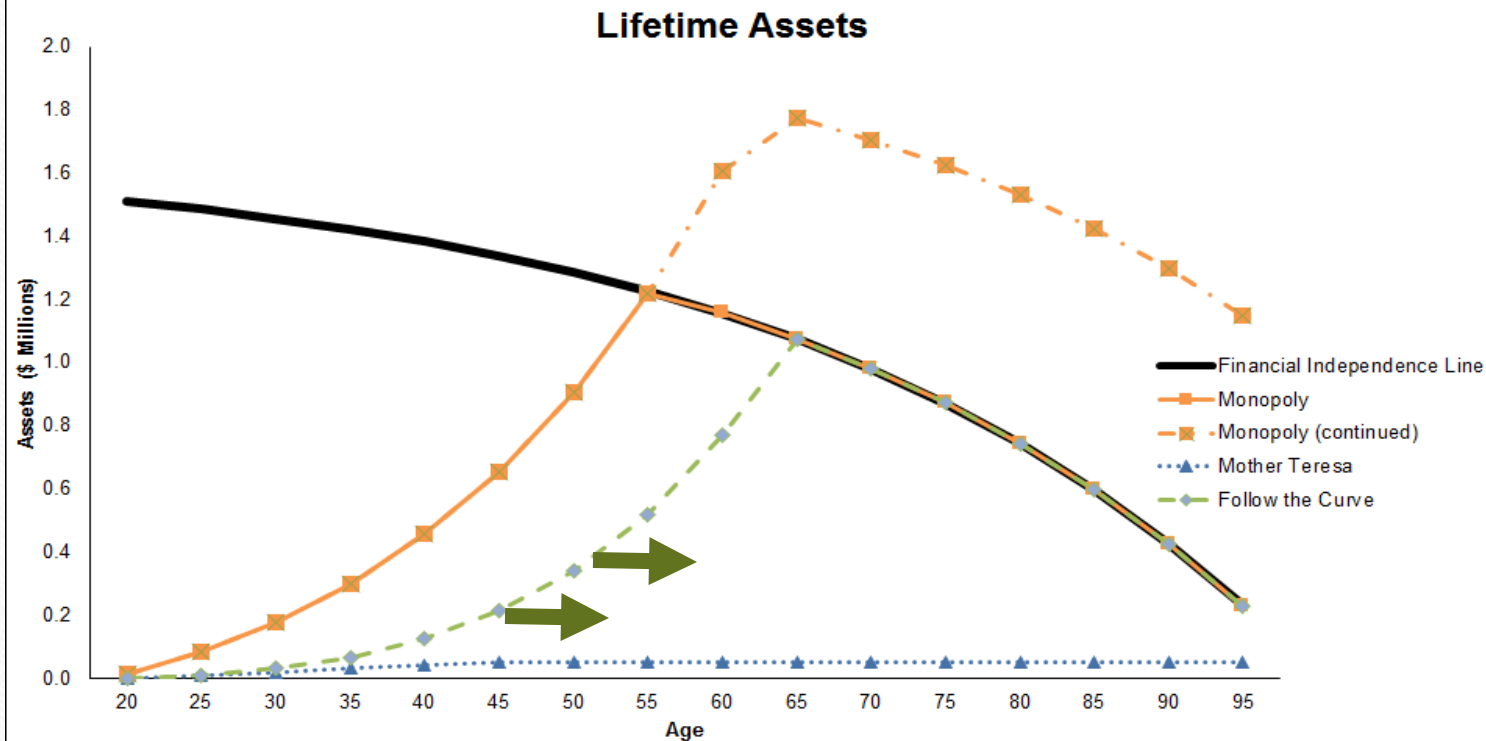
Time Pie



Balancing this with providing for me and my family
– now, into the future, under various contingencies?

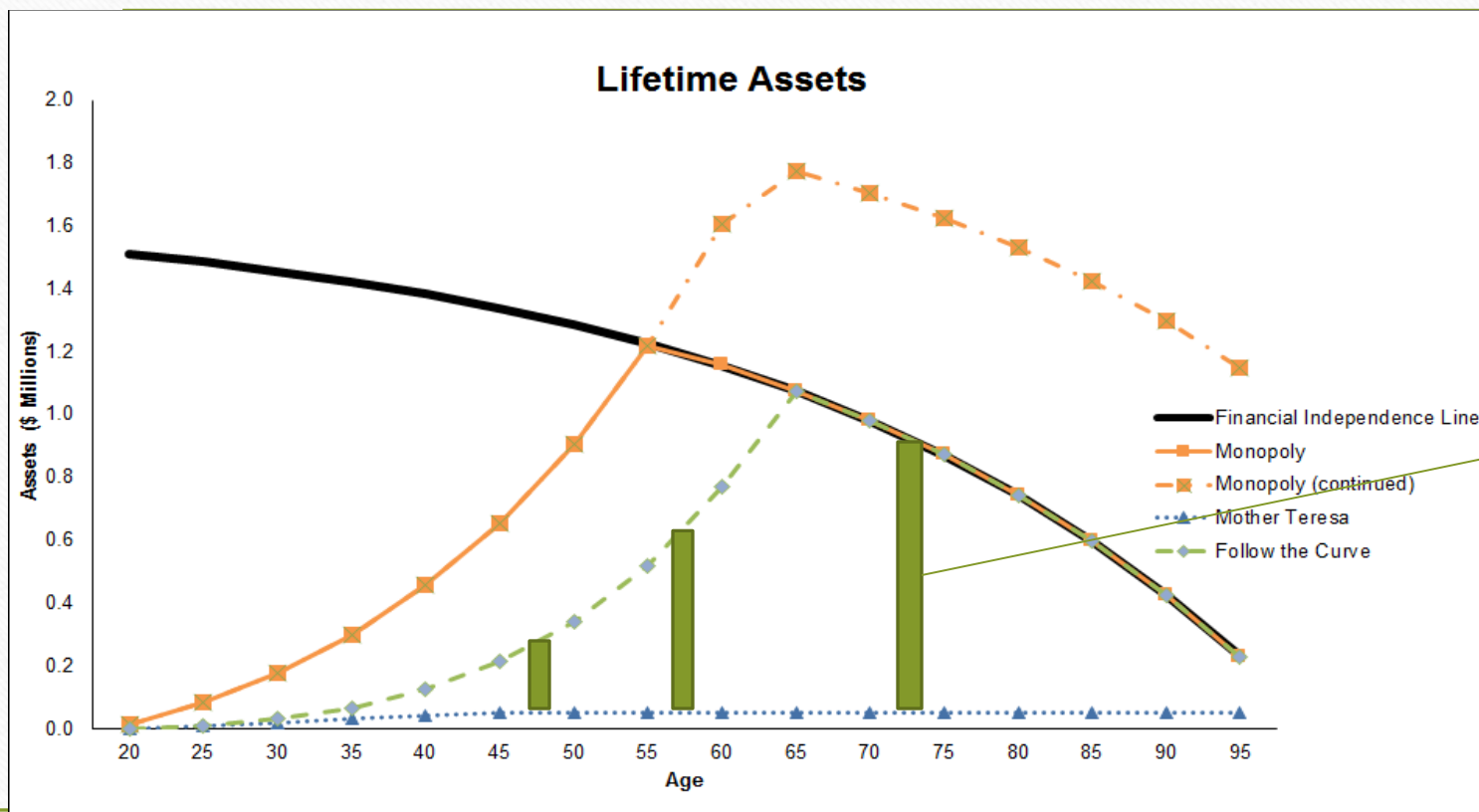


How to push the curve to the right?



1. Increase understanding of these concepts
2. Insurance
3. Rent a house rather than buying
4. Build soft assets

I've maximised the cause outcomes from my P&L –
is there anything I can do with my balance sheet?



Can my assets be 'parked' in my social cause. Eg:

- Park my money in properties needed by the cause to foster growth and free up their capital (in return for rental income)
- Park my soft assets – IP, social networks

The Mother Teresa Plan	Personal						Cause					
P & L												
Balance Sheet												

Follow the Curve Plan Life Grid

The Follow the Curve Plan	Personal						Cause					
P & L												
Balance Sheet												

Initiatives to facilitate greater investment in social causes

- Better financial literacy / understanding of these concepts
- Social worker / social entrepreneur salary market place
- Residential property trust
- Social cause property trust
- 'Soft assets' for causes - inventory and matching service

The Cause Way / The Causeway

