



NaviPlan Extended Online/Offline Incomes and Expenses Participant Guide

USA version 10.2

EISI, Winnipeg

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Viewing the Cash Flow Assistant

Assistant Options

Plan Deceased Dates
 Simultaneous Death: 2009
 Other Life Expectancies: David (90, 2058, 90, 2066) / Mary (90, 2066)

Apply Additional Capital Needed for David: 2009
 Apply Additional Capital Needed for Mary: 2009
 Estate Planning Scenario: Existing Estate Scenario

Year: 2009 | Member Status: David is Pre-Retired (Age 41), Mary is Pre-Retired (Age 39)

Click on a value to show details

Description	Head1	Head2	Family
Employment Income	156,000	102,000	258,000
Investment Income	325,796	303,801	629,597
Pension Income	0	0	0
Total Income	481,796	405,801	887,597
Total Tax	77,586	53,220	130,807
Income after Tax	404,210	352,581	756,790
Lifestyle Expenses	141,600	141,000	282,600
Pension Contributions	3,900	5,700	9,600
Investment Purchases	13,796	3,801	17,597
Investment Expenses	219,000	219,000	438,000
Current Surplus/(Deficit)	25,914	16,920	8,993
Previous Surplus/(Deficit)	0	0	0
Funds (to)/from other members	16,920	16,920	0
Ending Surplus/(Deficit)	8,993	0	8,993

Activity | Close

Figure 6: Tools menu – Cash Flow Assistant

Exercises

The following exercises have been designed specifically for this module and assume that you are working with the original data in the *Core and Elective Base* plan. Before starting the exercises, duplicate the **Core and Elective Base** plan, rename the duplicate with a meaningful name (e.g., *Incomes and Expenses training*), and then use it to complete the exercises below.

To find the answers, see “Answers to incomes and expenses” on page 10.

Exercise 1: Enter pre-retirement and retirement incomes

- Incomes from investments are automatically calculated in NaviPlan and should only be entered if the asset is not included the plan. Is this statement true or false?
 - True
 - False
- What is David’s estimated monthly Social Security retirement benefit?

Hint: Use the **Cash Flow Report** button on the *Cash Flow* page.

- \$0–\$500 monthly
- \$501–\$1,000 monthly
- \$1,001–\$1,500 monthly
- Over \$1,501 monthly

Exercise 2: Modify living expenses

- When entering expenses in the *Cash Flow* category, which expense is not automatically accounted for in other areas of the plan?

Hint: Click the **Other Expenses** link in the grid-style data-entry dialog box for expenses.

- Loan payments
 - Property taxes
 - Insurance premiums
 - Income taxes
- The Trains would like to purchase a car every 5 years starting January of next year. This \$50,000 expense will increase by 2% each year. Enter a new semi-regular expense to reflect this in NaviPlan.

3. What is the amount of the car expense in 2016?

Hint: Use the **Cash Flow Assistant**.

- a) \$50,000–\$51,999
- b) \$52,000–\$53,999
- c) \$54,000–\$55,999
- d) \$56,000–\$57,999

Exercise 3: Identify cash flow management strategies

To find the answers, see “Answers to incomes and expenses” on page 10.

1. Which of the following cannot be implemented within the *Strategies* category?
 - a) Gifting strategies
 - b) Spending projected cash flow surpluses
 - c) Moving funds from holding X to holding Y within an account
 - d) Applying extra payments towards a loan
2. What is the most efficient way for David and Mary to account for the entire sale of their 500 Smith Street real estate asset in 2010?
 - a) Insert a sell amount in a redemption strategy
 - b) Select the *Redeem All* check box in a redemption strategy
 - c) Through the deficit coverage strategy
 - d) None of the above
3. Which surplus strategy would you use to have NaviPlan assume that a percentage of the clients’ surplus is spent?
 - a) Surplus savings
 - b) Surplus lifestyle
4. In NaviPlan, a 401(k) investment asset can be transferred to a 403(b) investment asset if they are both owned by the same person. Is this statement true or false?
 - a) True
 - b) False

Exercise 4: Review output pages

To find the answers, see “Answers to incomes and expenses” on page 10.

1. To present a cash flow scenario to your clients, go to the **Results** section – **Client Reports – Preliminary Analysis** category to generate a client report.
 - The *Current Plan* should be your original plan which models the current financial situation of the clients.
 - Click the **Select Sections** button to isolate specific sections you want to illustrate and include in the final report.
 - Click the **Select None** button.
 - Select only the **Cash Flow** check box.
 Note: Some sections are mandatory.
 - Click the **Generate Report** button, and then analyze the results.
 - Scroll to the **Cash Flow** page in the report, and then answer the questions below.

2. On the *Cash Flow* page in the report, which inflows or outflows section is not included in the table?
 - a) *Employment Inflows*
 - b) *Pension Inflows*
 - c) *Investment Expenses*
 - d) *Qualified Contributions*

3. The bottom of the table on the *Cash Flow* page shows that the Trains have a surplus in their first year. List two potential strategies you could suggest to ensure the clients are optimizing their surplus.

Conclusion

This module has enabled you to

- Model pre-retirement and retirement incomes
- Model living expenses
- Identify cash flow management strategies
- Review output pages

Answers to incomes and expenses

Exercise 1: Enter pre-retirement and retirement incomes

1. a) True. Income from investment assets entered in the *Net Worth* category is automatically calculated based on the rates of return.
2. d) Over \$1,501 monthly

Exercise 2: Modify living expenses

1. b) Property taxes must be entered manually.
3. d) \$56,000–\$57,999

Exercise 3: Identify cash flow management strategies

1. a) Gifting strategies cannot be implemented within the *Strategies* category.
2. b) Select the *Redeem All* check box in a redemption strategy.
3. b) Surplus lifestyle. This strategy allows you to assume that a percentage of the surplus is being spent which often gives a more realistic picture of the clients' cash flow situation.
4. b) False. The value of a 401(k) investment asset can only be transferred to another 401(k), an IRA, or a Roth 401(k) account.

Exercise 4: Review output pages

2. b) The *Pension Inflows* section is not included in the table.
3. First, ensure that all expenses are accounted for.

Many strategies can be implemented: surplus savings, surplus lifestyle, additional regular or lump-sum savings, additional payments towards debt, etc.

