



NaviPlan Standard Online/Offline

Start Planning Guide

USA version 11.2

EISI, Winnipeg

Disclaimer

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Using the Start Planning Guide

The NaviPlan Standard Online/Offline Start Planning Guide is intended to be used with the NaviPlan Standard Online or NaviPlan Standard Offline application to help you learn how to use NaviPlan.

Note: The NaviPlan Standard Online/Offline Start Planning Guide was created using NaviPlan Standard Online/Offline with the Ibbotson Asset Allocation option. This option allows users to use actual Ibbotson return rates in NaviPlan's calculations. If you are using a version of NaviPlan Online/Offline without the Ibbotson Asset Allocation option, there will be some differences between the guide and your version of NaviPlan.

For information on the Ibbotson Asset Allocation option, contact the EISI Sales department at (888) 692-3474 (press 2 to speak to a sales representative).

Conventions

The NaviPlan Standard Online/Offline Start Planning Guide uses the following conventions:

- The names of items that are labeled on the screen are capitalized and italicized. For example:
The *Clients* page opens.
- Within instructions, the names of items that you must select, click, or type appear in bold. For example:
Select **My Clients**, and then click **Go**.

Essential Windows skills

This participant guide assumes that you know how to perform the following tasks:

- Use the mouse (click, double-click, right-click, drag, and point)
- Move, resize, and close a window
- Navigate through a dialog box and use scroll bars
- Choose menu commands and select options from windows and submenus

If you are unsure about any of these Windows essentials, refer to Microsoft Windows user documentation.

Finding more information

If you have a question that is not answered in this guide, there are other places to look for additional help.

Help

The quickest way to get information about any command, dialog box, or item within NaviPlan Standard Online/Offline is to use the Help.

To access the Help, click the **Help** button at the top of the NaviPlan window.

support.eisi.com

Visit our Web site to access the following resources:

- Training video clips
- Live Web-based training
- Technical Support Now
- EISI User Services
- NaviPlan Support Forums
- Getting Started information
- Reference guides
- Release Notes
- NaviPlan *Dialogs* newsletter
- Knowledge Base

To access these resources, do one of the following:

Click beside the **Help** button, and then select **Support** in NaviPlan Standard Online/Offline.

OR

1. Go to support.eisi.com
2. Under *NaviPlan*, click **USA**.
3. Under *Offline format*, click **NaviPlan Standard Offline**.

OR

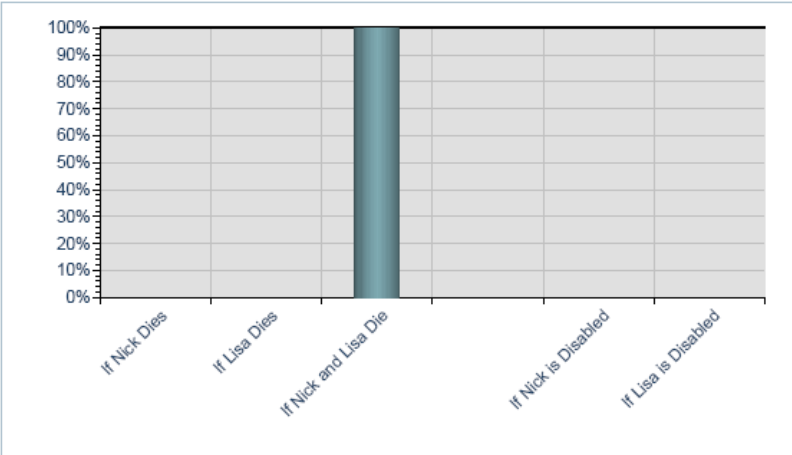
You can go directly to http://support.eisi.com/support_us/nps_offline/v11.2/index.htm

Note: Bookmark or add this page to your favorites in your Internet browser for future reference.

Present the results to your clients

The Goal Achievement graph illustrates the percentage of each goal that may be covered based on the projection of the current capital and savings for each goal.

Alternative strategies that may assist in goal achievement are listed in the tables following the Goal Achievement graph.



The graph displays a vertical bar for 'If Nick and Lisa Die' reaching the 100% mark on the y-axis. All other categories ('If Nick Dies', 'If Lisa Dies', 'If Nick is Disabled', 'If Lisa is Disabled') have no visible bars, indicating 0% coverage.

Life Insurance

Your current life insurance coverage falls short of the necessary life insurance coverage for Nick and Lisa. However, your current life insurance coverage provides the Nick and Lisa die analysis with the necessary amount of life insurance coverage.

The following table provides alternative strategies that may assist you in achieving your life insurance goals.

Options	Expect to Cover Total Life Insurance Need at (\$)	OR	Purchase an Additional Life Insurance of
If Nick Dies	0% (\$0)		\$2,213,000
If Lisa Dies	0% (\$0)		\$1,581,000
If Nick and Lisa Die	100% (\$581,243)*		\$0

*Calculated based on the use of the net estate to cover needs.

Figure 7: Financial Needs Summary report – Overview (showing life insurance summary)

Promote your clients' Financial Assessment to a Level 1 Plan

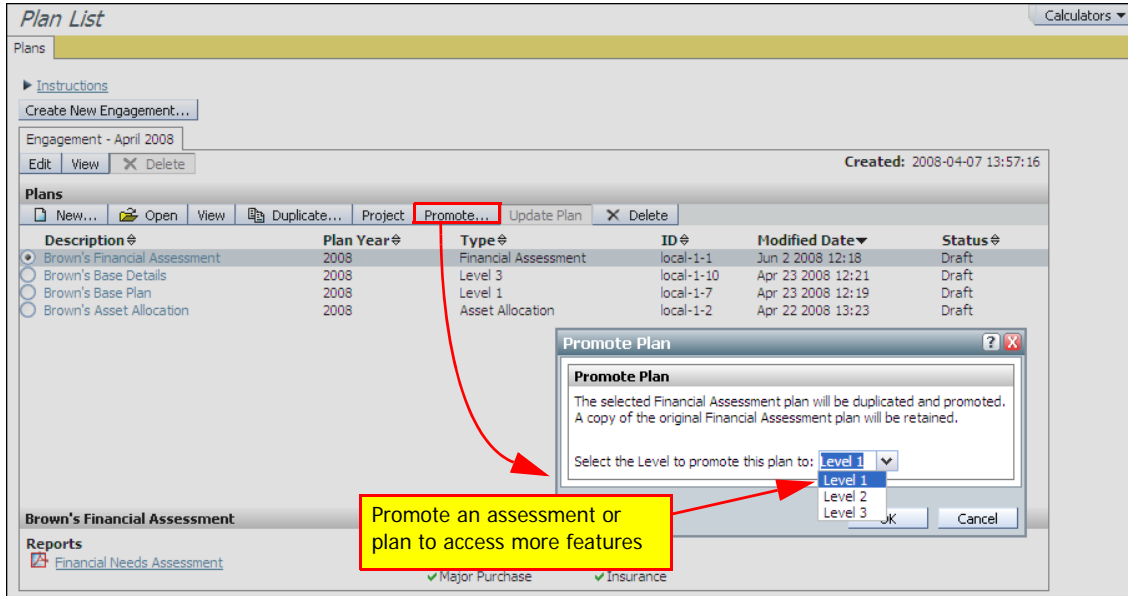


Figure 8: Plan Management section – Plan List category – Plans page – Promote button – Promote Plan dialog box (Level 1 selected)

Modify retirement objectives (Level 1 Plan)

Retirement [Notes] [Planning Assistant] [Calculators] [Reports]

Objectives [Scenarios]

► Instructions

Objectives

	Nick		Lisa	
	Age	Year	Age	Year
Retire At	62	2028	62	2030
Life Expectancy	90	2056	90	2058

To view or edit additional asset allocation details, click **Asset Allocation**.

[Asset Allocation...](#)

Calculate Retirement Expenses

Enter the annual retirement expenses as a

- percentage of the current estimated after-tax salary \$131,670 X [] = \$0
- percentage of the current lifestyle expenses \$108,000 X [] = \$0
- specific amount []

[Add to Retirement Expenses](#)

Retirement Expenses

Description	Member	Type	Amount	Frequency	Infl +/-	Add'l	Start Age	End Age	Tfr to Survivor	Fixed Exp.	Delete
Retirement Travel (End at	Joint	Lifestyle	\$10,000	Annual	✓	+ 0.00%	Retirement	75	✓	✓	✕
Retirement Travel (Start a	Joint	Lifestyle	\$15,000	Annual	✓	+ 0.00%	76	85	✓	✕	✕
Retirement Expense	Joint	Lifestyle	\$105,000	Annual	✓	+ 0.00%	Retirement	Death	✓	✓	✕

[Add Retirement Expense](#)

Retirement Incomes

If Social Security or defined benefit pensions are entered on the *Financial Picture* section - *Cash Flow* category - *Cash Flow* page, do not enter them in this section. Only enter additional retirement incomes in this section.

Description	Income Type	Member	Amount	Frequency	Infl +/-	Add'l	Start Age	End Age	Delete
Wood Working Hobby	Tax Free or Inheritance	Lisa	\$5,000	Annual	✓	+ 0.00%	Retirement	75	✕

[Add Retirement Income](#)

To view or edit account distribution for all plan goals: [Goal Funding](#)

To view or edit account liquidation strategies: [Liquidation Strategies](#)

[Retirement Accounts \(\\$235,500\)](#)

Figure 11: Goals section – Retirement category – Objectives page

Client reports – Retirement Scenario Summary

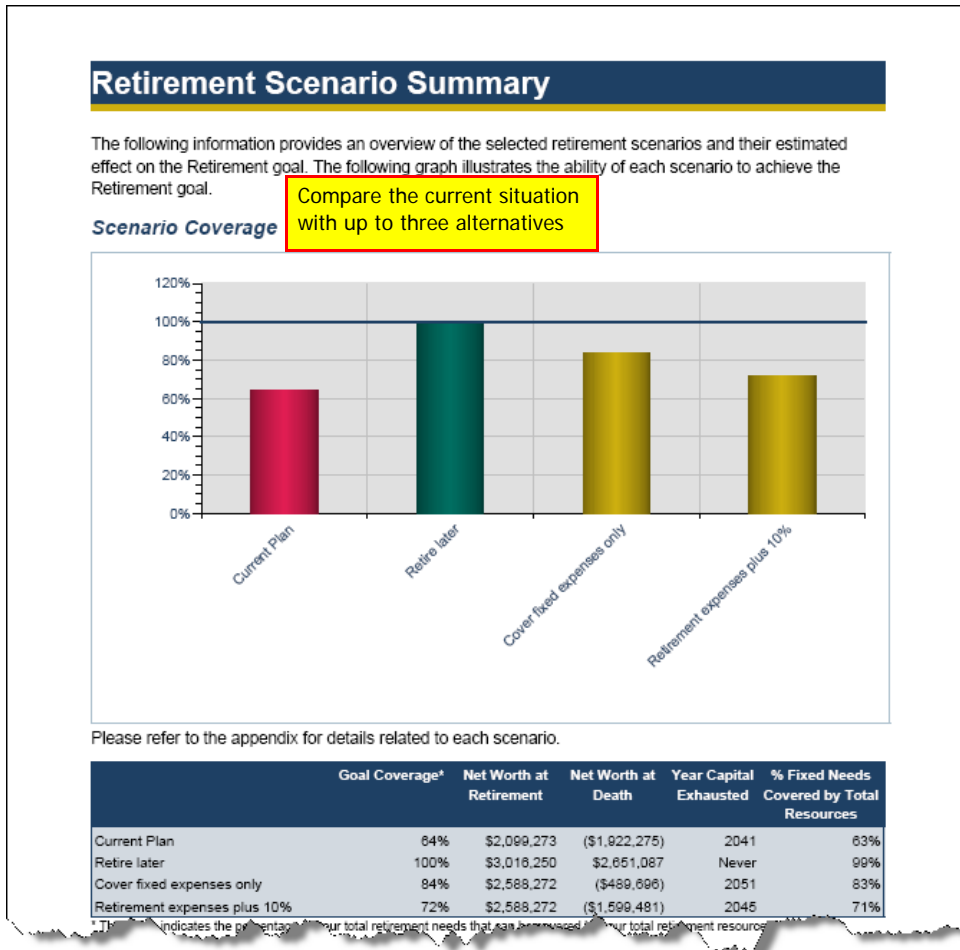


Figure 13: Financial Needs Summary report – Retirement Scenario Summary

Client reports – Retirement - Current Plan

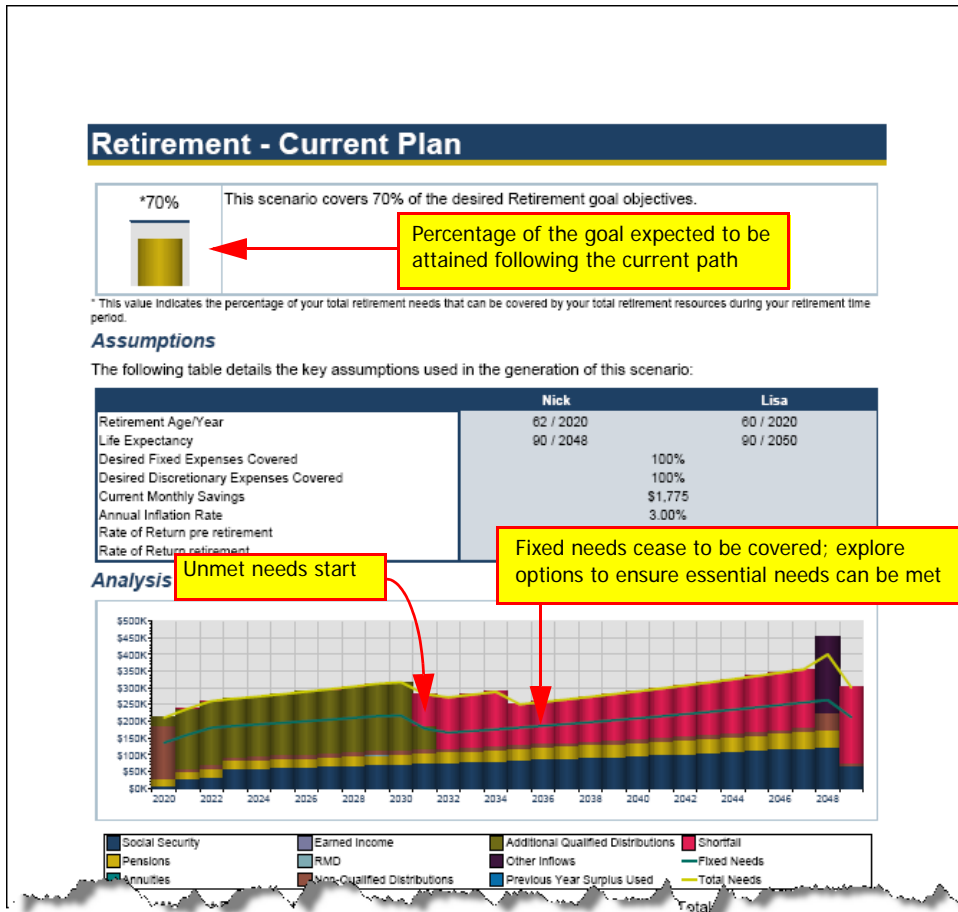


Figure 14: Financial Needs Summary report – Retirement - Current Plan

Client reports – Retirement - Recommended

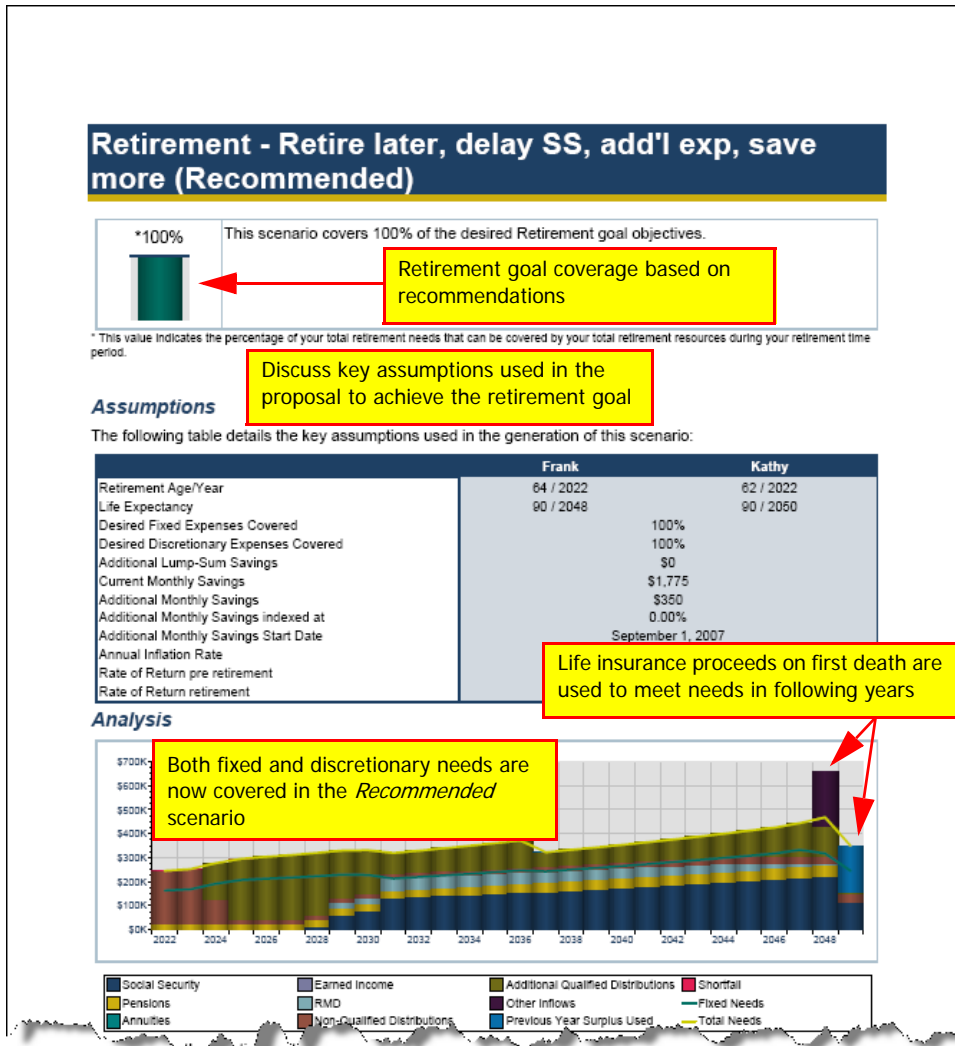


Figure 15: Financial Needs Summary report – Retirement - Recommended

Exercises

Exercise 1: Create a client file

- Option 1: Create your own client file using hypothetical information.
- Option 2: Use the information below to create a client file for the Brown family.
 - Use the attached *Brown Family – Fact Finder – Financial Assessment* PDF to enter the clients' information.

Client Information					
	First Name	Last Name	Date of Birth (mm/dd/yy)	Gender	Tax Filing Status (Married-joint, Married-separate, Head of household, Single)
Client	Nick	Brown	04/21/1966	M <input type="checkbox"/> F <input type="checkbox"/>	Married-joint
Co-client	Lisa	Brown	02/10/1968	M <input type="checkbox"/> F <input type="checkbox"/>	Married-joint
Street		City	State	Zip Code	
123 Home Street		Smallville	Virginia		
Home Phone Number		Business Phone Number		E-mail Address	
Family Members					
	First Name	Last Name	Date of Birth (mm/dd/yy)	Relationship (Son, Daughter, Cousin, etc.)	Dependent of
	Kevin	Brown	06/15/1996	Son	Both

Exercise 2: Analyze your clients' needs

1. Model and analyze the clients' current financial situation using one of the options below:
 - Option 1: Create your own Financial Assessment with hypothetical information.
 - Option 2: Enter the information in the following sections of the attached *Fact Finder* for the Brown family into NaviPlan.

Net Worth					
Lifestyle Assets	Current Value (\$)	Liabilities	Outstanding Amount (\$)	Interest Rate (%)	Monthly Payments
Residence (i.e. home)	300,000	Mortgages	175,000	5	1,000
2nd Residence (i.e. vacation home)		Car Loans			
Personal Use Property (i.e. car, boat)	80,000	Personal Loans			
Other Personal Assets		Other Debt			
Cash Flow					
	Gross Annual Income	Monthly Expenses	Amount		
Client	125,000	Housing (i.e. utilities, repairs)	2,500		
Co-client	100,000	Food	1,250		
		Transportation (i.e. gas, insurance)	1,500		
		Entertainment (i.e. restaurants, movies)	1,000		
		Personal (i.e. clothing, hobbies)	750		
		Other (i.e. child care, travel)	2,000		

► Note: Expenses can be entered as one total amount to simplify data entry.

HANDS-ON EXERCISES

Retirement Goal				
		Client	Co-client	Joint
Desired Annual Retirement Income (today's \$) 125,000 indexed at 3% <hr/> (after tax \$)	Retirement Age	62	62	
	Life Expectancy	90	90	
	Include Social Security	yes	yes	
	Estimated Annual Pension Income (today's \$)	17,500	0	
	Non-Qualified Current Value	100,000	125,000	50,000
	Monthly Savings	0	0	100
	Qualified Current Value	50,000	25,000	
	Monthly Savings: Employee	500	300	
	Monthly Savings: Employer	500	0	
	Assumed Return Rate (%)	7	7	7

Life Insurance		
	Client	Co-client
Existing Coverage	600,000	500,000
Monthly Premium	50	50
	If Both Die	
Total Lump Sum Expenses on Death	20,000	
Annual Ongoing Expenses	20,000	
Number of Years	50	

2. Generate the *Financial Needs Assessment* client report, and then analyze the output.

Hint: Go to the **Financial Assessment** section – **Financial Assessment** category – **Client Report** page.

Exercise 3: Assess the clients' risk tolerance in a Level 1 Plan

1. After engaging the clients using the *Financial Needs Assessment* client report, model more detailed information by promoting the Financial Assessment to a Level 1 Plan.

Hint: Go to the **Plan Management** section – **Plan List** category – **Plans** page, and then click the **Promote** button.

2. Determine an appropriate asset allocation mix.
 - Option 1: Answer the questionnaire using your own answers.

Hint: Go to the **Plan Management** section – **Modules** category – **Modules** page to add the *Asset Allocation* module.

- Option 2: Use the answers in the following samples of the *Asset Allocation Questionnaire* to complete the questionnaire for the Brown family:

Asset Allocation Questionnaire

1. When do you expect to begin withdrawing money from your investment account?

- Less than 1 year
- 1 to 2 years
- 3 to 4 years
- 5 to 7 years
- 8 to 10 years
- 11 years or more

2. Once you begin withdrawing money from your investment account, how long do you expect the withdrawals to last?

- I plan to take a lump sum distribution
- 1 to 4 years
- 5 to 7 years
- 8 to 10 years
- 11 years or more

3. Inflation, the rise in prices over time, can erode your investment return. Long-term investors should be aware that, if portfolio returns are less than the inflation rate, their ability to purchase goods and services in the future might actually decline. However, portfolios with long-term returns that significantly exceed inflation are associated with a higher degree of risk. Which of the following portfolios is most consistent with your investment philosophy?

- Portfolio 1 will most likely exceed long-term inflation by a significant margin and has a high degree of risk.
- Portfolio 2 will most likely exceed long-term inflation by a moderate margin and has a high to moderate degree of risk.
- Portfolio 3 will most likely exceed long-term inflation by a small margin and has a moderate degree of risk.
- Portfolio 4 will most likely match long-term inflation and has a low degree of risk.

4. Portfolios with the highest average returns also tend to have the highest chance of short-term losses. The table below provides the average dollar return of four hypothetical investments of \$100,000 and the possibility of losing money (ending value of less than \$100,000) over a one-year holding period. Please select the portfolio with which you are most comfortable.

Probabilities After 1 Year		
	Possible Average Value at the End of One Year	Chance of Losing Money at the End of One Year
a. Portfolio A	\$106,000	16%
b. Portfolio B	\$107,000	21%
c. Portfolio C	\$108,000	25%
d. Portfolio D	\$109,000	28%

- Option a.
- Option b.
- Option c.
- Option d.

5. Investing involves a trade-off between risk and return. Historically, investors who have received high long-term average returns have experienced greater fluctuations in the value of their portfolio and more frequent short-term losses than investors in more conservative investments have. Considering the above, which statement best describes your investment goals?

- Protect the value of my account. In order to minimize the chance for loss, I am willing to accept the lower long-term returns provided by conservative investments.
- Keep risk to a minimum while trying to achieve slightly higher returns than the returns provided by investments that are more conservative.
- Balance moderate levels of risk with moderate levels of returns.
- Maximize long-term investment returns. I am willing to accept large and sometimes dramatic fluctuations in the value of my investments.

6. Historically, markets have experienced downturns, both short-term and prolonged, followed by market recoveries. Suppose you owned a well-diversified portfolio that fell by 20% (i.e. \$1,000 initial investment would now be worth \$800) over a short period, consistent with the overall market. Assuming you still have 10 years until you begin withdrawals, how would you react?

- I would not change my portfolio.
- I would wait at least one year before changing to options that are more conservative.
- I would wait at least three months before changing to options that are more conservative.
- I would immediately change to options that are more conservative.

7. The following graph shows the hypothetical results of four sample portfolios over a one-year holding period. The best potential and worst potential gains and losses are presented. Note that the portfolio with the best potential gain also has the largest potential loss. Which of these portfolios would you prefer to hold?

Portfolio	Best Potential Gain (%)	Worst Potential Loss (%)
Portfolio A	45%	-26%
Portfolio B	34%	-20%
Portfolio C	26%	-19%
Portfolio D	15%	-7%

- Portfolio A
- Portfolio B
- Portfolio C
- Portfolio D

8. I am comfortable with investments that may frequently experience large declines in value if there is a potential for higher returns.

- Agree
- Disagree
- Strongly disagree

Signature _____ Date _____

Exercise 4: Implement planning strategies

1. In the Level 1 Plan, verify the success of the clients' current plan and create a recommended scenario to ensure the clients achieve 100% of their retirement goal by implementing any planning strategy. Consider the following suggestions:

Hint: Go to the **Goals** section – **Retirement** category – **Scenarios** page, and then see what recommendations are available by clicking the **What Are My Options?** button.

- Decrease the fixed retirement expenses
- Delay retirement
- Modify the investment objective for pre-retirement and/or retirement

Reminder: You must ensure the scenario you would like to recommend to your clients is marked as the *Recommended* scenario with a check mark.

Exercise 5: Present the recommended plan to the client

1. For a side-by-side comparison of the *Current Plan* and the *Recommended* scenarios, generate the *Financial Needs Summary* client report, and then analyze the output.

Hint: Go to the **Results** section – **Client Reports** category – **Client Report** page. Ensure you select both the current plan and a recommended plan before generating the report.

Conclusion

This module enabled you to...

- Understand the process of creating a financial plan from start to finish
 - Create a client file
 - Select an appropriate plan type for your clients
 - Enter your clients' current financial and goal information in a Financial Assessment
 - Identify key concepts of the *Financial Needs Assessment* report
 - Promote your clients' Financial Assessment to a Level 1 plan
 - Implement reallocation and savings strategies into What-if scenarios to increase the success of the retirement goal
 - Compare current and recommended scenarios using reports

