

NaviPlan User Manual: Calculators & Assessments

(Volume II of IV)

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Chapter 1: Using this manual

The NaviPlan user manual series includes all the instructions you need to use NaviPlan effectively. This chapter will help you use all the manuals in this series. More manuals are available on the [Learning Center](#).

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NaviPlan User Manual Series

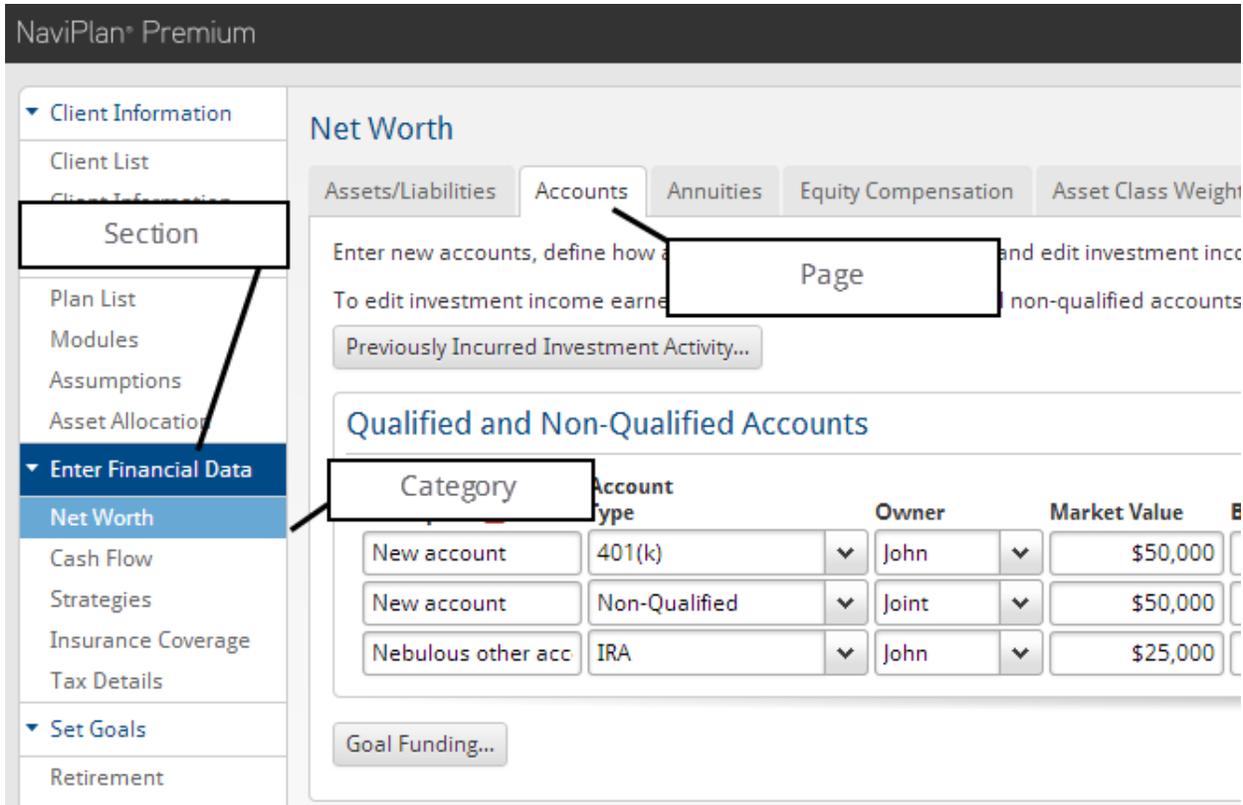
NaviPlan user manuals are organized by the tasks you can accomplish in each level. If you are a new NaviPlan user, start with the **Introduction** user manual.

User manual	Tasks covered
Introduction	<ul style="list-style-type: none"> ■ Setting up user preferences. ■ Creating and managing client engagements. ■ Determining which assessment or plan level to select. ■ Using NaviPlan workflow.
Calculators and Assessments	<ul style="list-style-type: none"> ■ Using calculators to model specific aspects of your clients' finances. ■ Assessing your clients' current financial situation. ■ Entering account and annuity information. ■ Determining your clients' investor profile.
Level 1 and Level 2 Plans – Entering client data and goals	<ul style="list-style-type: none"> ■ Entering financial planning assumptions. ■ Entering detailed net worth, cash flow, and insurance information. ■ Adding holdings to accounts and annuities. ■ Entering business entities. ■ Entering real estate assets. ■ Entering equity compensation. ■ Entering detailed estate planning information. ■ Entering advanced estate planning information. ■ Using the Detailed Tax method and Detailed Cash Flow. ■ Entering saving and redemption strategies. ■ Entering client goals. ■ Generating simple estate planning reports. ■ Generating client reports.
Level 1 and Level 2 Plans – Analyzing client goals	<ul style="list-style-type: none"> ■ Analyzing your clients' goals using Scenario Manager. ■ Conducting detailed cash flow and net worth analyses. ■ Generating Monte Carlo simulations. ■ Creating goal scenarios. ■ Creating estate planning scenarios. ■ Generating client reports.

Conventions

This user manual uses the following conventions.

- The names of items on the screen are bolded and italicized. For example, the ***Clients*** page opens.
- The names of items that you must select, click, or enter appear in bold. For example, select **Recommended**, and then click **OK**.
- To help you navigate through the application, locations are separated by en dashes (–). For example, Enter Financial Data section – ***Net Worth*** category – ***Accounts*** page.



Enter Financial Data section – Net Worth category – Accounts page

To help you use this manual, please note the following abbreviations and graphics:

- AA – Refers to the Asset Allocation Assessment.
- FA – Refers to the Financial Assessment.
- **Level 1** – Indicates that the step or paragraph applies to Level 1 Plans only.
- **Level 2** – Indicates that the step or paragraph applies to Level 2 Plans only.
- **A. Tax** – Indicates that the step or paragraph only applies when you are using the Average Tax method.
- **D. Tax** – Indicates that the step or paragraph only applies when you are using the Detailed Tax method.

NaviPlan Resources

Advicent provides several resources to help you use NaviPlan. The following table shows some of the resources available and where to find them.

Advicent resource	Description and location
Help	The quickest way to get information about any item within NaviPlan is to use the application Help. To access Help, select NaviPlan Help from the Help & Resources menu. Help includes a glossary of terms.
Functional documents	Functional documents explain NaviPlan functionality, underlying assumptions, and results calculations. You can access functional documents from the NaviPlan Learning Center .
Quick Reference Guides (QRGs)	Quick Reference Guides are designed to get you started with a particular workflow in NaviPlan. You can access QRGs from the NaviPlan Learning Center .
User Manuals	You can also access other user manuals in this series . You can access manuals from the NaviPlan Learning Center .
Help Videos	Help videos are designed to give you an overview of each section in NaviPlan. You can access help videos from the NaviPlan Learning Center .

Partner Support

Contact us by telephone at

(888) 692-3474

(Monday–Thursday, 7:30 a.m.–6 p.m. central time)

(Friday, 7:30 a.m.-5:00p.m. central time)

Contact us by email at

support@advicentsolutions.com

Chapter 2: Using the calculators

For a quick snapshot of your clients' current financial situation, future goals, and objectives, use the calculators in NaviPlan. To develop a general needs analysis or for more detailed planning, use the assessment or plan types.

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Opening a calculator

To save the calculator details for later use, you must open the client file first, and then open the calculator. This means that the calculator must be opened from within a client file in order to be saved.

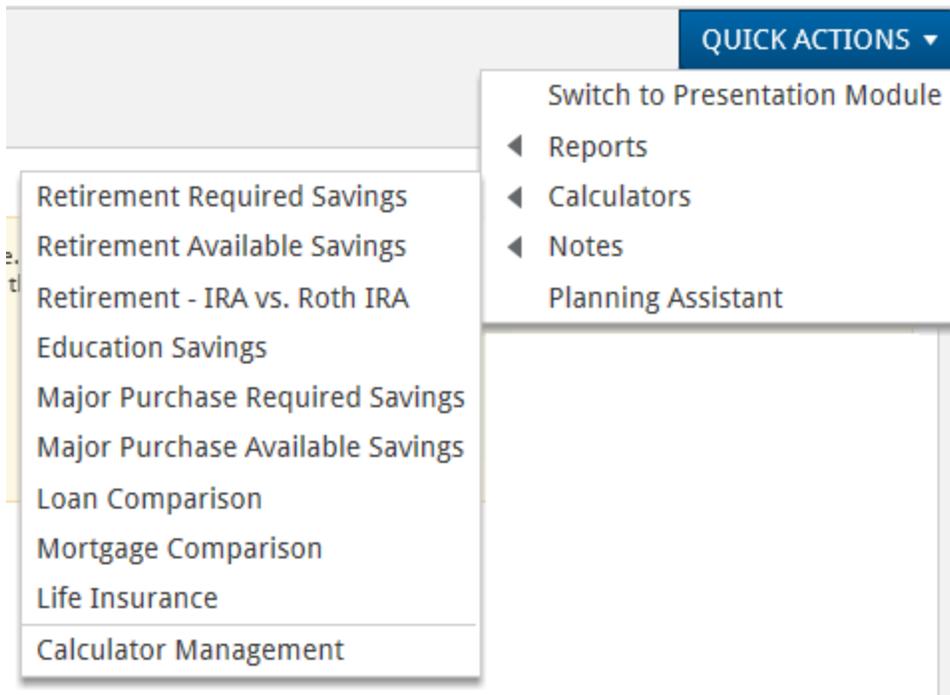
To open a calculator, follow these steps:

1. From any page in the application once you have opened a client file, go to the **Quick Actions** menu in the upper-right corner of the window, select **Calculators**, and then choose a calculator.

OR

Go to the **Plan Management** section – **Plan List** category – **Plans** page and click **New**.

Select the **Calculator** option, and then select a calculator from the menu.



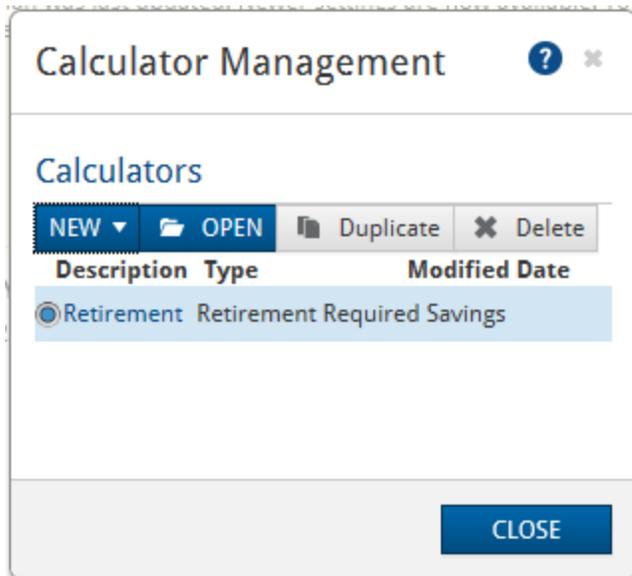
Quick Actions menu (displaying the Calculators sub-menu)

2. To open a previously saved calculator, select it from the menu on the **Plans** page.

Managing calculators

NaviPlan allows you to manage multiple calculators in a client file. You can create, open, duplicate, and delete calculators in the **Calculator Management** dialog box.

To manage multiple calculators, in an open client file, go to the **Calculators** menu, and then select **Calculator Management**.



Calculators menu – Calculator Management – Calculator Management dialog box

To...	Do this...
Create a new calculator	Click New , and then select a calculator. Enter the required data, and then click OK .
Open an existing calculator	Select a calculator to open, and then click Open , or click the link for the calculator you want to open.
Duplicate a calculator	Select the calculator you want to duplicate, and then click Duplicate .
Delete a calculator	Select the calculator you want to delete, and then click Delete .

Reviewing and printing calculator results

After entering the clients' information, in most of the calculators the calculator results appear under **Analysis Results** on the **Details** tab in the **<calculator>** dialog box.

Retirement Required Savings Calculator

Details Reports

Use this calculator to determine the amount of monthly savings required to meet your desired retirement income needs.

Retirement Information		Assumptions	
Description	Retirement	Initial Investment	\$0
Annual Income Needs (paid monthly)		Average Tax Rate	25%
Desired Income (after tax)	\$50,000	Qualified Plan	<input type="checkbox"/>
<input type="checkbox"/> In Today's Dollars	Index at 3%	Return Rate for Qualified Plan	6%
From Age 65	To Age 90	Interest	6%
Savings Information		Capital Gains	0%
Index Required Monthly Savings at	3%	Tax Free	0%
From Age 35	To Age 65	Dividends	0%
Analysis Results		Deferred Growth	0%
You need to save \$991 per month (indexed at 3% annually) to a Non-Qualified Plan from age 35 to 65.			

OK CANCEL

Quick Actions menu – Calculators – Retirement Required Savings – Retirement Required Savings Calculator dialog box – Details tab

To view a detailed report, go to the **Reports** tab in the **<calculator>** dialog box.

To generate a printer-friendly version of the report, click either the **PDF** or the **Word** button.

Goals calculators

Planning calculators are available for retirement planning, major purchase, education, and life insurance goals.

This guide provides a general description of all the goals calculators. For detailed instructions and field descriptions, see Help.

Retirement calculators

- [*Retirement Required Savings*](#)
- [*Retirement Available Savings*](#)
- [*IRA vs. Roth IRA*](#)

Major purchase calculators

- [*Major Purchase Required Savings*](#)
- [*Major Purchase Available Savings*](#)

Education calculators

- [*Education Savings*](#)

Insurance calculators

- [*Life Insurance*](#)

Retirement Required Savings calculator

The **Retirement Required Savings** calculator calculates the amount the client needs to save monthly to meet his or her desired retirement income based on the initial investment, savings time frame, average tax rate in retirement, and assumed return rates.

Retirement Required Savings Calculator

?
✕

Details

Reports

Use this calculator to determine the amount of monthly savings required to meet your desired retirement income needs.

Retirement Information

Description

Annual Income Needs (paid monthly)

Desired Income (after tax)

In Today's Dollars

Index at

From Age To Age

Assumptions

Initial Investment

Average Tax Rate

Qualified Plan

Return Rate for Qualified Plan

Interest

Capital Gains

Tax Free

Dividends

Deferred Growth

Savings Information

Index Required Monthly Savings at

From Age To Age

Analysis Results

You need to save **\$991** per month (indexed at 3% annually) to a Non-Qualified Plan from age 35 to 65.

CLOSE

Quick Actions menu – Calculators – Retirement Required Savings – Retirement Required Savings Calculator dialog box – Details tab

Retirement Available Savings calculator

The **Retirement Available Savings** calculator calculates the amount of annual, after-tax income the client will receive in retirement based on the initial investment, monthly savings, tax rates, savings time frame, and assumed return rates.

Retirement Available Savings Calculator
? ✕

Details
Reports

Use this calculator to determine the amount of attainable retirement income to meet a desired income need based on a possible monthly savings plan.

Possible Savings Plan

Description Retirement Available !

Initial Investment \$0

Monthly Savings \$0

Index at 3%

From Age 35 To Age 65

Assumptions

Average Tax Rate 25%

Qualified Plan

Return Rate for Qualified Plan 6%

Interest 6%

Capital Gains 0%

Tax Free 0%

Dividends 0%

Deferred Growth 0%

Retirement Information

Index Retirement Income at 3%

From Age 65 To Age 90

Report Results In Today's Dollars

Analysis Results

Based on your current savings strategy, you may be able to attain a retirement income of **\$0**.

OK
CANCEL

Quick Actions menu – Calculators – Retirement Available Savings – Retirement Available Savings Calculator dialog box – Details tab

IRA vs. Roth IRA

The **IRA vs. Roth IRA** calculator compares the benefits of contributing to either a traditional IRA or a Roth IRA.

IRA vs. Roth IRA Calculator ? ✕

There are two types of Investment Retirement Accounts (IRA): Traditional IRA and Roth IRA.
Enter your investment information below to compare the benefit of contributing to either an IRA or Roth IRA.

Details
Reports

Contribution Information

Description IRA vs. Roth IRA

Amount \$0

Frequency Monthly ▼

Starting Year 2013

Starting Age 35

Return Rate 6%

Payout Information

Starting Age 65

Number of Years 26

Average Tax Rate 25%

Frequency Monthly ▼

Time of Year ▼

Index at 3%

Analysis Results

Starting at age 65, the Roth IRA will payout **\$0** more income for the year than the Traditional IRA.

OK
CANCEL

Quick Actions menu – Calculators – Retirement - IRA vs. Roth IRA – IRA vs. Roth IRA Calculator dialog box – Details tab

Major Purchase Required Savings calculator

The **Major Purchase Required Savings** calculator determines how much money your clients need to save each month to meet a desired major purchase goal.

Major Purchase Required Savings Calculator

?

Details

Reports

Enter information in the fields below to determine the amount of savings required to meet a major purchase goal.

Major Purchase Information

Description

Major Purchase Goal

2013 Dollars Index at

Starting Year

Purchase Year

Stop Savings Year

Index Required Monthly Savings at

Assumptions

Initial Investment

Average Tax Rate

Interest

Capital Gains

Tax Free

Dividends

Deferred Growth

Analysis Results

You need to save **\$0** per month (indexed at 3.00% annually) from 2013 to 2018.

OK

CANCEL

Quick Actions menu – Calculators – Major Purchase Required Savings – Major Purchase Required Savings Calculator dialog box – Details tab

Major Purchase Available Savings calculator

The **Major Purchase Available Savings** calculator determines the after-tax value of funds that will be available for your clients for use toward a major purchase, based on a monthly savings amount and time frame.

You can view the results as today's value (discounted by inflation) or, as a future value.

Major Purchase Available Savings Calculator

? ✕

Details

Reports

Use this calculator to determine how much money you will have for a major purchase goal based on a monthly savings plan.

Major Purchase Information

Description

Monthly Savings Index at

Starting Year

Purchase Year

Stop Savings Year

Major Purchase Index At

Report Results in Today's Dollars

Assumptions

Initial Investment

Average Tax Rate

Interest

Capital Gains

Tax Free

Dividends

Deferred Growth

Analysis Results

You will accumulate **\$0** (in 2018 dollars) towards your major purchase goal in 2018.

OK
CANCEL

Quick Actions menu – Calculators – Major Purchase Available Savings – Major Purchase Available Savings Calculator dialog box – Details tab

Education Savings calculator

The **Education Savings** calculator determines how much money your clients need to save each month to plan for a child's education.

Note: This calculator does not calculate the benefits of using a 529 plan or Coverdell account.

Education Savings Calculator
?

Details

Reports

Enter information in the fields below to determine the amount of savings required to meet an education goal.

Education Information

Description:

Education for:

Age at End of Year:

Education Start Age:

Annual Education Cost (in today's \$):

Number of Years:

Cost Indexed at

Assumptions

Initial Investment:

Index Required Monthly Savings at:

Starting Year:

Average Tax Rate:

Interest:

Capital Gains:

Tax Free:

Dividends:

Deferred Growth:

Analysis Results

You need to save **\$234** per month (indexed at 3% annually) from 2013 to 2031.

Quick Actions menu – Calculators – Education Savings – Education Savings Calculator dialog box – Details tab

Life Insurance calculator

The **Life Insurance** calculator estimates how much life insurance your clients may require to protect the income and assets of surviving beneficiaries. The tabs on which you enter information are **General**, **Expenses at Death**, **Future Income Needs**, and **Current Assets & Insurance**.

Life Insurance Calculator ? ✕

Enter applicable expenses, income needs, and existing assets on the tabs below to determine life insurance needs.

General
Expenses at Death
Future Income Needs
Current Assets & Insurance
Reports

Life Insurance Information	Assumptions
Description <input style="width: 100%;" type="text" value="Life Insurance"/> Insured <input style="width: 100%;" type="text" value="Insured"/> Survivor <input style="width: 100%;" type="text" value="Survivor"/>	Inflation Rate <input style="width: 100%;" type="text" value="3%"/> Assumed Return Rate <input style="width: 100%;" type="text" value="6%"/> Less: Tax Rate <input style="width: 100%;" type="text" value="25%"/> = <input style="width: 100%;" type="text" value="-1.5%"/> After-Tax Yield on Capital <input style="width: 100%;" type="text" value="4.5%"/> Less: Inflation Rate on Income and Expenses <input style="width: 100%;" type="text" value="-3%"/> Real Return on Capital (after tax and inflation) <input style="width: 100%;" type="text" value="1.5%"/>

Quick Actions menu – Calculators – Life Insurance – Life Insurance Calculator dialog box – General tab

On the **General** tab, under **Assumptions**, you can edit the inflation rate, assumed return rate, and tax rate that NaviPlan will use to calculate the real rate of return (after taxes and inflation) earned on life insurance proceeds that have been invested.

On the **Expenses at Death** tab, you can enter all the lump-sum expenses that the surviving client will incur following the client's or co-client's death.

Life Insurance Calculator ? ✕

Enter applicable expenses, income needs, and existing assets on the tabs below to determine life insurance needs.

General | Expenses at Death | **Future Income Needs** | Current Assets & Insurance | Reports

Future Income Needs

	Total	Until Children are self-supporting	After Children are self-supporting	During Retirement
Number of Years	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Annual Living Expenses of Survivor (current dollars)	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
Less: Estimated Social Security Benefits	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
Survivor's Earned Income	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
Other Guaranteed Income	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
Plus: Taxes Payable	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
Annual Income Needs - Deficiency (Surplus)	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>

Capital Needs

Choose one of the following methods to calculate the required capital amount.

Method ▼

Quick Actions menu – Calculators – Life Insurance – Life Insurance Calculator dialog box – Future Income Needs tab

On the **Future Income Needs** tab, you can determine the annual income that will be required by the survivor throughout his or her life cycle. For example, you can enter different expense amounts for the following:

- Before the children are self-supporting.
- When the children are self-supporting.
- During the survivor's retirement.

On this tab, you will also choose one of the following methods to calculate the family's required capital after the insured dies:

- **Capital Retention** – NaviPlan leaves the bulk of the client's estate untouched. Only the growth of the life insurance proceeds and realizable net worth are used to cover expenses. Additional insurance coverage is required.
- **Capital Depletion** – The growth of the client's life insurance proceeds and realizable net worth are used to cover required expenses. Insurance coverage can be lower, however the client's net worth may be significantly reduced.

On the **Current Assets & Insurance** tab, you can enter the total amount of the family's realizable assets, the amount of the insured's existing life insurance coverage, and the amount of the Social Security death benefit payment expected, if any.

The **Reports** tab shows you the results based on the life insurance information entered and recommends additional life insurance that may be required.

Debt management calculators

Two types of debt management calculators are available:

- [*Loan Comparison*](#)
- [*Mortgage Comparison*](#)

This guide provides a general description of all the calculators. For detailed instructions and field descriptions, see Help.

Loan Comparison calculator

The **Loan Comparison** calculator allows you to compare various loan alternatives, such as payment frequency, compound frequency, interest rate, amortization period, or payment amount. You can compare up to three different scenarios. You can also include an amortization schedule for one of the three scenarios in the report.

Loan Comparison Calculator

?

Details

Reports

Use this calculator to compare loan payment alternatives by payment frequency, compound frequency, interest rate, amortization period, or by payment amount.

Calculator Name

Loan Information

Start Date

Loan Amount

Payment Type

Loan Comparison

Field to Calculate

	Original	Alternative 1	Alternative 2
Payment Frequency	<input style="width: 60px;" type="text" value="Monthly"/>	<input style="width: 60px;" type="text" value="Monthly"/>	<input checked="" type="checkbox"/> <input style="width: 60px;" type="text" value="Monthly"/>
Compound Frequency	<input style="width: 60px;" type="text" value="Monthly"/>	<input style="width: 60px;" type="text" value="Monthly"/>	<input style="width: 60px;" type="text" value="Monthly"/>
Interest Rate	<input style="width: 60px;" type="text" value="10.000%"/>	<input style="width: 60px;" type="text" value="10.000%"/>	<input style="width: 60px;" type="text" value="10.000%"/>
Amortization (yrs/periods)	<input style="width: 40px;" type="text" value="10.00"/> <input style="width: 40px;" type="text" value="120"/>	<input style="width: 40px;" type="text" value="15.00"/> <input style="width: 40px;" type="text" value="180"/>	<input style="width: 40px;" type="text" value="30.00"/> <input style="width: 40px;" type="text" value="360"/>
Payment Amount	<input style="width: 60px;" type="text" value="\$1,322"/>	<input style="width: 60px;" type="text" value="\$1,075"/>	<input style="width: 60px;" type="text" value="\$878"/>
Total Payments in Year	<input style="width: 60px;" type="text" value="\$15,858"/>	<input style="width: 60px;" type="text" value="\$12,895"/>	<input style="width: 60px;" type="text" value="\$10,531"/>
Total Remaining Interest	<input style="width: 60px;" type="text" value="\$58,581"/>	<input style="width: 60px;" type="text" value="\$93,429"/>	<input style="width: 60px;" type="text" value="\$215,926"/>
Include Amortization Schedule for	<input style="width: 100px;" type="text" value="None"/>		
Compare Payment Frequencies	<input style="width: 100px;" type="text"/>		

Quick Actions menu – Calculators – Loan Comparison – Loan Comparison Calculator dialog box – Details tab

Select the **Field to Calculate** from the menu, the results are displayed in the corresponding fields below.

The loan alternative columns allow you to show your clients different loan parameters, such as how reducing their interest rate will allow them to pay the loan off more quickly.

Mortgage Comparison calculator

The **Mortgage Comparison** calculator allows you to compare various mortgage alternatives, such as interest rate, amortization, payment amount, or principal. You can compare up to three different scenarios. You can also include an amortization schedule for one of the three scenarios in the report.

Mortgage Comparison Calculator ? ✕

Details Reports

Use this loan calculator to compare mortgage payment alternatives by payment frequency, interest rate, amortization period, or payment amount.

Calculator Name

Loan Information

Start Date
 Original Principal

Mortgage Comparison

Field to Calculate

	Original	Alternative 1		<input checked="" type="checkbox"/> Alternative 2
Payment Frequency	<input type="text" value="Monthly"/>	<input type="text" value="Monthly"/>	<input type="text" value="Monthly"/>	<input type="text" value="Monthly"/>
Mortgage Type	<input type="text" value="Fixed Rate"/>	<input type="text" value="Fixed Rate"/>	<input type="text" value="Fixed Rate"/>	<input type="text" value="Fixed Rate"/>
Term (years)	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>
Interest Rate	<input type="text" value="10.000%"/>	<input type="text" value="10.000%"/>	<input type="text" value="10.000%"/>	<input type="text" value="10.000%"/>
Amortization (yrs/periods)	<input type="text" value="10.00"/> <input type="text" value="120"/>	<input type="text" value="15.00"/> <input type="text" value="180"/>	<input type="text" value="30.00"/> <input type="text" value="360"/>	
Accelerated to	<input type="text" value="10.00"/> <input type="text" value="120"/>	<input type="text" value="15.00"/> <input type="text" value="180"/>	<input type="text" value="30.00"/> <input type="text" value="360"/>	
Payment Amount	<input type="text" value="\$1,298"/>	<input type="text" value="\$1,048"/>	<input type="text" value="\$846"/>	
Total Payments in Year	<input type="text" value="\$15,573"/>	<input type="text" value="\$12,581"/>	<input type="text" value="\$10,151"/>	
Total Interest Cost for Amortization Period	<input type="text" value="\$55,731"/>	<input type="text" value="\$88,710"/>	<input type="text" value="\$204,521"/>	

Include Amortization Schedule for

Compare Payment Frequencies

Quick Actions menu – Calculators – Mortgage Comparison – Mortgage Comparison Calculator dialog box – Details tab

Select the **Field to Calculate** from the menu, the results are displayed in the corresponding fields below.

The mortgage alternative columns allow you to show different mortgage parameters to your clients, such as how increasing their payment frequency can shorten their amortization.

Chapter 3: Entering Financial Assessments

To quickly obtain a picture of your clients' current financial situation and to assess if your clients' financial goals will be met, create a Financial Assessment, and then generate a **Financial Needs Assessment** report to analyze the results.

Note: This manual assumes that you have already used NaviPlan to create and open a client file, engagement, and a Financial Assessment. For information about creating and managing client files and Financial Assessments, see the *NaviPlan User Manual: Introduction*.

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Selecting modules to assess

The **Select Modules** page displays the assessment’s modules and available options.

Assessment Name 

Financial Assessment

Enabled modules are checked. Click **Select Modules** to change the available modules in this assessment.

Modules

- ✓ Retirement
- ✓ Education
- ✓ Major Purchase
- ✓ Insurance

SELECT MODULES...

CONVERT TO DETAILED INCOME TAX

Financial Assessment section – Financial Assessment category – Select Modules page (Average Tax method selected)

To change the selected modules, go to the **Select Modules** page, and then click **Select Modules**. A dialog box opens where you can clear or select modules.

Select Modules dialog box

Two types of tax methods are available in Financial Assessments: Average Tax and Detailed Tax.

When using the Average Tax method, average taxes, including the state tax rate specified on the **Settings** menu – **Plan Settings – General** tab apply.

When using the Detailed Tax method, NaviPlan applies the bracketed federal and state rates (including tax deductions, credits, and AMT), to taxable income on a year-by-year basis. These tax rates are not editable.

If you selected the Average Tax method during assessment creation, you can convert to the Detailed Tax method by clicking **Convert to Detailed Income Tax** on the **Select Modules** page. Once you have converted to the Detailed Tax method, you cannot revert to the Average Tax method.

Modeling the current financial picture

On the **Financial Picture** page, you can model the clients' current financial situation. NaviPlan uses this information to calculate the clients' net worth.

To enter your clients' financial picture using the Financial Assessment, follow these steps:

1. Go to the **Financial Picture** page.

Lifestyle Assets	
Asset	Amount
Residence	<input type="text" value="\$0"/>
2nd Residence	<input type="text" value="\$0"/>
Personal Use Property	<input type="text" value="\$0"/>
Other Personal Assets	<input type="text" value="\$0"/>
Total	<input type="text" value="\$0"/>

Annual Income		
	Jim	Maria
Annual Income	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>

Monthly Expense	
Expense	Amount
Housing (e.g. utilities, repairs)	<input type="text" value="\$0"/>
Food	<input type="text" value="\$0"/>
Transportation (e.g. gas, insurance)	<input type="text" value="\$0"/>
Entertainment (e.g. restaurants, movies)	<input type="text" value="\$0"/>
Personal (e.g. clothing, hobbies)	<input type="text" value="\$0"/>
Other (e.g. child care, travel)	<input type="text" value="\$0"/>
Mortgage	<input type="text" value="\$0"/>
Car Loans	<input type="text" value="\$0"/>
Personal Loans	<input type="text" value="\$0"/>
Other	<input type="text" value="\$0"/>
Total	<input type="text" value="\$0"/>

Liabilities			
Liability	Outstanding Amount	Interest Rate	Monthly Payments
Mortgage	<input type="text" value="\$0"/>	<input type="text" value="7.00%"/>	<input type="text" value="\$0"/>
Car Loans	<input type="text" value="\$0"/>	<input type="text" value="8.00%"/>	<input type="text" value="\$0"/>
Personal Loans	<input type="text" value="\$0"/>	<input type="text" value="8.00%"/>	<input type="text" value="\$0"/>
Other	<input type="text" value="\$0"/>	<input type="text" value="12.00%"/>	<input type="text" value="\$0"/>
Total	<input type="text" value="\$0"/>		<input type="text" value="\$0"/>

Note: Income and expenses entered on this page apply to the pre-retirement period only.

Financial Assessment section – Financial Assessment category – Financial Picture page

2. Enter all applicable lifestyle assets, liabilities, incomes, and expenses.

Assessing retirement needs

In NaviPlan, retirement begins on January 1 of the year in which the first client to retire turns the specified retirement age on the date specified for the first client and ends December 31 of the year when the last client dies. NaviPlan assesses needs in each year of the retirement period and compares them to the resources available for retirement funding. If either a shortfall or overfunding is expected, NaviPlan presents recommendations.

Retirement needs include desired annual retirement income and liability payments that extend into the retirement period. Do not include taxes or life insurance premiums; NaviPlan calculates taxes automatically, and life insurance premiums (if applicable) are entered elsewhere in the application.

Retirement resources include estimated annual pension income, Social Security, and all qualified and non-qualified accounts.

Lifestyle assets, such as homes, are not sold to fund retirement needs.

To assess retirement needs, follow these steps:

1. Go to the **Retirement** page.

Retirement Information

Desired annual retirement income (in today's \$ after tax) Index at | | **Jim** | **Maria** | |
Retirement Age			
Life Expectancy			
Social Security Eligibility			
Estimated Annual Pension Income (in today's \$)			

Investment Accounts for Retirement

	Jim	Maria	Joint	
Non-Qualified Accounts				
Current Value	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	
Current Monthly Savings	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	
Qualified Accounts				
Current Value	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	
Current Monthly Savings	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	
Monthly Savings: Employer	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	
Assumed Return Rate	<input type="text" value="6.00%"/>	<input type="text" value="6.00%"/>	<input type="text" value="6.00%"/>	

[WHAT ARE MY OPTIONS?](#)

Financial Assessment section – Financial Assessment category – Retirement page

2. Under **Retirement Information**, enter the clients' combined desired after-tax income upon retirement, in today's dollars.

Note: This amount should be large enough to include all lifestyle expenses that are expected during retirement.

3. To index the retirement income to inflation, enter the rate of inflation in the ***Index at*** field.
4. Enter the retirement age and life expectancy for each client, and then select the **Social Security Eligibility** option for each client who is eligible to receive Social Security benefits at retirement.
5. Enter the clients' estimated annual pension income, in today's dollars. This amount should not include estimated amounts from Social Security.
6. Under ***Investment Accounts for Retirement***, enter the current value of non-qualified and qualified accounts, and the monthly amount of client and employer contributions. Monthly savings start January 1 of the plan year and end December 31 of the year before retirement.
7. Enter the rate of return you expect the investment accounts to earn.

Note: The bar graph on this page updates as you enter different values. NaviPlan calculates the percentage of the retirement goal that is expected to be covered, based on the information you entered.

8. Click **What are my options?**. Under ***Options***, alternative strategies are shown that would, if implemented, enable your clients to achieve their retirement goal.

Determining whether the retirement goal is achievable

Once you have completed the fields under ***Retirement Information*** and ***Investment Accounts for Retirement*** on the ***Retirement*** page, NaviPlan can provide feedback on current strategies.

Under ***Goal Coverage*** in ***Detailed*** retirement mode and ***Investment Accounts for Retirement*** in ***Simple*** retirement mode, the graph displays the percentage of the goal that is achievable using current strategies.

To see suggestions for other possible strategies, click **What are my options?**. A graph displays the percentage of the goal that is achievable using current strategies. Some suggestions for other possible strategies appear at the bottom of the dialog box.

Assessing education needs

In general, NaviPlan assesses all needs associated with the education goal for each dependent and compares those to the resources available for education funding. If a shortfall or overfunding is expected, NaviPlan presents recommendations for each dependent's education goal. In the Financial Assessment, each dependent can only have one education goal.

In the Financial Assessment, education assessments can only be done for dependents; they cannot be done for the client or co-client. If no dependent was added when the client file was created, go to the **Client Management – Client Information – Personal Information** page, and then add the family member.

To assess education needs for a dependent, follow these steps:

1. Go to the **Education** page.

Education Objectives

Sophie

Annual Education Costs (in today's \$)	\$10,000
Index Costs by	5.00%
Education Start Age	18 2016
Number of Years	4
Total Projected Cost	\$49,895

Savings Information

Sophie

Non-Qualified Accounts	
Current Amount Saved	\$13,985
Current Monthly Savings	\$250
Assumed Return Rate	6.00%

WHAT ARE MY OPTIONS?

67%



Financial Assessment section – Financial Assessment category – Education page

2. Under **Education Objectives**, enter:
 - the estimated annual education costs in today's dollars.
 - a percentage to index costs by.
 - the dependent's age when the education goal begins.
 - the duration of the education goal.

NaviPlan calculates the **Total Projected Cost** value by indexing each annual cost individually by the rate entered in the **Index Costs by** field from January 1 of the plan year to December 31 of the year before the year the expense occurs.

3. Under **Savings Information**, enter the current amount saved, the current monthly savings, and the assumed rate of return.
 - All amounts saved earn the rate of return specified in the **Assumed Return Rate** field until the account is depleted.
 - Non-qualified savings are assumed to be deposited into a joint non-qualified account.
 - The amounts in the **Current Amount Saved** fields are assumed to be saved on January 1 of the plan year, whereas monthly savings begin in the current month. The monthly savings end on December 31 of the year before the last year of the goal.

Note: The graphs on this page update as you enter different values. NaviPlan calculates the percentage of each education goal that is expected to be covered based on the information you entered.

4. Click **What are my options?**. Under **Options**, alternative strategies are shown that would, if implemented, enable your clients to meet their education goal(s).

Assessing major purchase needs

In general, NaviPlan assesses all needs associated with the major purchase goal and compares those needs to the clients' resources available to fund major purchases. Whether a shortfall or overfunding is expected, in either event NaviPlan presents recommendations for each major purchase goal. In the Financial Assessment, you can enter up to three major purchase goals.

To assess major purchase needs, follow these steps:

1. Go to the **Major Purchase** page.

Major Purchase Objectives

	Goal One	Goal Two	Goal Three
Description	European Vacation	Major Purchase 2	Major Purchase 3
Purchase Date	Jan 1 2018	Jan 1 2018	Jan 1 2018
Cost (in today's \$)	\$10,000	\$0	\$0
Index Costs by	3.00%	3.00%	3.00%
Total Projected Cost	\$11,593	\$0	\$0

Savings Information

	Goal One	Goal Two	Goal Three
Current Amount Saved	\$2,000	\$0	\$0
Current Monthly Savings	\$100	\$0	\$0
Assumed Return Rate	5.00%	5.00%	5.00%

☰ WHAT ARE MY OPTIONS?

70%



Financial Assessment section – Financial Assessment category – Major Purchase page

2. Under **Major Purchase Objectives**, enter all applicable information for the clients' planned purchase(s).
 - Major purchase goals cannot occur in the month of the plan date or in the following month. For example, if the plan date is April 12, 2014, the date entered must be June 1, 2014, or later.
 - NaviPlan calculates the **Total Projected Cost** value by indexing the value of each major purchase goal by the rate entered in the **Index Costs by** field from January 1 of the plan year to December 31 of the year before the year the expense occurs.

3. Under **Savings Information**, enter the current amount saved, the current monthly savings for the major purchase(s), and the assumed rate of return.
 - All amounts saved earn the rate of return specified in the **Assumed Return Rate** field until the account is depleted.
 - Accounts used to save toward major purchase goals are assumed to be joint, non-qualified accounts.
 - The amounts in the **Current Amount Saved** fields are assumed to be saved on January 1 of the plan year, whereas monthly savings start at the beginning of the month following the plan date. The monthly savings end on the month before the purchase date.

Note: The graphs on this page update as you enter different values. NaviPlan calculates the percentage of each major purchase goal that is expected to be covered based on the information you entered.

4. Click **What are my options?**. Under **Options**, alternative strategies are shown that would, if implemented, enable your clients to meet their major purchase goal(s).

Assessing insurance needs

Life insurance needs are determined by simulating the death of either the client, co-client, or both on December 31 of the plan year. When death is simulated, NaviPlan assesses needs and compares them to existing resources and life insurance coverage. If available resources are not sufficient to meet needs, NaviPlan recommends additional coverage. NaviPlan assumes a capital depletion method for the life insurance analysis, which depletes available assets and existing life insurance policies as needed.

Disability insurance needs are determined by simulating either the client or co-client being disabled on January 1 of the year after the plan year. The annual income of the disabled client is discontinued during the disability period. Cash flow throughout disability is projected and, if deficits result, a need for further disability income coverage is reported. The disability period ends at retirement, at which time the retirement goal assumes the fulfillment of needs until death.

To assess insurance needs, follow these steps:

1. Go to the **Insurance** page.

Life Insurance Information

	Jim	Maria
Existing Coverage	<input type="text" value="\$300"/>	<input type="text" value="\$175,000"/>
Monthly Premium	<input type="text" value="\$100"/>	<input type="text" value="\$90"/>

Disability Insurance Information

Include in Analysis

Percent of Expenses to Cover

	Jim	Maria
Short-Term Coverage		
Monthly Benefits	<input type="text" value="\$4,500"/>	<input type="text" value="\$1,000"/>
Duration (months)	<input type="text" value="3"/>	<input type="text" value="3"/>
Monthly Premium	<input type="text" value="\$100"/>	<input type="text" value="\$100"/>
Long-Term Coverage		
Monthly Benefits	<input type="text" value="\$4,500"/>	<input type="text" value="\$1,000"/>
Benefits End at Age	<input type="text" value="65"/>	<input type="text" value="65"/>
Monthly Premium	<input type="text" value="\$100"/>	<input type="text" value="\$100"/>

☰ WHAT ARE MY OPTIONS?

Financial Assessment section – Financial Assessment category – Insurance page

2. Under Life Insurance Information, enter the Existing Coverage and Monthly Premium

- Life insurance policies in the Financial Assessment are assumed to be 10-year term policies that do not lapse, where the insured owns the policy and pays the premium, while the beneficiary is the non-insured client.

Disability policies in the Financial Assessment are assumed to provide non-taxable flat dollar amounts that are not indexed for inflation. The owner of the policy is expected to pay for the premiums and be the recipient of disability benefits. The policies have the following payout terms:

Policy type	Waiting period	Benefits end
Short term	Two weeks	In three months*
Long term	Three months	At age 65*

*These are default values in NaviPlan, but can be modified as required.

3. Click **What are my options?**. Under **Options**, NaviPlan displays the percentage and dollar value of the goal that can be met and the amount by which coverage would have to be increased to meet the goal.

Analyzing Life Insurance needs with the Life Insurance Quick Assessment

The need for additional life insurance can be determined quickly using NaviPlan. On the **Insurance Analysis** page, these needs are determined using the following method:

- First, NaviPlan totals the data in the **Lump Sum Needs** and **Ongoing Needs** sections.
- Next, the total from the **Available Assets to Offset Needs** section is deducted.
- Finally, the total recommended additional insurance is displayed (along with a summary of the calculation) in the **Results** section.

This method makes the calculation easy to understand, increasing your clients' confidence.

To analyze your clients' need for additional insurance, follow these steps:

1. Go to the **Insurance Analysis** page.

If Jim dies
If Maria dies
If Both Die

Include in Analysis

Lump Sum Needs Lump Sum Needs Override ?

Copy Lump Sum Needs from Sarah's Assessment

Mortgage Principal	\$0
All Other Loans	\$0
Education Goals	\$23,032
Emergency Fund	\$0
Final Expenses (burial, probate, etc.)	\$0
Any Additional Needs	\$0
Total Lump Sum Needs	\$23,032

Ongoing Needs ADD ONGOING NEED

Annual Ongoing Needs are for years +

You require \$0 to meet your calculated ongoing need.

Available Assets to Offset Needs Available Asset Override ?

Copy Available Assets from Sarah's Assessment

Realizable Assets	\$11,800
Existing Life Insurance Policies	\$300,000
Total Available Assets	\$311,800

Assumptions

Inflation Rate	3.00%
Assumed Return Rate	5.00%
Survivor's Tax Rate	30.00%

Results

Total Lump Sum Needs	\$23,032
plus: Total Ongoing Needs	\$0
less: Total Available Assets	\$311,800
Additional Life Insurance Needed	\$0

Financial Assessment section – Financial Assessment category – Insurance Analysis page

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2. Use the tabs along the top of the page to select a survivorship situation.
3. Enter all lump sum needs in the **Lump Sum Needs** container.

Note: Mortgage Principal, All Other Loans, and Education Goals are calculated by based on data collected from elsewhere in the assessment. To manually enter data for these fields, select the **Lump Sum Needs Override** option.

4. Enter all **Ongoing Needs** your client will need to pay in the selected survivorship situation. The default entry is based on data entered elsewhere in the plan and is meant to show the amount of annual income necessary to replace the decedent's income.
 - To modify these assumptions, select  and modify any of the assumptions in the **Ongoing Needs** dialog box.
 - You can also specify how much of the decedent's income is necessary to replace for different time periods:
 1. From the **Ongoing Needs** section, enter an ongoing need and a number of years for the first row. This comprises the first period.
 2. Click **Add Ongoing Need**.
 3. Enter an annual ongoing need and a number of years for the newly created row. This comprises the second period and immediately follows the previous period.
 4. Repeat step 3 until you are satisfied.
5. Enter all assets available to cover needs in the selected survivorship situation. These assets are divided into two categories:
 - **Realizable Assets:** This field represents the value of assets that are easily converted to cash in the event of a death.
 - **Existing Life Insurance Policies:** This field represents the value of existing life insurance policies already entered in the assessment.

The value of these assets is calculated by NaviPlan; to modify these values select **Available Asset Override** and enter new data.
6. Review the information NaviPlan is using for this analysis in the **Assumptions** container and make any changes you wish.
7. NaviPlan now calculates your clients' need for additional life insurance and displays its recommendations in the **Results** container.

Viewing results

To view the results of the Financial Assessment, go to the **Summary** page. An overview of the Financial Assessment is generated for each of the modules selected.

The results on the **Summary** page are updated automatically whenever you make changes on any of the previous pages, and can be used throughout the planning process to show the clients' goal achievement and alternative strategies. This page can be shared with your clients since the information here is presented in the same format as the **Financial Needs Assessment** client report.

Chapter 4: Entering Asset Allocation Assessments

The Asset Allocation Assessment in NaviPlan allows you to enter the clients' accounts and create a suggested asset mix. You can also create a suggested asset mix in minutes by having your clients complete the asset allocation questionnaire.

Note: This manual assumes that you have already used NaviPlan to create and open a client file and an Asset Allocation Assessment. For information about creating and managing client files and Asset Allocation Assessments, see the *NaviPlan User Manual: Introduction*.

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Using predefined asset allocation

With predefined asset allocation, begin by using the questionnaire to determine your clients' investor profile or suggested asset mix, which is used as an asset allocation target throughout the Asset Allocation Assessment. While the questionnaire must be filled out to proceed, you can override the results or modify the suggested asset mix.

Note: The **Questionnaire** page is only available if you are using NaviPlan with the predefined asset allocation option. If you do not have this option, you need to determine the investor profile yourself.

To generate a proposed portfolio, follow these steps:

1. Go to the **Questionnaire** page. A list of questions appears to help you identify your clients' investor profile.
2. Select your clients' responses to all the questions. NaviPlan calculates risk scores based on the answers you provided and then recommends an investor profile.
3. Go to the **Profile** page.
4. To view the asset allocation risk scores for the investor profile, click **Scoring**. The **Scoring Summary** dialog box displays the time horizon and investor profile that NaviPlan has calculated.
5. To view the predefined asset classes, investor profiles, and portfolios defined by Ibbotson, click **Settings**.

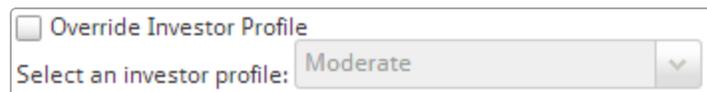
Overriding the investor profile

If you do not feel that the investor profile accurately reflects your clients' risk tolerance and you have appropriate permissions, you can override the investor profile in the following ways:

- Select a different investor profile.
- Adjust the weightings manually for the investor profile using the **Weightings** feature.
- Use the **Optimize** feature to determine an optimal asset mix using Ibbotson's Mean Variance Optimizer.

To override the clients' investor profile, follow these steps:

1. Go to the **Profile** page to view the asset mix suggested for the clients with the calculated investor profile.



Asset Allocation section – Asset Allocation category – Profile page

2. Select **Override Investor Profile**, and then choose another investor profile.

Note: If you have NaviPlan with user-defined asset allocation, you can override the investor profile without selecting an option.

You can modify the suggested asset mix by clicking **Customize Asset Mix**, and then selecting either **Weightings** or **Optimize**.

- To manually adjust the asset class weightings, select **Weightings**.
- To use the Ibbotson Mean Variance Optimizer to generate a new portfolio based on an efficient frontier graph, select **Optimize**.

Customizing the asset mix using the Weightings feature

To use the **Weightings** feature, follow these steps:

1. On the **Profile** page, click **Customize Asset Mix**, and then select **Weightings**.

Asset Class Weightings ? ✖

Asset Class Weightings

Override default asset class weightings

Class Name	Class Percentage	Class Name	Class Percentage
Large Cap Growth Equity	8.00%	Large Cap Value Equity	11.00%
Mid Cap Equity	5.00%	Small Cap Equity	3.00%
US REITs	2.00%	International Equity	11.00%
Emerging Markets Equity	0.00%	Long Term Bonds	7.00%
Intermediate Term Bonds	17.00%	Short Term Bonds	17.00%
High Yield Bonds	6.00%	International Bonds	7.00%
Cash	6.00%		
Total			100.00%

OK
CANCEL

Asset Class Weightings dialog box

2. Select **Override default asset class weightings**, and then enter the desired weightings. The total must equal 100%.

Note: Asset classes with a zero percent weighting do not appear.
3. Click **OK**.

To revert to the original asset class weightings, on the **Profile** page click **Customize Asset Mix**, and then select **Revert to Defaults**.

Customizing the asset mix using the Optimize feature

To restrict the suggested asset classes, but still generate an optimal suggested asset mix, follow these steps:

1. On the **Profile** page, click the **Customize Asset Mix** button, and then select **Optimize**.

For more information about this graph, see the Help.

Optimize
?

Portfolio Statistics

Override Standard Deviation

	Current	Similar Return to Current	Similar Risk to Current	Suggested	Assumed
Return	4.31%	4.31%	6.83%	6.69%	6.69%
Risk	8.72%	4.80%	8.72%	8.49%	8.49%

Suggested Asset Mix

Class Name	Class Percentage	Class Name	Class Percentage
Large Cap Value Equity	12.81%	Emerging Markets Equity	11.00%
Long Term Bonds	21.57%	High Yield Bonds	33.33%
International Bonds	8.52%	Cash	12.77%

[INDIVIDUAL CONSTRAINTS...](#)

OK
CANCEL

Optimize dialog box

2. To manually enter a new standard deviation, select **Override Standard Deviation**, and then enter the standard deviation in the **Suggested Risk** field. The graph will show the entered standard deviation.

Note: Clicking anywhere on the **Efficient Frontier** line shows the standard deviation and return rate at that point. Double-clicking on the line selects the point as the new suggested asset mix. Use this process as an alternative to overriding the standard deviation manually.

3. To exclude asset classes and set minimum and maximum inclusion values for the suggested asset mix, click **Individual Constraints**.

Individual Constraints
?

Asset Class Exclusion

Class Name	Minimum Holding	Maximum Holding
<input checked="" type="checkbox"/> Large Cap Growth Equity	0.00%	100.00%
<input checked="" type="checkbox"/> Large Cap Value Equity	0.00%	100.00%
<input checked="" type="checkbox"/> Mid Cap Equity	0.00%	100.00%
<input checked="" type="checkbox"/> Small Cap Equity	0.00%	100.00%
<input checked="" type="checkbox"/> US REITs	0.00%	100.00%
<input checked="" type="checkbox"/> International Equity	0.00%	100.00%
<input checked="" type="checkbox"/> Emerging Markets Equity	0.00%	100.00%
<input checked="" type="checkbox"/> Long Term Bonds	0.00%	100.00%
<input checked="" type="checkbox"/> Intermediate Term Bonds	0.00%	100.00%
<input checked="" type="checkbox"/> Short Term Bonds	0.00%	100.00%
<input checked="" type="checkbox"/> High Yield Bonds	0.00%	100.00%
<input checked="" type="checkbox"/> International Bonds	0.00%	100.00%
<input checked="" type="checkbox"/> Cash	0.00%	100.00%

REVERT TO DEFAULTS

Please indicate a reason for the exclusion:

OK
CANCEL

Individual Constraints dialog box

4. If applicable, clear the options for asset classes that you want excluded from the suggested asset mix, or modify the minimum and maximum holding percentage for the included asset classes.
5. (Optional) In the text field at the bottom of the dialog box, enter the reason(s) for the exclusion(s).

To revert to the original asset class weightings, on the *Profile* page, click the **Customize Asset Mix** button, and then select **Revert to Defaults**.

Using user-defined asset allocation

If you are using user-defined asset allocation (not predefined in NaviPlan), asset allocation defaults for all new assessments and plans are found under **Plan Settings – Asset Allocation Settings – Asset Allocation Settings**. You can override these defaults for an individual Asset Allocation Assessment if you need to.

1. Go to the **Asset Allocation – Asset Allocation – Profile** page.
2. Click **Settings**.
3. Click **Add Asset Class** to enter additional asset classes. For each asset class, enter a unique description, such as **Cash** or **Bonds**, and then define the return rates and standard deviation values that apply.

Asset Allocation Settings *Required ? ✖

Asset Classes Correlations Investor Profiles Portfolios

Use this page to enter new asset classes, their return rates, and standard deviation, as well as to edit existing asset classes.

Asset class data entered on this page will only affect asset class defaults for future plans. Existing plans will not be affected but may be edited upon opening a plan.

Asset Classes ADD ASSET CLASS

Description	Interest	Dividends	Capital Gains	Deferred Growth	Total	Standard Deviation	Actions
Large Cap Equity	0.000%	2.400%	3.010%	5.250%	10.660%	19.610%	✖
Small Cap Equity	0.000%	1.470%	5.060%	7.840%	14.370%	28.900%	✖
International Equity	0.000%	1.580%	4.300%	5.100%	10.980%	24.650%	✖
Aggregate Bonds	4.910%	0.000%	0.000%	0.000%	4.910%	7.110%	✖
Cash	3.130%	0.000%	0.000%	0.000%	3.130%	3.010%	✖

OK CANCEL

Asset Allocation Settings dialog box – Asset Classes tab

4. Once you have made the required changes, go to the **Correlations** tab. Correlation measures how much you can expect your clients’ investments to change in price relative to each other.

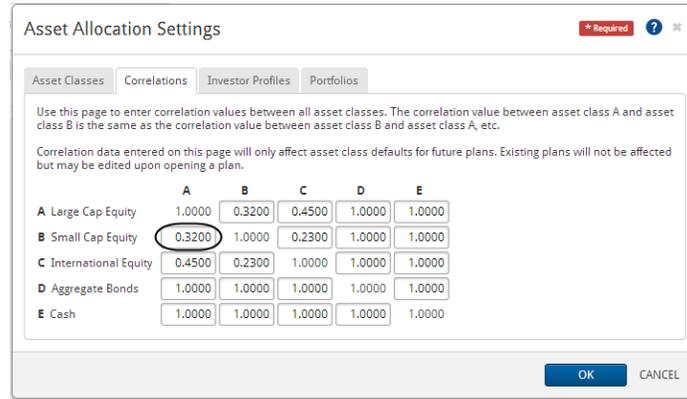
Correlation value

Historical relationship of the two asset classes

1.0 The two assets move in exactly the same direction.

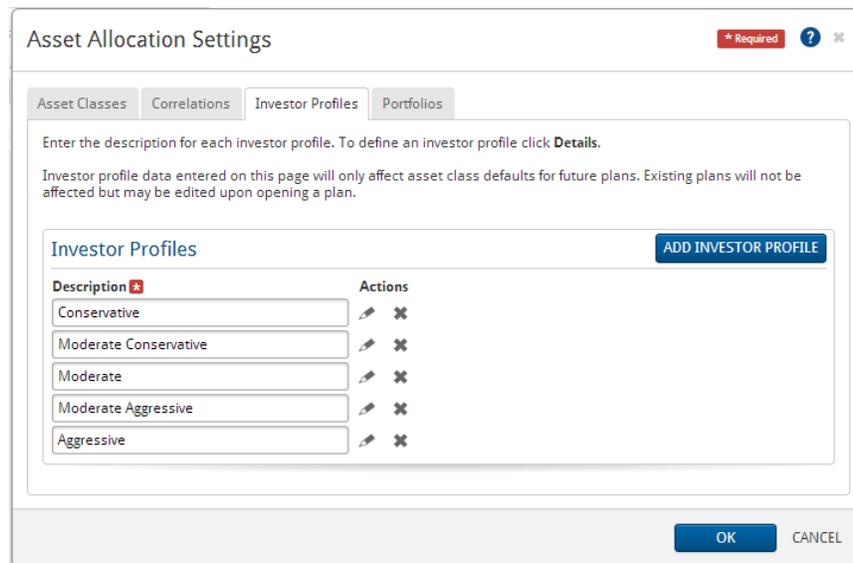
-1.0 The two assets move in exactly the opposite direction.

0.0 The two assets have no relationship.



Asset Allocation Settings dialog box – Correlations tab

- To change the correlation between two asset classes, enter the new correlation value at the intersection of a row and column for the two asset classes. The default value is updated. For example, to change the correlation between **Large Cap Equity** and **Small Cap Equity**, go to the field that intersects row A and column B, and then enter a new correlation value.
- Go to the **Investor Profiles** tab to view the investor profiles entered in the **User Preferences** menu.
- Investor profiles should be added from lowest to highest risk tolerance. To add a new investor profile to the Asset Allocation Assessment, click the **Add Investor Profile** button, enter a name such as **Conservative**, and then click . A dialog box opens where you can enter the details of the new profile.



Asset Allocation Settings dialog box – Investor Profiles tab

8. Go to the **Portfolios** tab to edit the composition of all possible investor profiles in the assessment.

Asset Allocation Settings * Required ? ✕

Asset Classes Correlations Investor Profiles **Portfolios**

Use this page to display the asset class weightings for any investor profile.

Portfolio Criteria

Select Your Default Profile Conservative ▼

Investor Profiles Conservative ▼

Portfolios

Class Name	Weightings (%)	Class Name	Weightings (%)
Large Cap Equity	<input type="text" value="50.00%"/>	Small Cap Equity	<input type="text" value="50.00%"/>
International Equity	<input type="text" value="0.00%"/>	Aggregate Bonds	<input type="text" value="0.00%"/>
Cash	<input type="text" value="0.00%"/>		
		Total	<input type="text" value="100.00%"/>

OK CANCEL

Asset Allocation Settings dialog box – Portfolios tab

9. Under **Portfolio Criteria**, select the **Investor Profile** you want to change, and then under **Portfolios**, enter the asset class percentages for this profile.
10. To revert to the default asset mix values entered in the **User Preferences** menu, click **Reset Asset Allocation**. This button only appears when the default asset mix is overridden.
 - If no default values exist, clicking this button deletes what you have entered without replacing it.

Entering account information

You can enter one account for each of your clients' investments, or you can group similar holdings together within one account. You cannot combine qualified and non-qualified holdings within the same account. Also, you cannot combine holdings owned by different people within the same account.

To enter an investment account in an Asset Allocation Assessment, follow these steps:

1. Go to the **Accounts** page.

Qualified and Non-Qualified Accounts

Description 	Account Type	Owner	Market Value	Basis	Asset Class Weightings	Return Rates	Holdings	Actions
Joint Savings Accour	Non-Qualified	Jim	\$50,000	\$0	45% Large Cap Gro...	9.39%	Add...	 
Maria's Brokerage A	Non-Qualified	Maria	\$55,000	\$46,000	Large Cap Growth E	8.48%	Add...	 
Jim's Brokerage Acci	Non-Qualified	Joint	\$50,000	\$46,000	Large Cap Value Equi	10.13%	Add...	 
Jim's 403(b)	403(b)	Jim	\$45,000	\$0		0.00%	Add...	 
Maria's 401(k)	401(k)	Maria	\$50,000	\$0		0.00%	Add...	 
Sophie's 529 Plan	529 Plan	Jim	\$85,000	\$0		0.00%	Add...	 

Asset Allocation section – Asset Allocation category – Accounts page

2. Click **Add Account** or click  beside **Add Account**, and then select the type of account you want to create.
3. In the **Description** field, enter a unique name or account number to identify this account.
4. From the **Account Type** menu, select the tax category of the account (such as non-qualified or IRA).
5. From the **Owner** menu, select the owner of the account.
6. If you are entering a simple account, enter the current **Market Value** and, for a non-qualified account, enter its basis in the **Base** field. If you're entering any other type of account, the **Market Value** and the **Base** fields will populate as you enter holdings for the account.
7. If the account is fully weighted in one asset class, select the asset class under **Asset Class Weightings**.
OR
If the account is weighted in multiple asset classes, select **Manual Classification** under **Asset Class Weightings**. Assign percentages to various asset classes to equal 100%, and then click **OK**.
8. To add holdings to a simple account, on the **Accounts** page, click **Add** under **Holdings**.
9. To enter additional account information, click . The following topics explain how to use this dialog box:
 - **Entering holdings** on the next page
 - **Entering return rates** on page 48
 - **Setting up a 529 plan** on page 49
 - **Entering an UTMA or UGMA account** on page 50.

Searching for asset class weightings

To use the predefined Asset Allocation option to search for asset class weightings for an account, you can search the Ibbotson Asset Allocation database as follows:

1. From the **Asset Class Weightings** menu in various NaviPlan locations, click **Search**.

Accounts page – Asset Class Weightings – Search – Asset Class Weightings Details dialog box - Search container

2. Under **Asset Class Weightings Options**, select **Use Asset Classifier Search**.
3. Under **Search**, enter the search criteria, and then click **Search**. If you are unsure of all the letters in a symbol or name, insert an asterisk (*) for wildcard searches. For example, to search for assets that begin with “br”, enter br* in the **Ticker Symbol** field.
4. Under **Results**, select the appropriate asset, and then click **OK**.

Entering holdings

To add holdings to an account, follow these steps:

1. Go to the **Accounts** page.
2. Under **Holdings**, click **Add** (or the numbered link) or  for the appropriate account.
3. If holdings already exist and you are adding new holdings to the account, click **Add Holding** for each new holding you want to add or click  beside **Add Holding**, and then select an option.
4. If you are using predefined asset allocation, enter the holding's **Symbol**, and then click **Classify**. NaviPlan enters the symbol's description and asset class weighting.
OR
If the holding is fully weighted in one asset class, select the class from the **Asset Class Weightings** menu.
OR
If the holding is weighted in multiple asset classes, select **Manual Classification** from the **Asset Class Weightings** menu. Assign percentages to various asset classes to equal 100%, and then click **OK**.
6. Enter the remaining details for each holding you added.

Entering return rates

To enter return rates for an account, follow these steps:

1. Go to the **Accounts** page.
2. Under **Return Rates**, click the link for the appropriate account.

Return Rates
Beneficiaries

Pre-Retirement
 Reinvestment Strategy
(after-tax income)
 Override

Retirement

	Pre-Retirement	Retirement
	Reinvest	Reinvest
Interest	0.00%	0.00%
Dividends	2.55%	2.55%
Capital Gains	5.13%	5.13%
Tax Free	0.00%	0.00%
Deferred Growth	1.71%	1.71%
Total	9.39%	9.39%
Standard Deviation	18.61%	18.61%

Account Details dialog box – Return Rates tab

3. To manually set the return rates for the account, select **Override**, and then enter the appropriate pre-retirement and retirement return rates and standard deviations.

Setting up a 529 plan

To set up a 529 plan, follow these steps:

1. Go to the **Accounts** page.
2. Click **Add Account**, and then select **529 Plan** from the **Account Type** menu.
3. Click the **Details** button.

Account Details * Required ? ✕

Description *	Account Type	Owner	Donor	Distributions Beneficiary
<input type="text" value="Sophie's 529 Plan"/>	<input type="text" value="529 Plan"/>	<input type="text" value="Jim"/>	<input type="text" value="Jim"/>	<input type="text" value="Sophie"/>

Asset Class Weightings	Market Value	Hold %/\$	Qualified Basis	Valuation Date
<input type="text"/>	<input type="text" value="\$85,000"/>	<input type="text" value="0.00%"/>	<input type="text" value="\$0"/>	<input type="text" value="Jul 18 2013"/>

ADD HOLDINGS

Return Rates

Override

	Pre-Retirement	Retirement
Interest	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Dividends	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Capital Gains	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Tax Free	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Deferred Growth	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Total	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
Standard Deviation	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>

ADD ACCOUNT ▼
◀ Previous Entry
Next Entry ▶

OK
CANCEL

Account Details dialog box (showing details for a 529 plan)

4. Select the owner (the person who owns the asset), the donor (the person who contributes to the plan), and the distributions beneficiary of the plan (the applicable dependent).
5. Enter all other applicable information.

Entering an UTMA or UGMA account

UTMA (Uniform Transfers to Minors Act) and UGMA (Uniform Gifts to Minors Act) accounts are considered non-qualified assets, and they allow your clients to gift money to their dependent(s). These non-qualified accounts can help fund future education costs. You must assign a dependent as the owner of the account, and then you can designate a client as the custodian of the account.

To set up an UTMA or UGMA account, follow these steps:

1. Go to the **Accounts** page.
2. Click **Add Account** to add a new non-qualified account, and then select a dependent as the owner of the account.
3. For the appropriate account, click the **Details** button.
4. Go to the **UTMA** tab.

Note: The **UTMA** tab only appears if the account is non-qualified and the owner is a dependent.

5. Select the **UTMA Account** option, and then enter the details of the account.

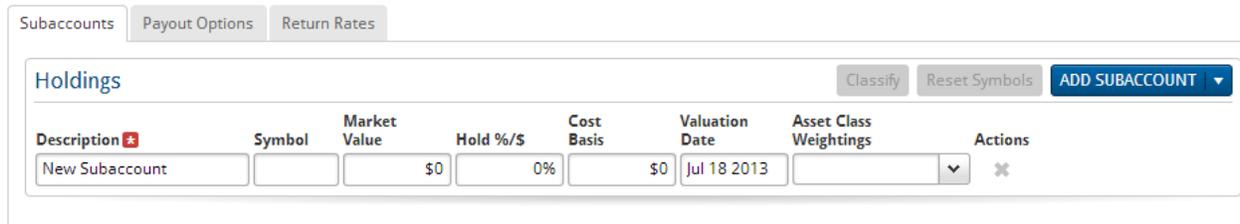
Entering annuity information

You can enter deferred (variable) annuities in the Asset Allocation Assessment. You cannot combine qualified and non-qualified holdings or annuity subaccounts owned by different people within the same annuity.

Entering annuity subaccounts

To enter annuity subaccounts for variable annuities, follow these steps:

1. Go to the **Annuities** page.
2. Under **Deferred Annuities**, click  for the appropriate variable annuity.
3. Go to the **Subaccounts** tab.



Subaccounts | Payout Options | Return Rates

Holdings Classify Reset Symbols ADD SUBACCOUNT

Description	Symbol	Market Value	Hold %/\$	Cost Basis	Valuation Date	Asset Class Weightings	Actions
New Subaccount		\$0	0%	\$0	Jul 18 2013		

Annuity Details dialog box – Subaccounts tab

4. From the **Asset Class Weightings** menu, select the asset class for the subaccount.
 - If you are using predefined asset allocation, enter the subaccount's **Symbol**, and then click **Classify**. NaviPlan enters the description and asset class weighting.
 - If the subaccount is fully weighted in one asset class, select the class under **Asset Class Weightings**.
 - If the subaccount is weighted in multiple asset classes, select **Manual Classification** under **Asset Class Weightings**. Assign percentages to various asset classes to equal 100%, and then click **OK**.
5. Enter the remaining subaccount details.
6. If you are adding new subaccounts to the variable annuity, click **Add Subaccount** for each new subaccount row you want to add or click  beside **Add Subaccount**, and then select an option.
7. Enter the remaining details for each subaccount you added.

Comparing the current portfolio and suggested asset mix

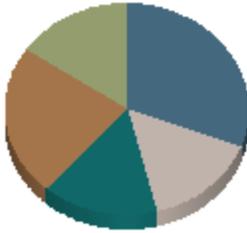
Before you generate the Asset Allocation client report, you can compare the breakdown of the clients' current asset mix with NaviPlan's suggested asset mix in the Asset Allocation Assessment.

Go to the **Summary** page. Two graphs appear on the page, as follows:

Graph

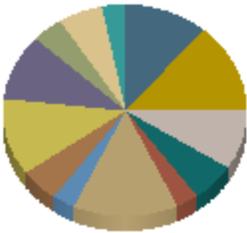
Details

Current Asset Mix



The current asset mix reflects the weighted asset mix of all accounts in the clients' current portfolio. The text includes the expected rate of return and the expected standard deviation.

Suggested Asset Mix



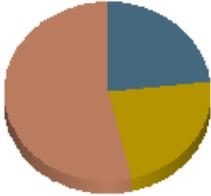
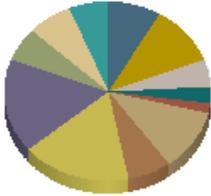
The graph displays a proportional breakdown of the assets in the suggested asset mix.

- With predefined asset allocation, the suggested asset mix reflects the clients' responses to the asset allocation questionnaire.
- With user-defined asset allocation, the asset mix is based on your selection on the **Profile** page.

The **Summary** includes the expected rate of return, the expected standard deviation, the proposed investor profile, and the proposed time horizon.

Viewing results

To view the results of the Asset Allocation Assessment, go to the **Summary** page. An overview of the Asset Allocation Assessment is generated for each of the modules selected.

	Current Asset Mix	Suggested Asset Mix
		
▲ Large Cap Growth Equity	23.13%	8.00%
▲ Large Cap Value Equity	23.13%	11.00%
▲ Mid Cap Equity	0.00%	5.00%
▲ Small Cap Equity	0.00%	3.00%
▲ US REITs	0.00%	2.00%
▲ International Equity	0.00%	11.00%
▲ Long Term Bonds	0.00%	7.00%
▲ Intermediate Term Bonds	0.00%	17.00%
▲ Short Term Bonds	0.00%	17.00%
▲ High Yield Bonds	0.00%	6.00%
▲ International Bonds	0.00%	7.00%
▲ Cash	0.00%	6.00%
▲ Unclassified	53.74%	0.00%
Summary		
Expected rate of return	4.31%	5.69%
Expected standard deviation	8.72%	8.49%
Proposed investor profile		Moderate
Proposed time horizon		Intermediate

Asset Allocation section – Asset Allocation category – Summary page

The **Summary** page is easy to access and can be used throughout the planning process to show the clients’ current and suggested asset mixes. This page can be shared with your clients since the information here is presented in the same format as the **Asset Allocation Assessment** client report.

Chapter 5: Client Reports

The **Client Report** page is similar in both Financial Assessments and Asset Allocation Assessments—only the name of the client report is different.

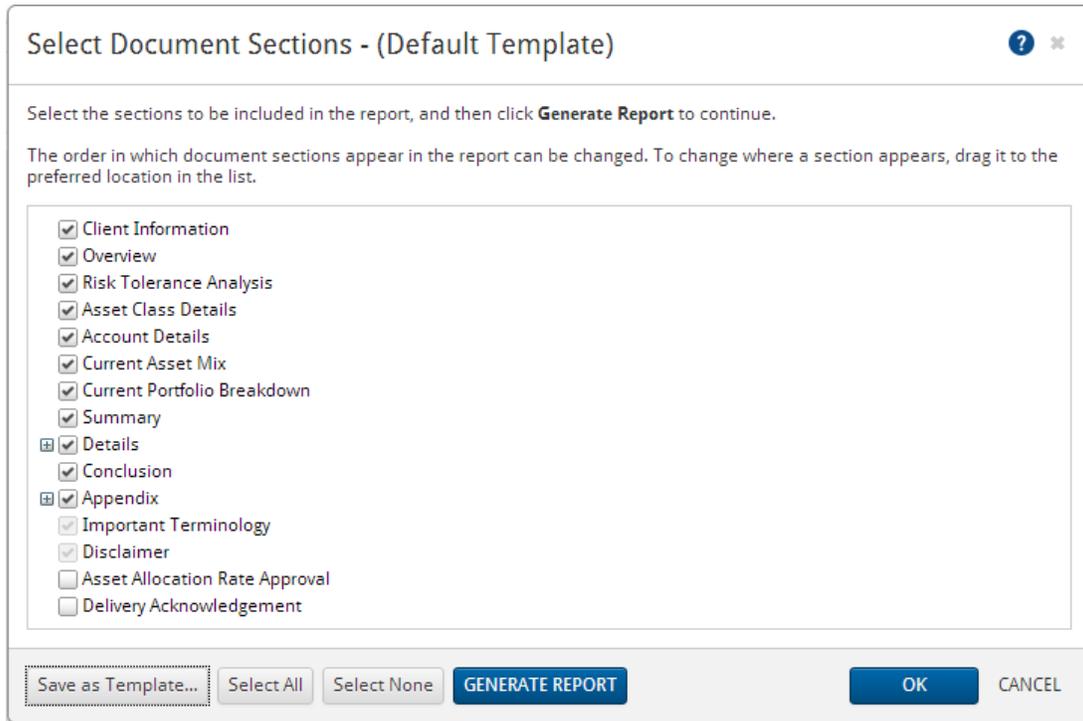
In this chapter:

Generating a client report	55
Creating report templates	56
Using the Client Report Monitor	57

Generating a client report

To generate the *Financial Needs Assessment* or *Asset Allocation* client report, follow these steps:

1. Go to the **Client Report** page.
2. Click **Select Document Sections**.



Select Document Sections dialog box

Note: The sections shown in the dialog box vary depending on the client report.

3. To view the subsections for a section, click the plus (+) sign beside that section. The list expands and subsections appear. Select or clear the options for the appropriate subsections.
4. Select all sections you want included in the client report.
5. To reorganize the sections in the client report, click and drag the applicable section to a new location.
6. Click **OK**.
7. To generate the report, click **Generate**. If you generated this report before, this button appears as **Regenerate**.

You can use the **Client Report Monitor** to monitor your recent report request and the requests for other client reports. For more information, see [Using the Client Report Monitor](#) on page 57

Creating report templates

To create a template (a group of selections) that you can reuse for the client report type, follow these steps:

1. Go to the **Client Report** page.
2. Click **Select Document Sections**.
3. Modify the report sections as explained in **Generating a client report** on the previous page.
4. Click **Save as Template**.
5. Enter a name for the template, and then click **OK**.

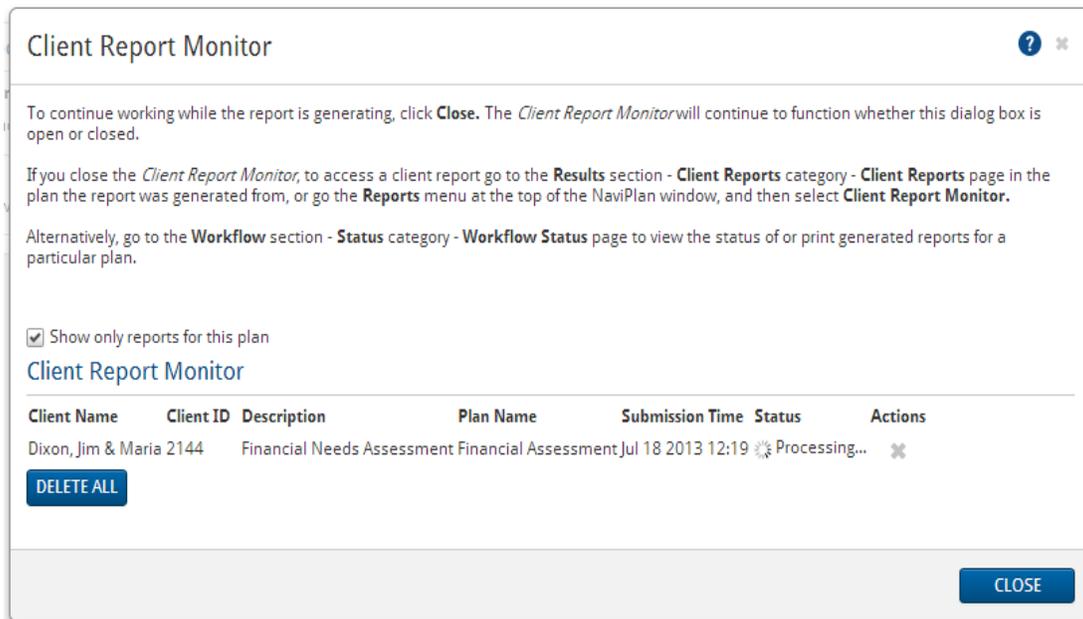
Note: You can delete templates on the **Settings** menu - **System Settings** - **Templates** tab.

Using the Client Report Monitor

The **Client Report Monitor** allows you to continue using NaviPlan when generating time-intensive reports. Each time you click **Generate** for a client report, NaviPlan creates a request in the **Client Report Monitor** and generates the report. Generating a client report can take between a few seconds to a few minutes.

The **Client Report Monitor** allows you to monitor your recent request and the requests for other client reports. You can only open reports with a **Completed** status. The **Client Report Monitor** is available from the following areas:

- **Reports** menu
- **Financial Assessment** category – **Client Report** page
- **Asset Allocation** category – **Client Report** page
- **Workflow** section – **Status** page



Client Report Monitor dialog box

To use the **Client Report Monitor**, follow these steps:

1. Generate a client report, or from the **Quick Actions** menu, access **Reports** and then select **Client Report Monitor**.
2. Perform one of the following steps:

To...	Do this...
List all client reports for which you have access.	Clear the Show only reports for this plan option.
View a completed report.	Click the link for a client report with the Completed status. The client report opens using the format specified on the Settings menu - System Settings - Report Setup tab.
Delete a report.	Click X for the applicable report or click the Delete All button to delete listed client reports.

3. Click **Close**. Any reports that have not yet generated will continue to process while you work in other areas of NaviPlan. If needed, you can generate additional reports while other reports are being processed. NaviPlan generates each report independently.

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