

NaviPlan User Manual

Level 1 & Level 2 Plans: Entering Client Data

(Volume V of VI)

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USA version

11/24/2014

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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](#).

In this chapter:

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Conventions	3
NaviPlan Resources	4

NaviPlan User Guide Series

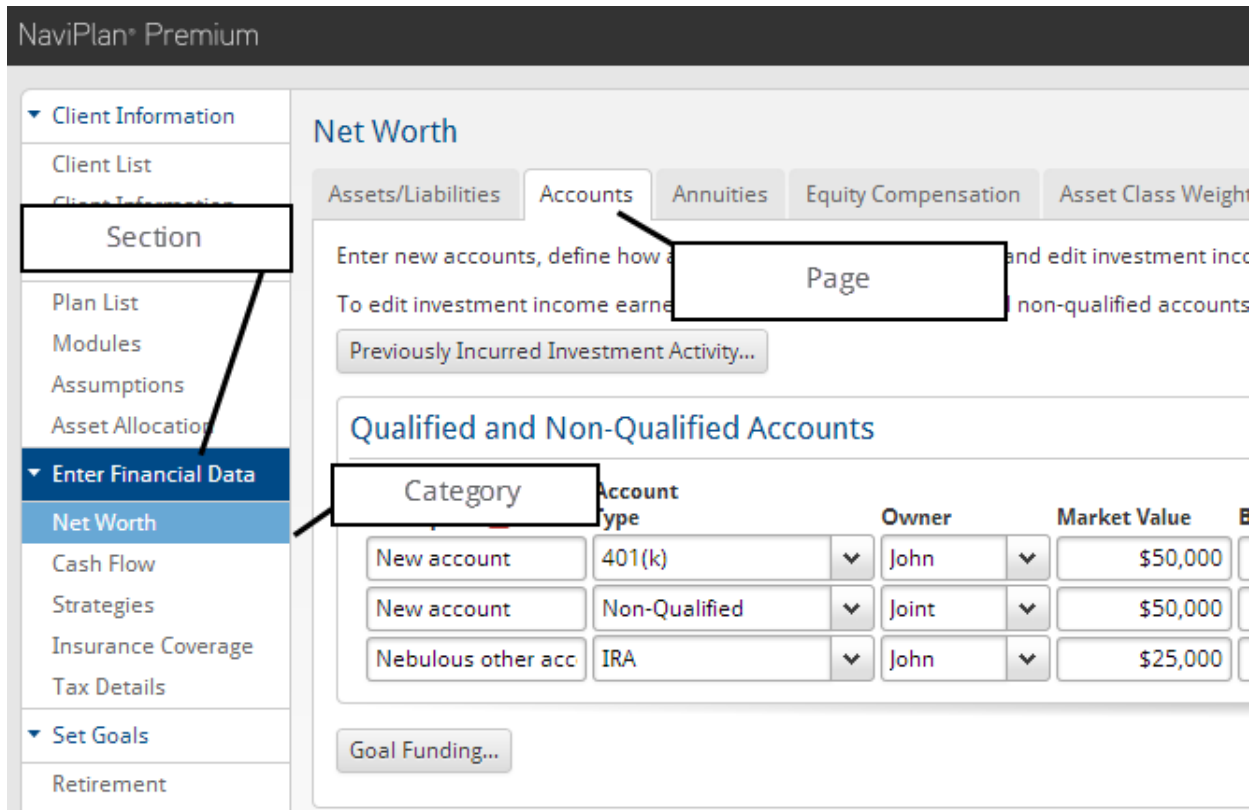
NaviPlan user guides are organized by the tasks you can accomplish in each level. If you are a new NaviPlan user, start with the **Introduction** user guide.

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	<ul style="list-style-type: none"> ■ Using calculators to model specific aspects of your clients' finances.
Forecaster Assessment	<ul style="list-style-type: none"> ■ Quickly assessing your clients' current financial situation. ■ Entering account and annuity information.
Asset Allocation Assessment	<ul style="list-style-type: none"> ■ 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 guide 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** – **Accounts**.



Enter Financial Data section – Net Worth category – Accounts page

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

- AA – Refers to the Asset Allocation Assessment.
- FA – Refers to the Forecaster 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 on specific topics on the related page in the NaviPlan Learning Center , or a list of all available functional documents on the Functional Documents page.
Quick Reference Guides (QRGs)	Quick Reference Guides are designed to get you started with a particular workflow in NaviPlan. You can access QRGs on specific topics on the related page in the NaviPlan Learning Center , or a list of all available QRGs on the Quick Reference Guides page.
User Guides	You can also access other user guides in this series . You can access user guides on the User Guides page in the NaviPlan Learning Center .
Training Videos	Training videos are designed to give you an overview of completing a specific task in NaviPlan. You can access videos on specific topics on the related page in the NaviPlan Learning Center , or a list of all available functional documents on the Videos page.
Take Action™ Webinars	The Take Action™ webinar series helps you get the best return on your investment in NaviPlan by showing you how to apply the software to real world situations . You can access webinars on specific topics on the related page in the NaviPlan Learning Center , or a list of all available functional documents on the Take Action Webinars page.

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Contact us by telephone at

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(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: Entering plan assumptions

You must enter your clients' financial information into NaviPlan and set your plan assumptions before you can analyze the information and make recommendations.

Note: This guide assumes that you have already used NaviPlan to create a client file and to open a Level 1 or Level 2 Plan. For information about creating and managing client files, see the NaviPlan User Manual: Introduction.

NaviPlan bases its calculations on specific assumptions you define.

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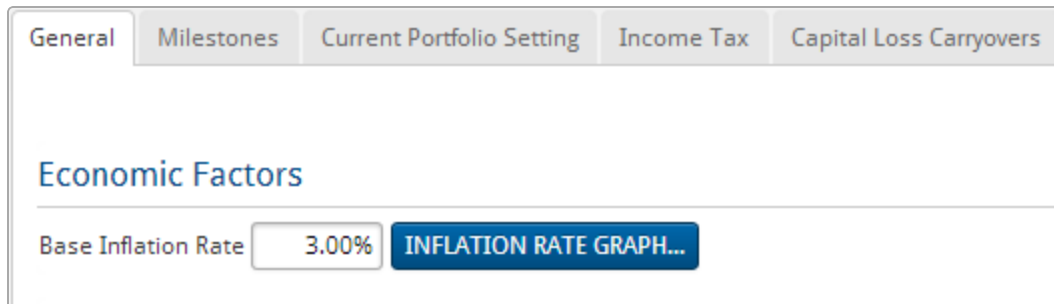
Entering general assumptions

The **Plan Management – Assumptions – General** page varies depending on the plan level and the income tax method selected for the plan.

Changing economic factors

To change basic economic factors, such as the inflation rate, follow these steps:

1. Go to the **Plan Management – Assumptions – General** page.



The screenshot shows a web interface with a horizontal tab bar at the top containing five tabs: 'General' (selected), 'Milestones', 'Current Portfolio Setting', 'Income Tax', and 'Capital Loss Carryovers'. Below the tabs, the 'Economic Factors' section is visible, featuring a label 'Base Inflation Rate' followed by a text input field containing '3.00%' and a blue button labeled 'INFLATION RATE GRAPH...'.

Plan Management section – Assumptions category – General page (Level 2 Plan, Detailed Tax method)

2. Under **Economic Factors**, enter the base inflation rate.
3. To view a graph of historical inflation rates from 1914 to 201, click **Inflation Rate Graph**.
4. To focus on more recent data, under **Select A Graph To View**, click the **1914–2013** and **2003–2013** links.
To return to the **General** page, click **Close**.

Setting annual account fees

To change the annual account fee and frequency, follow these steps:

1. Go to the **Plan Management – Assumptions – General** page.

Annual Account Fees

Annual Account Fee

Frequency ▼

Tax Deductible ☒

RESET TO DEFAULTS

Plan Management section – Assumptions category – General page

2. Under **Annual Account Fees**, in the **Annual Account Fee** field, enter the annual account fee, as a percentage of the account's market value.
3. From the **Frequency** menu, select how often the account fee will be calculated.
4. To claim annual account fees as a tax-deductible expense, select the **Tax Deductible** option.

Note: To clear any changes and revert to the defaults entered on the **User Preferences - Plan Settings** dialog box – **General** tab, click the **Reset to Defaults** button.

Setting milestones (Level 1)

To enter the clients' retirement dates and life expectancies, follow these steps:

1. Go to the **Plan Management – Assumptions – Milestones** page.

Milestones

	David		Susan		
	Age	Date	Age	Date	
Retire At	59	Jan 2030	57	Jan 2030	
Life Expectancy	85	2055	83	2055	LIFE EXPECTANCY GRAPH...
Currently Disabled ?	<input type="checkbox"/>		<input type="checkbox"/>		

Plan Management section – Assumptions category – Milestones page (Level 1 Plan)

2. In the **Retire At** fields, enter the age(s) or date(s) when the clients will retire.
3. In the **Life Expectancy** fields, enter the clients' life expectancies.

Note: To populate the life expectancy fields using actuarial data, click the life expectancy calculator



next to the field.

To view the **Life Expectancy Graph**, click **Life Expectancy Graph**.



Setting milestones (Level 2)

On the **Milestones** page, you can set the retirement dates and life expectancies that will be used in the plan.


To set milestones, follow these steps:

1. Go to the **Plan Management – Assumptions – Milestones** page.

Milestones

	David		Susan		
	Age	Date	Age	Date	
Retire At	59	Jan 2030	57	Jan 2030	
Life Expectancy	 85	2055	 83	2055	LIFE EXPECTANCY GRAPH...
Currently Disabled ?	<input type="checkbox"/>		<input type="checkbox"/>		

Plan Management section – Assumptions category – Milestones page (Level 2 Plan, Detailed Tax method)

2. In the **Retire At** fields, enter the age(s) or date(s) when the clients will retire.
3. In the **Life Expectancy** fields, enter the clients' life expectancies.
4.  To indicate that a client is already disabled, select the **Currently Disabled** option for that client.

This sets the disability status percentages for incomes and expenses to 100%. NaviPlan assumes that incomes and expenses entered on the **Cash Flow** page already take the disability into account.

Note: To populate the life expectancy fields using actuarial data, click the life expectancy calculator



next to the field.

To view the **Life Expectancy Graph**, click **Life Expectancy Graph**.

Entering income tax rate assumptions (Average Tax method)

Using the Average Tax method, you can specify the client's and co-client's income tax brackets before and during retirement, and define the tax rate for dependents. The inclusion rate for all Social Security benefits, regardless of income level, is 85%.

In a Level 2 Plan, you can also specify an income bracket during the ***In Year of Death*** time period. This rate is universally applied at the death of both the client and co-client.

To enter income tax rate assumptions in a plan, follow these steps:

1. Go to the **Plan Management – Assumptions – Income Tax** page.

Tax Rates					
David and Susan - Married filing jointly					
			Federal		
	Tax Bracket	State	Average	Marginal	Long Term Capital Gains
Pre-Retirement	\$72,501 - \$146,400 ▼	0.00%	19.44%	25.00%	15.00%
Retirement	\$72,501 - \$146,400 ▼	0.00%	19.44%	25.00%	15.00%
Dependents					
			Federal		
	Tax Bracket	State	Average	Marginal	Long Term Capital Gains
In All Years	\$0 - \$8,925 ▼	0.00%	10.00%	10.00%	0.00%

Plan Management section – Assumptions category – Income Tax page (Level 2 Plan, Average Tax method)

Note: The above figure shows how the **Income Tax** page appears for clients with the **Married filing jointly** tax status. The page appears differently for clients with other tax statuses.

2. Under **Tax Rates**, set income tax rates for the different time periods for the clients and their dependents.
 - NaviPlan automatically calculates tax rates for the defined income. You can override the calculated tax rates by entering the desired rates into the appropriate fields.
 - The state tax rate is added to the displayed average, marginal, and long-term capital gains income tax calculations, and the deduction for state taxes at the federal level is taken into account.
 - If any of the tax rates are overridden, a note appears on the page and an arrow appears beside each edited tax rate.
3. If the client intends to become a resident of a different state once they retire, select **Override** under **Future State of Residence**.
 - Select the State in which the clients will reside.
 - If applicable, change the **Average Tax Rate** for the client and co-client.
4. Under **Tax Options**, if the clients have agreed to split their pension income for tax purposes, select the **Joint Election to Split Pension Income** option.

Overriding tax filing statuses (Detailed Tax method)

Note: This procedure does not apply if you are using the Average Tax method.

When using the Detailed Tax method, you can override the tax filing status you selected when you created the client file (only for this plan).

To override the tax filing status for a plan, follow these steps:

1. Go to the **Plan Management – Assumptions – Income Tax** page.
2. Select **Override**, and then choose the desired tax filing status from the menu(s).

Tax Filing Status

Override		Tax Filing Status
<input type="checkbox"/>	David	Married filing jointly ▼
<input type="checkbox"/>	Susan	Married filing jointly ▼

Plan Management category – Assumptions category – Income Tax page

Changing the Dependent of status (Detailed Tax method)

Note: This procedure does not apply if you are using the Average Tax method.

When using the Detailed Tax method, you can override the dependent status that was set for the dependent when the client file was created (shown on the **Client Information – Personal Information** page) with a **Dependent of** status specifically for this plan.

To change the status of dependents, follow these steps:

1. Go to the **Plan Management – Assumptions – Income Tax** page.
2. Under **Dependent Status**, select the applicable **Override** option, and then choose an option from the **Dependent of** menu.

Dependent Status

Override		Dependent of
<input type="checkbox"/>	Julia	David ▼
<input type="checkbox"/>	Matthew	Both ▼

Plan Management category – Assumptions category – Income Tax page

Entering tax credits and deductions (Level 2, Detailed Tax method)

NaviPlan automatically calculates many tax credits and deductions based on the information you enter in client files and plans. You can enter any applicable credits or deductions that are not automatically calculated by NaviPlan on the **Enter Financial Data – Tax Details** page. The clients' cash flow funds these transactions.

Unused charitable donations, alternative minimum tax carryforward credits, and capital loss carryovers are entered in the **Plan Management – Assumptions** category. To avoid entering tax credits or deductions more than once, review the income tax reports available from the **Reports** menu.

To enter tax deductions, follow these steps:

1. Go to the **Enter Financial Data – Tax Details** page.

Tax Details << >>

Use this page to enter above-the-line or below-the-line deductions and refundable or non-refundable credits not previously defined (e.g. adoption credit). * Required

Misc. Tax Deductions ADD DEDUCTION ▾

Description	Owner	Type	Amount	Start Date	End Date	Actions
Below the Line Deduction	David	Below the Line Deduction	\$0	Jan 1 2013	Death (Owner)	

Misc. Tax Credits ADD CREDIT ▾

Description	Owner	Type	Amount	Start Date	End Date	Actions
Refundable Tax Credit	David	Refundable Tax Credit	\$0	Jan 1 2013	Death (Owner)	

Enter Financial Data section – Tax Details category – Tax Details page (Level 2 Plan)

2. To enter a deduction, click **Add Deduction**, and then select either **Above the Line Deduction** or **Below the Line Deduction**.
3. To enter additional details, click .

To enter a tax credit, follow these steps:

1. Go to the **Enter Financial Data** section – **Tax Details** category – **Tax Details** page.
2. Click **Add Credit**, and then select either **Refundable Credit** or **Non-Refundable Credit**.
3. Enter the details for the credit. To enter additional details, click .

Selecting a portfolio balancing method

In NaviPlan, you can specify how your clients' assets are to be rebalanced using one of two methods: **Current - Rebalanced** or **Current - Not Rebalanced**.

- When **Current - Rebalanced** is selected, NaviPlan assumes accounts are regularly rebalanced to maintain allocation and applies the weighted average return rate to accounts that are linked to goals.
- When **Current - Not Rebalanced** is selected, NaviPlan assumes the portfolio is never rebalanced and the weighted average return fluctuates according to market conditions as the allocation adjusts.

By default, NaviPlan uses the setting defined on the **User Preferences - Plan Settings** dialog box – **Current Portfolio Setting** tab (**Settings** menu – **Plan Settings**).

To change the portfolio balancing method for the plan, follow these steps:

1. Go to the **Plan Management – Assumptions – Current Portfolio Setting** page.

Current Portfolio Setting

☒ **Current - Rebalanced**
This option rebalances the accounts linked to a goal and uses the weighted average rate of return of the linked assets.

☐ **Current - Not Rebalanced**
This option does not rebalance the accounts linked to a goal. Each account linked to a goal maintains a separate rate of return.

Plan Management section – Assumptions category – Current Portfolio Setting page

2. Do one of the following:

Select...	To do this...
Current - Rebalanced	Rebalance the accounts linked to a goal; a weighted average is applied to all accounts linked to the goal as per their investor profile.
Current - Not Rebalanced	Prevent accounts linked to a goal from rebalancing; accounts linked to a goal maintain a separate rate of return.

Entering capital loss carryovers (Level 2)

A capital loss occurs when an asset is sold for less than its cost basis. If losses in a particular year exceed the allowable capital loss deductions for that year, they can be carried forward to later years until completely used. This planning strategy can help reduce taxes.

When using the Average Tax method, clients can offset capital losses against capital gains each year. Upon the death of a client or co-client, a capital loss cannot be carried over to the estate, to the surviving client, or to the beneficiaries. NaviPlan does not apply the \$3,000 ordinary income offset rule.

When using the Detailed Tax method, the capital loss carryovers from one client are used to offset capital gains incurred by the other client. Also, the \$3,000 ordinary income offset rule applies.

To enter a capital loss carryover, follow these steps:

1. Go to the **Plan Management – Assumptions – Capital Loss Carryovers** page.

Capital Loss Carryovers (2013)

	Short-Term Regular Tax	Long-Term Regular Tax	Short-Term AMT	Long-Term AMT
David	\$0	\$0	\$0	\$0
Susan	\$0	\$0	\$0	\$0
Julia	\$0	\$0	\$0	\$0
Matthew	\$0	\$0	\$0	\$0

Plan Management section – Assumptions category – Capital Loss Carryovers page (Level 2 Plan, Detailed Tax method)

2. In the **Short-Term Regular Tax** and **Long-Term Regular Tax** fields, enter any existing short- or long-term carryovers.
3. **D. Tax** In the **Short-Term AMT** and **Long-Term AMT** fields, enter any existing short- or long-term alternative minimum tax (AMT) capital loss carryovers.

Entering AMT carryforward credits (Level 2)

Note: This procedure only applies if you are using the Detailed Tax method.

If your clients paid alternative minimum tax (AMT) in a prior year, they may be eligible for a credit for a portion of that AMT against their regular tax liability for the current year, and for subsequent years. Use the

AMT Carryforward page to calculate your clients' AMT carryforward credits.

Note: The 8801 form, 6251 form, and Schedule D/Schedule D Worksheet (1040) of the clients' tax returns from last year are needed to use this page.

To enter AMT carryforward credits, follow these steps:

1. Go to the **Plan Management – Assumptions – AMT Carryforward** page.

AMT Carryforward Credit for David

Form 8801 from last year's taxes (2012)

AMT Minimum Tax Credit Carryforward (last line of Part II)

Form 6251 from last year's taxes (2012)

Sum of lines 1 and 10

Sum of lines 2 through 5, 7, 8, 9, 12, 13

Line 34

Alternative Minimum Tax Payable (line 35)

Schedule D (1040) from last year's taxes (2012)

Line 14

Line 15

Line 16

Line 19

Plan Management section – Assumptions category – AMT Carryforward page (Level 2 Plan, Detailed Tax method)

2. In each field, enter the dollar value from the specified line on your clients' tax returns from last year.

Entering unused charitable donations (Level 2)

Note: This procedure only applies if you are using the Detailed Tax method.

To enter unused charitable donations, follow these steps:

1. Go to the *Plan Management – Assumptions – Unused Charitable Donations* page.

Unused Charitable Donations for David and Susan

Year	50% Charities		Non 50% Charities	
	Non-Capital Gain Property (line 10 ¹)	Capital Gain Property (line 19 ¹)	Non-Capital Gain Property (line 16 ¹)	Capital Gain Property (line 24 ¹)
2012	\$0	\$0	\$0	\$0
2011	\$0	\$0	\$0	\$0
2010	\$0	\$0	\$0	\$0
2009	\$0	\$0	\$0	\$0
2008	\$0	\$0	\$0	\$0

¹ Line references are from Table 4 of IRS Publication 526

Plan Management section – Assumptions category – Unused Charitable Donations page (Level 2 Plan, Detailed Tax method)

2. If your clients have made any charitable donations for which they have not claimed deductions in past years, enter the portion that is eligible to be carried forward according to the Internal Revenue Code (enter this information from your clients' tax returns from last year).

Setting asset allocation assumptions

You can choose whether or not to use asset allocation in individual plans in NaviPlan. To use asset allocation in a plan, the **Asset Allocation** module on the **Plan Management – Modules** page must be selected.

There are three methods for determining your clients' ideal asset allocation in NaviPlan:

- **Standard Ibbotson model:**
 - Utilize 13 asset classes to generate a suggested portfolio based on the completed asset allocation questionnaire.
 - Automatic quarterly database updates to ensure investment accuracy.
- **Expanded Ibbotson model:**
 - Utilize between 15 and 18 asset classes to generate a suggested portfolio based on the completed asset allocation questionnaire.
 - Additional asset classes include Municipal Bonds, Commodities, Diversified Alternatives, and additional International Equities.
 - Tax Type Preferences
 - Exclusion Preferences
 - Automatic quarterly database updates to ensure investment accuracy.
- **User-defined asset allocation:**
 - Enter your own user-defined asset classes and weightings.
 - Data must be manually updated to reflect market fluctuations.

Important! The methods available to you are based on the license agreement arranged by your organization.

Overview of predefined Asset Allocation

Switching between Expanded Ibbotson and Standard Ibbotson models

To switch between Expanded Ibbotson and Standard Ibbotson asset allocations at the plan level, do the following:

- Click **Convert to Standard/Expanded Ibbotson Asset Allocation Model** from one of the following places
 - Settings menu – Plan Settings – Asset Allocation tab
 - OR
 - Plan Management – Asset Allocation – Profile page
 - OR
 - Plan Management – Modules page

Note: Portfolio compositions and settings created in Expanded Ibbotson mode will not be saved if switched to Standard Ibbotson. Any asset classes not included in Standard Ibbotson will be removed from the portfolio.

The following descriptions and steps are applicable regardless of the selected Ibbotson model.

Viewing predefined asset allocation assumptions

There are two aspects to predefined asset allocation in NaviPlan.

1. The asset allocation questionnaire is used to determine your clients' investor profile. Once the investor profile is determined, the expected rate of return is calculated as a weighted average of the underlying asset classes recommended in the suggested asset mix.
2. Then, you can compare the asset mix of your clients' existing portfolio to NaviPlan's suggested asset mix. You can also see the differences in expected rates of return, expected standard deviation, efficient frontier, etc., and make appropriate recommendations.

Asset allocation assumptions (asset classes, investor profiles, and model portfolios) are already set up for you. You can view, but not edit, these assumptions.

Note: Before you can view asset allocation assumptions for the plan, you must complete the questionnaire ([Plan Management – Asset Allocation – Questionnaire](#) page).

To view asset allocation assumptions for the plan, follow these steps:

1. Go to the **Plan Management – Asset Allocation – Profile** page.
2. On the **Profile** page, click **Settings**.

Asset Allocation Settings * Required ?																																																																																																																							
<div>Asset Classes Investor Profiles Portfolios</div> <p>These are the asset classes and their return rates and standard deviation defined in the application. They are not editable.</p> <h3>Asset Classes</h3> <table> <tr> <th>Description *</th><th>Interest</th><th>Dividends</th><th>Capital Gains</th><th>Deferred Growth</th><th>Tax Free</th><th>Total</th><th>Standard Deviation</th></tr> <tr><td>Large Cap Growth Equity</td><td>0.000%</td><td>1.960%</td><td>4.630%</td><td>1.890%</td><td>0.000%</td><td>8.480%</td><td>21.920%</td></tr> <tr><td>Large Cap Value Equity</td><td>0.000%</td><td>3.040%</td><td>5.530%</td><td>1.560%</td><td>0.000%</td><td>10.130%</td><td>17.350%</td></tr> <tr><td>Mid Cap Equity</td><td>0.000%</td><td>2.040%</td><td>6.430%</td><td>2.620%</td><td>0.000%</td><td>11.090%</td><td>20.290%</td></tr> <tr><td>Small Cap Equity</td><td>0.000%</td><td>1.710%</td><td>5.800%</td><td>3.710%</td><td>0.000%</td><td>11.220%</td><td>24.380%</td></tr> <tr><td>US REITs</td><td>0.000%</td><td>3.890%</td><td>3.410%</td><td>1.140%</td><td>0.000%</td><td>8.440%</td><td>23.640%</td></tr> <tr><td>International Equity</td><td>0.000%</td><td>3.930%</td><td>3.130%</td><td>2.670%</td><td>0.000%</td><td>9.730%</td><td>20.870%</td></tr> <tr><td>Emerging Markets Equity</td><td>0.000%</td><td>3.170%</td><td>9.210%</td><td>2.160%</td><td>0.000%</td><td>14.540%</td><td>31.680%</td></tr> <tr><td>Long Term Bonds</td><td>3.820%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>3.820%</td><td>12.810%</td></tr> <tr><td>Intermediate Term Bonds</td><td>2.630%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>2.630%</td><td>6.770%</td></tr> <tr><td>Short Term Bonds</td><td>1.720%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>1.720%</td><td>2.690%</td></tr> <tr><td>High Yield Bonds</td><td>7.580%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>7.580%</td><td>11.450%</td></tr> <tr><td>International Bonds</td><td>3.270%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>3.270%</td><td>11.280%</td></tr> <tr><td>Cash</td><td>1.260%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>0.000%</td><td>1.260%</td><td>1.820%</td></tr> </table>								Description *	Interest	Dividends	Capital Gains	Deferred Growth	Tax Free	Total	Standard Deviation	Large Cap Growth Equity	0.000%	1.960%	4.630%	1.890%	0.000%	8.480%	21.920%	Large Cap Value Equity	0.000%	3.040%	5.530%	1.560%	0.000%	10.130%	17.350%	Mid Cap Equity	0.000%	2.040%	6.430%	2.620%	0.000%	11.090%	20.290%	Small Cap Equity	0.000%	1.710%	5.800%	3.710%	0.000%	11.220%	24.380%	US REITs	0.000%	3.890%	3.410%	1.140%	0.000%	8.440%	23.640%	International Equity	0.000%	3.930%	3.130%	2.670%	0.000%	9.730%	20.870%	Emerging Markets Equity	0.000%	3.170%	9.210%	2.160%	0.000%	14.540%	31.680%	Long Term Bonds	3.820%	0.000%	0.000%	0.000%	0.000%	3.820%	12.810%	Intermediate Term Bonds	2.630%	0.000%	0.000%	0.000%	0.000%	2.630%	6.770%	Short Term Bonds	1.720%	0.000%	0.000%	0.000%	0.000%	1.720%	2.690%	High Yield Bonds	7.580%	0.000%	0.000%	0.000%	0.000%	7.580%	11.450%	International Bonds	3.270%	0.000%	0.000%	0.000%	0.000%	3.270%	11.280%	Cash	1.260%	0.000%	0.000%	0.000%	0.000%	1.260%	1.820%
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Asset Allocation Settings dialog box – Asset Classes tab

Determining the clients' investor profile

When using NaviPlan with predefined asset allocation, a questionnaire is used to determine your clients' investor profile. NaviPlan suggests an asset mix appropriate for clients with that profile. This suggested asset mix is used as an asset allocation target (a model to achieve) throughout the plan.

If you do not agree with the investor profile determined by the questionnaire results, you can select an investor profile manually, but you still must fill out the questionnaire first. You can also modify the suggested asset mix.

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

1. Go to the **Plan Management** section – **Asset Allocation** category – **Questionnaire** page.
2. Enter your clients' responses to all the questions.

Questionnaire Profile << >>

SCORING... SETTINGS...

Different investors have different risk tolerances. Much of the difference stems from time horizon. That is, someone with a short investment time horizon is less able to withstand losses. The remainder of the difference is attributable to the individual's appetite for risk. Volatility can be nerve-racking for many people and they are more comfortable when they can avoid it. However, there is a definite relationship between risk and return. Investors need to recognize this risk/return trade-off. The following risk tolerance questionnaire has been designed to measure an individual's ability (time horizon) and willingness (risk tolerance) to accept uncertainties in their investment's performance. The total score recommends which of the five risk profiles is most appropriate for the investor.

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.
- ☐ Portfolio 5 will most likely fall short of long-term inflation and has a low degree of risk.

Plan Management section – Asset Allocation category – Questionnaire page

3. To view the asset allocation risk scores for the investor profile, click **Scoring**. NaviPlan shows the time horizon and investor profile that it has calculated.
4. Go to the **Profile** page. NaviPlan displays the investor profile and suggested asset mix based on the responses to the questionnaire.

Questionnaire
Profile
<
>>

Investor Profile

☐ Override Investor Profile

Select an investor profile:
Moderate
▼

Suggested Asset Mix

Plan Management section – Asset Allocation category – Profile page

- To override the default profile, select the **Override Investor Profile** option, and then select a different investor profile from the menu.
- You can modify the asset mix in the proposed portfolio by clicking **Customize Asset Mix**, and then selecting either the **Weightings** option or the **Optimize** option. Select the **Weightings** option to manually adjust the asset class weightings of the portfolio. Select the **Optimize** option if you want to generate a new portfolio based on an efficient frontier graph.

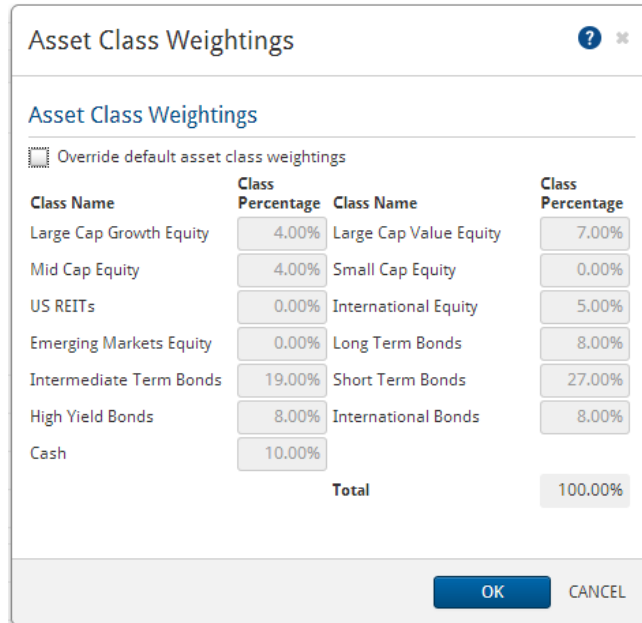
Editing Asset Class Weightings

The **Weightings** option is only available on the **Profile** page.

Note: If you do not have the user permission to override the asset class weightings, this option is not available.

To edit asset class weightings, follow these steps:

- If applicable, scroll to the bottom of the **Profile** page.
- Click **Customize Asset Mix**, and then select **Weightings**.



The dialog box is titled "Asset Class Weightings" and contains a checkbox labeled "Override default asset class weightings". Below this is a table with two columns for "Class Name" and "Class Percentage". The table lists 12 asset classes with their respective percentages. At the bottom right, there are "OK" and "CANCEL" buttons.

Class Name	Class Percentage	Class Name	Class Percentage
Large Cap Growth Equity	4.00%	Large Cap Value Equity	7.00%
Mid Cap Equity	4.00%	Small Cap Equity	0.00%
US REITs	0.00%	International Equity	5.00%
Emerging Markets Equity	0.00%	Long Term Bonds	8.00%
Intermediate Term Bonds	19.00%	Short Term Bonds	27.00%
High Yield Bonds	8.00%	International Bonds	8.00%
Cash	10.00%		
Total			100.00%

Asset Class Weightings dialog box

3. Select the **Override default asset class weightings** option, and then enter the desired weightings. The total must equal 100%.
4. Click **OK**.

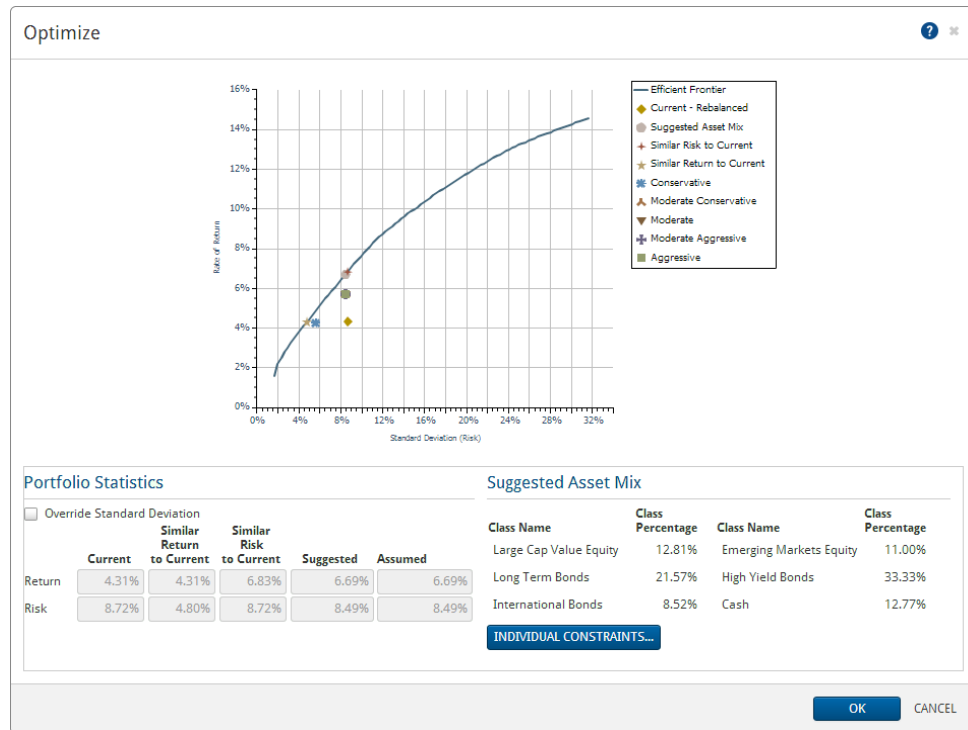
To revert to the original asset class weightings, click **Customize Asset Mix**, and then select **Revert to Defaults**.

Using the Optimize calculation

The **Optimize** option is only available on the **Profile** page.

To constrain the recommended asset classes, but still generate an optimal recommended asset mix, follow these steps:

1. If applicable, scroll to the bottom of the **Profile** page.
2. Click **Customize Asset Mix**, and then select **Optimize**.

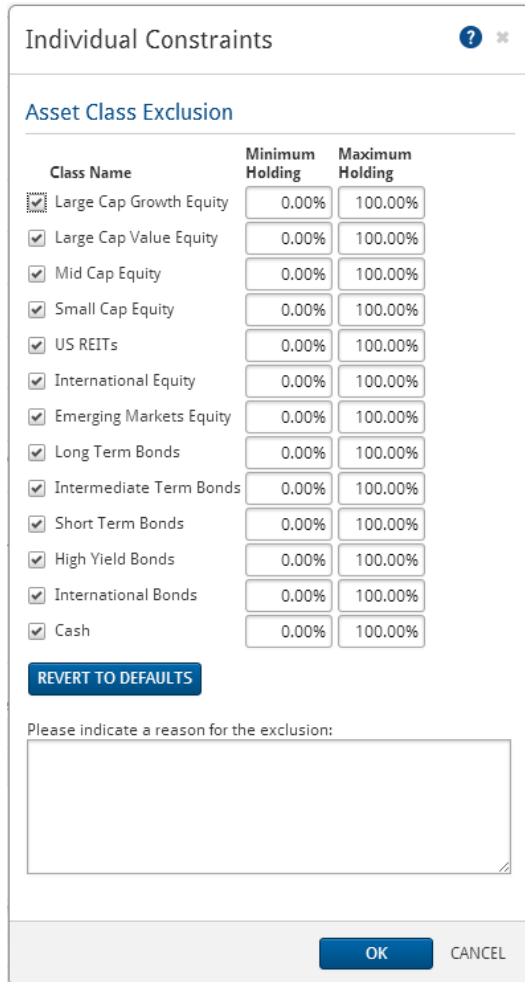


Optimize dialog box

- The **Optimize** dialog box displays the **Efficient Frontier** graph, also known as the **Mean Variance Optimization** graph. Mean variance optimization is the process of identifying portfolios with the maximum expected return for a given level of risk.
 - The vertical axis plots overall return rates, and the horizontal axis plots standard deviation. The solid line in the graph represents the efficient frontier, which is the set of portfolios that provides the highest expected returns for their respective risk levels.
 - The inputs for mean variance optimization are return rates, standard deviation, and the correlation coefficients of returns for each pair of asset classes. The graph also accounts for any constraints applied in the **Individual Constraints** dialog box.
3. To override the standard deviation, follow these steps:
- Under **Portfolio Statistics**, select the **Override Standard Deviation** option to manually enter a new standard deviation. Under **Suggested**, the **Risk** field becomes editable.
 - Enter the standard deviation in the **Risk** field. Once a new standard deviation is entered, the graph updates to show the manually entered standard deviation.

Note: Clicking a point on the **Efficient Frontier** line shows the return rate and standard deviation of that point. Double-clicking at a certain point on the line of the **Efficient Frontier** graph selects that point as the new suggested asset mix. (Or, you can click on the line, which brings up a balloon message, and then press the ENTER key.) Use this process as an alternative to overriding the standard deviation manually.

4. When generating an efficient frontier, by default NaviPlan does not restrict the asset classes or the holding percentages within each asset class. To override these defaults, follow these steps:
 - a. Click **Individual Constraints**. In the dialog box that opens, you can set the minimum or maximum holding percentage for a single asset class.



The dialog box is titled "Individual Constraints" and contains a section for "Asset Class Exclusion". It features a table with columns for "Class Name", "Minimum Holding", and "Maximum Holding". All asset classes are checked, and their holding percentages are set to 0.00% and 100.00%. A "REVERT TO DEFAULTS" button is located below the table. At the bottom, there is a text area for "Please indicate a reason for the exclusion:" and "OK" and "CANCEL" buttons.

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

- b. Enter the minimum and maximum holding constraints for each asset class.
 - c. To exclude an asset class, clear the associated option.
 - d. To return all overridden asset class weightings to the initial recommended asset class weightings, click **Revert to Defaults**.
 - e. If necessary, enter any additional comments or details.
 - f. Click **OK** to close the **Individual Constraints** dialog box. NaviPlan applies the constraints to the plan, and the **Efficient Frontier** graph updates.
5. Click **OK** to close the **Optimize** dialog box. The **Suggested Asset Mix** graph on the **Profile** page updates to display the optimization.

Upgrading asset allocation

When you open a plan for editing, if the **Modules** category includes the **Asset Allocation Upgrade** page, you can upgrade the asset allocation settings or view details about the changes made to the settings since this plan was last updated.

NaviPlan presents the option to upgrade each time you open the plan, until you upgrade the asset allocation. To continue using existing settings, go to the **Modules** page and resume planning.

To use the new asset allocation settings for this plan, follow these steps:

1. Go to the **Plan Management** section – **Modules** category – **Modules** page.
2. Click **Upgrade Asset Allocation**.
3. Click **OK**. NaviPlan upgrades the asset allocation. The upgrade is permanent and plan results may change.

Overview of User-Defined Asset Allocation

There are two aspects to user-defined asset allocation in NaviPlan:

1. NaviPlan uses the return rates assigned to asset classes and the asset class weightings assigned to individual assets to calculate return rates for individual assets.
2. NaviPlan compares the mix of asset classes in your clients' current portfolios (the assets your clients actually own), with hypothetical asset mixes suited to your clients' investor profiles. The comparison is designed to demonstrate how the current portfolios can be changed to make it more likely that the clients will achieve their financial goals. Throughout NaviPlan, these hypothetical asset mixes are referred to as suggested asset mixes, proposed portfolios, and model portfolios.

Setting up user-defined asset allocation

Using NaviPlan's asset allocation, you can override any asset allocation defaults set in the **Asset Allocation Settings** dialog box (**User Preferences** menu – **Asset Allocation Settings**) for an individual plan.

You can also select different model portfolios (suggested asset mixes) for individual goals within a plan. Since time horizon and risk tolerance are major components of asset allocation, goals with different time horizons or objectives may require different investment profiles. For example, the clients' retirement goal might not begin for 20 years or more, but they may have education goals for their children starting in five years.

To set asset allocation assumptions for an individual plan, follow these steps:

1. Go to the **Plan Management** section – **Asset Allocation** category – **Profile** page.
2. Click **Settings**. Any default asset classes that were entered on the **Asset Allocation Settings** dialog box – **Asset Classes** tab (accessed from the **Settings** menu – **Asset Allocation Settings** option) appear under **Asset Classes**.

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%	2.000%	6.910%	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

- Under **Asset Classes**, click **Add Asset Class** for each asset class you want to add to the plan.
- 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.
- 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 works in the following manner:

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 * Required ? ✕

Asset Classes
Correlations
Investor Profiles
Portfolios

Use this page to enter correlation values between all asset classes. The correlation value between asset class A and asset class B is the same as the correlation value between asset class B and asset class A, etc.

Correlation 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.

	A	B	C	D	E
A Large Cap Equity	1.0000	0.3200	0.4500	1.0000	1.0000
B Small Cap Equity	0.3200	1.0000	0.2300	1.0000	1.0000
C International Equity	0.4500	0.2300	1.0000	1.0000	1.0000
D Aggregate Bonds	1.0000	1.0000	1.0000	1.0000	1.0000
E Cash	1.0000	1.0000	1.0000	1.0000	1.0000

OK
CANCEL

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.
- Go to the **Investor Profiles** tab. The investor profiles entered on the **Asset Allocation Settings** dialog box – **Investor Profiles** tab (accessed from the **User Preferences** menu – **Asset Allocation Settings**) appear under **Investor Profiles**.

Asset Allocation Settings * Required ? ✕

Asset Classes
Correlations
Investor Profiles
Portfolios

Enter the description for each investor profile. To define an investor profile click **Details**.

Investor profile 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.

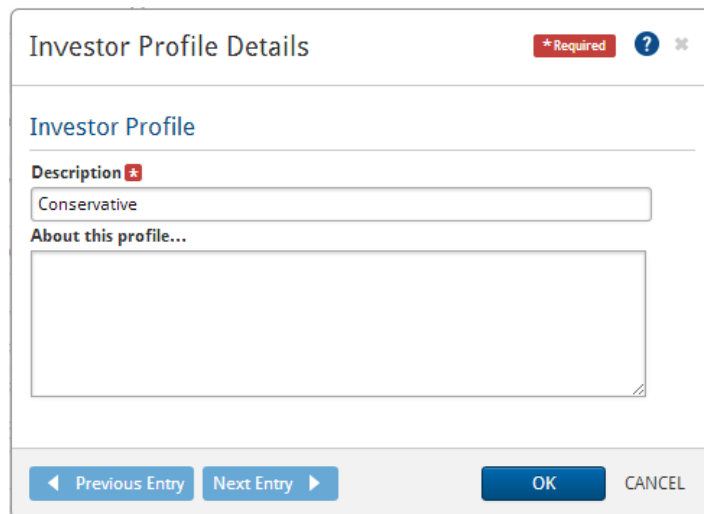
Investor Profiles ADD INVESTOR PROFILE

Description *	Actions
Conservative	
Moderate Conservative	
Moderate	
Moderate Aggressive	
Aggressive	

OK
CANCEL

Asset Allocation Settings dialog box – Investor Profiles tab

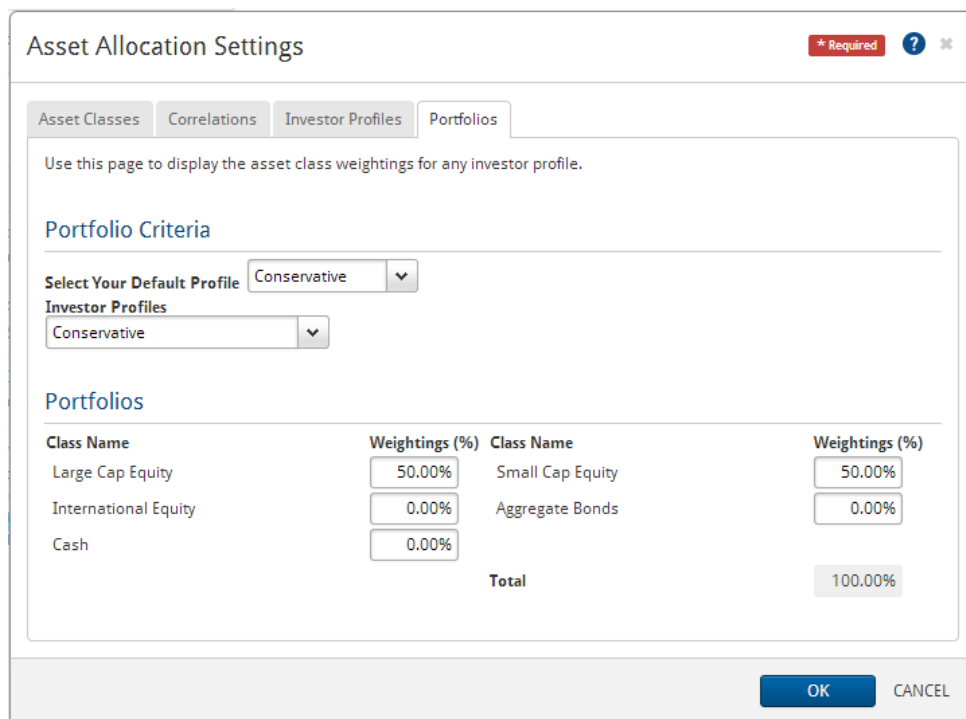
8. Investor profiles should be added from lowest to highest risk tolerance.
9. Enter a name such as **Conservative**, and then click **Details**.



The dialog box is titled "Investor Profile Details" and includes a red asterisk icon and a question mark icon in the top right corner. It contains a section titled "Investor Profile" with a "Description" field containing the text "Conservative" and a larger "About this profile..." text area. At the bottom, there are buttons for "Previous Entry", "Next Entry", "OK", and "CANCEL".

Investor Profile Details dialog box

10. Enter the details of the new profile, and then click **OK**.
11. Go to the **Portfolios** tab. On this tab you can edit the composition of the investor profiles you created on the **Investor Profiles** tab.



The dialog box is titled "Asset Allocation Settings" and includes a red asterisk icon and a question mark icon in the top right corner. It has four tabs: "Asset Classes", "Correlations", "Investor Profiles", and "Portfolios". The "Portfolios" tab is selected. Below the tabs, there is a text box stating "Use this page to display the asset class weightings for any investor profile." Under "Portfolio Criteria", there is a "Select Your Default Profile" dropdown menu set to "Conservative" and an "Investor Profiles" dropdown menu also set to "Conservative". Below this is a section titled "Portfolios" containing a table of asset class weightings.

Class Name	Weightings (%)	Class Name	Weightings (%)
Large Cap Equity	50.00%	Small Cap Equity	50.00%
International Equity	0.00%	Aggregate Bonds	0.00%
Cash	0.00%		
		Total	100.00%

At the bottom right of the dialog box are buttons for "OK" and "CANCEL".

Asset Allocation Settings dialog box – Portfolios tab

12. Under ***Portfolio Criteria***, select the investor profile you want to change, and then under ***Portfolio***, enter the asset class percentages for this profile.
13. To revert to the default asset mix values entered on the ***Asset Allocation Settings*** dialog box – ***Portfolios*** tab (accessed from the ***User Preferences*** menu – ***Asset Allocation Settings***), click **Reset Asset Allocation**. If no default values exist, clicking this button deletes what you have entered without replacing it.

Determining the clients' investor profile with user-defined asset allocation

The purpose of selecting an investor profile is to identify the model portfolio (suggested asset mix) that is most appropriate for your clients.

To select a proposed portfolio, follow these steps:

1. Go to the **Plan Management** section – **Asset Allocation** category – **Profile** page.

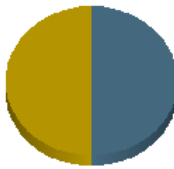
Profile
<<
>>

SETTINGS...

Investor Profile

Select an investor profile: Conservative

Suggested Asset Mix



Cash	50.00%
Bonds	50.00%

Summary	
Expected rate of return	9.75%
Expected standard deviation	39.00%
Proposed investor profile	Conservative

Plan Management section – Asset Allocation category – Profile page

2. A default investor profile may appear. To change the displayed investor profile, select another profile from the menu.

If you select **Current - Rebalanced** or **Current - Not Rebalanced**, the **Suggested Asset Mix** graph displays a proportional breakdown of all the clients' assets in the current plan, based on whether or not the portfolio is regularly rebalanced to maintain their allocation.

Chapter 3: Entering net worth information

This chapter explains how to enter your clients' net worth information. In a Level 1 and a Level 2 Plan, summary information can be entered for lifestyle assets, liabilities, simple accounts, detailed accounts with holdings, and deferred and annuitized annuities. In a Level 2 Plan, you can also enter real estate assets into the plan (and business entities, if you are using the Detailed Tax method).

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Entering lifestyle assets

Lifestyle assets are purchased for the owners' personal use and enjoyment, and not for the purpose of funding goals or producing income. Examples include a house, vacation home, car, or boat.

To enter lifestyle assets, follow these steps:

1. Go to the **Enter Financial Data** section – **Net Worth** category – **Assets/Liabilities** page.

Assets/Liabilities
Accounts
Annuities
Equity Compensation
Asset Class Weightings
<< >>

Enter details about lifestyle assets, liabilities, income-producing real estate assets, and business entities.
* Required

Lifestyle Assets
ADD LIFESTYLE ASSET

Description	Market Value	Actions
Residence	\$0	
2nd Residence	\$0	
Personal Use Property	\$0	
Other Personal Assets	\$0	

Real Estate
ADD REAL ESTATE

Description	Market Value	Rental Income	Actions
Real Estate	\$0	\$0 /mo	

Business Entities
ADD BUSINESS ENTITY

Click the **Add Business Entity** button to create a new row.

Assets/Liabilities Report

Liabilities
ADD LIABILITY

Enter Financial Data section – Net Worth category – Assets/Liabilities page (Level 2 Plan, Detailed Tax method)

2. To add a lifestyle asset, click **Add Lifestyle Asset**, and then select an asset type from the menu. If applicable, enter the market value of the listed lifestyle asset. To enter additional details for the asset, click the corresponding button.

Lifestyle Asset Details dialog box (Level 2 Plan)

Note: If you are entering details for a residence, under **Property Taxes**, enter the property tax information for the asset. The expense will end at death, or when the asset is sold (Level 2 Plans only). By default, NaviPlan assumes that property taxes are tax deductible. If property taxes are not deductible, clear the **Tax Deductible** option.

Level 2 NaviPlan estimates the before- and after-tax values of the asset on the sale date, as well as the buying power of those values (in today's dollars).

To enter details regarding asset return rates, click the **Return Rates** link.

- If you do not want to use the default return rates and standard deviations associated with the asset, under **Return Rates**, select the **Override** option, and then make your changes
- If you do not want to use the default return rates and standard deviations associated with the asset, under **Return Rates**, select the **Override** option, and then make your changes

From the **Lifestyle Asset Details** dialog box, you can

- Create a new lifestyle asset by clicking **Add Lifestyle Asset**, and selecting an option from the menu. New lifestyle assets appear on the **Assets/Liabilities** page under **Lifestyle Assets**.
- View or edit another lifestyle asset by clicking **Next Entry** or **Previous Entry**

To generate the **Assets/Liabilities** report, go to the **Assets/Liabilities** page, and then click **Assets/Liabilities Report**.


Entering liabilities

You can enter many types of liabilities including mortgages, loans, credit cards, and other debts. Once entered, you can link a liability to a lifestyle asset.

To enter liabilities, follow these steps:

1. Go to the **Enter Financial Data** section – **Net Worth – Assets/Liabilities**.
2. To add a new liability, click **Add Liability**, and then select a liability type from the menu. The new liability item appears at the bottom of the liabilities menu.
3. If applicable, enter the liability's description, balance, interest rate, and payment.
4. If applicable, from the **Link to Asset** menu, select the asset that is linked to the liability.

Note: An asset can be linked to more than one liability but a liability can be linked to only one asset.

5. To enter additional details for the liability, click the corresponding  button and enter the additional information.

Liability Details dialog box (Level 2 Plan)

From the **Liability Details** dialog box, you can:

- Create a new liability or a copy of an existing liability by clicking **Add Liability**, and then selecting an option from the menu (new liabilities appear on the **Assets/Liabilities** page under **Liabilities**).
- View or edit an existing liability by clicking **Next Entry** or **Previous Entry**.

To change the liability calculation, under **Calculation Options** select an option from the **Field to Calculate** menu, and then modify the remaining calculation details. The calculated field updates.

Note: NaviPlan does not allow the original principal to be lower than the outstanding balance.

Level 2 To exclude a liability from the disability analysis, select the **Insured for Disability** option. The liability will be paid in full from disability insurance proceeds.

Level 2 To indicate that the unpaid loan balance will be transferred to the survivor, select **Transfer to survivor** from the **Payoff Options at Death** menu.

OR

To indicate that the liability will be paid from the clients' estate, select **Payoff at first death (from estate)** from the **Payoff Options at Death** menu.

OR

Level 2 To model loans that are forgivable at death (for example, some student loans), select **Insured for life** from the **Payoff Options at Death** menu. This excludes the loan balance from the insurance analysis, as well as from estate planning cash flow calculations.


To view the liability amortization schedule report for a liability, on the **Assets/Liabilities** page, click **Report** beside the specific liability.

To generate the **Assets/Liabilities** report, click **Assets/Liabilities Report** on the **Assets/Liabilities** page.

Entering fixed-rate mortgages

Mortgages can be entered in NaviPlan with either fixed interest rates or variable interest rate periods.

To enter a fixed-rate mortgage, follow these steps:

1. Go to the **Enter Financial Data** section – **Net Worth – Assets/Liabilities**.
2. Click **Add Liability**, and then select **Fixed Mortgage** from the menu.
3. Click  next to the new fixed mortgage.
4. Enter a **Description** for the mortgage.
5. Select the name of the **Owner** who has taken out the mortgage.
6. Enter the **Interest Rate** and the **Compound Frequency**.
7. Select the **Payment Type** and **Payment Frequency**, as well as the asset to which the mortgage is linked.
8. If applicable, select the **Interest is Tax Deductible** option.
9. Enter the **Balance As of Date**, **Loan Date**, and the **Original Principal** amount.
10. If applicable, select the **Cover any pre-retirement deficits created by these liability payments** option.
11. Under **Calculation Options**, select a **Field to Calculate**:
 - a. **Amortization**: Enter the **Balance** and the **Payment**; NaviPlan determines the number of **Years** and **Months** remaining.
 - b. **Payment**: Enter the **Balance** and the number of **Years** and **Months** remaining; NaviPlan determines the **Payment** amount.
 - c. **Balance**: Enter the **Payment** amount and the number of **Years** and **Months** remaining; NaviPlan determines the remaining **Balance**.
12. When you are satisfied with these options, click **OK**.

Liability Details

* Required ? ✕

Description *	Owner	Liability Type	Mortgage Type	Interest Rate	Compound Frequency
Fixed Mortgage	Joint	Mortgage	Fixed	5.000%	Semi-annual

Payment Type	Payment Frequency	Link to Asset	Interest is Tax Deductible
Principal and Interest	Monthly	None	<input type="checkbox"/>

Balance As of Date	Loan Date	Renegotiate	Original Principal
Nov 13 2014	Dec 31 2013	Refinanced	\$0

☐ Cover any pre-retirement deficits created by these liability payments

Calculation Options


Field to Calculate	Balance	Payment	Remaining Amortization		End Date
Amortization	\$0	\$0.00	Years	Months	Nov 12 2039
			25	0	

Liability Details dialog box for a Fixed-Rate Mortgage (Level 2 Plan)

Entering variable rate mortgages

Mortgages can be entered in NaviPlan with either fixed interest rates or variable interest rate periods.

To enter a variable rate mortgage, follow these steps:

1. Go to the **Enter Financial Data** section – **Net Worth – Assets/Liabilities**.
2. Click **Add Liability**, and then select **Variable Mortgage** from the menu.
3. Click  next to the new variable mortgage.
4. Enter a **Description** for the mortgage.
5. Select the name of the **Owner** who has taken out the mortgage.
6. Select **Mortgage** from the **Liability Type** menu and **Variable** from the **Mortgage Type** menu.
7. Select the **Compound Frequency**, **Payment Type**, and **Payment Frequency**, as well as the asset to which the mortgage is linked.
8. If applicable, select the **Interest is Tax Deductible** option.
9. Enter the **Balance As of Date**, **Loan Date**, and the **Original Principal** amount.
10. If applicable, select the **Cover any pre-retirement deficits created by these liability payments** option.
11. Determine the **Remaining Amortization** for the mortgage by entering the **Years** and **Months** remaining until full repayment.
12. Click **Add Interest Rate Period** to enter the different interest rates and the number of months during which they apply.
13. When you are satisfied with these options, click **OK**.

Liability Details

* Required ?

Description *

Owner

Liability Type

Mortgage Type

Interest Rate

Compound Frequency

Variable Mortgage

Joint

Mortgage

Variable

Variable

Monthly

Payment Type

Payment Frequency

Link to Asset

Interest is Tax Deductible ¹

Principal and Interest

Monthly

Residence

☒

Balance As of Date

Loan Date

Renegotiate

Original Principal

Jun 26 2014

Dec 31 2013

Refinanced

\$20,222

1

When converting a plan from Average income tax to Detailed income tax, if you do not have an asset linked to the liability the *Interest is Tax Deductible* check box will be inaccessible. To create a link, use the *Link to Asset* list.

Calculation Options

Variable Payment?

Balance

Payment

Years

Months

End Date

Yes

\$20,222

Varies

25

4

Oct 25 2039

Variable Interest Rate Schedule

ADD INTEREST RATE PERIOD

This section allows you to model changing interest rates on your mortgage. The schedule begins on the date entered in the Balance As of Date field for this mortgage.

Payment Amount

The interest rate will be 3.000% for the next 24 months \$94.84 ✕


The interest rate will be 8.000% for the remaining months \$150.83

Liability Details dialog box for a Variable Mortgage (Level 2 Plan)

Entering real estate assets (Level 2)

You can enter real estate assets that are purchased for investment purposes. NaviPlan includes fields for rental income and expenses. Real estate assets that are purchased for the clients' personal use and enjoyment should be entered as lifestyle assets.

To enter real estate assets, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Assets/Liabilities** page.
2. To add a new real estate asset, click **Add Real Estate**.
3. If applicable, enter the market value and rental income net of property taxes for the real estate asset.
4. To enter additional details for an existing real estate asset, click .

Real Estate Details

* Required ? ✕

Description *

Owner

Community Property

Real Estate

Joint

☐

Purchase Date

Purchase Amount

Portion not Depreciable (\$ or % of Purchase Amount)

Depreciation Amount per Year

Number of Years

Dec 31 2012

\$0

\$0

\$0

0

Current Market Value

Current Value As Of

Start of Year Market Value

Start of Year Cost Basis

\$0

Jul 22 2013

\$0

\$0

Rental Information

Additions

Sale Information

Return Rates

Rental Information

ADD INCOME/EXPENSE

Rental Income

Rental Expenses (\$ or % of Rental Income)

Frequency

Net Rental Income

Annual Rental Growth Rate

Start Date

End Date

Actions

\$0

\$0

Monthly

\$0

0.00%

Jan 1 2013

Death (2nd)

✕

ADD REAL ESTATE

Previous Entry

Next Entry

OK

CANCEL

Real Estate Details dialog box

5. Enter the purchase and valuation details of the real estate asset.
6. Go to the **Rental Information** tab, and then enter the rental income net of property taxes, expenses, frequency, growth rate, etc. For properties that have rental income from multiple sources, click **Add Income/Expense** to add another data-entry row.
7. To enter the cost of additions made to the property prior to the current year, go to the **Additions** tab. Enter the cost of the additions, the depreciation so far, the dollar amount that the addition will depreciate annually, and the number of years until the addition will be fully depreciated.
8. If you know the clients will be selling the real estate asset, go to the **Sale Information** tab, and then select a sell option from the **Sale Option** menu. Enter a sale date, a selling cost rate, and then select an option from the **Direct After Tax Proceeds To** menu. If you select **New Non-Qualified**, NaviPlan creates a new account and opens the **Account Details** dialog box. NaviPlan uses the selected destination for after-tax proceeds from the sale of the asset.
9. If you do not want to use the default return rates and standard deviations associated with the asset, go to the **Return Rates** tab, select the **Override** option, and then make your changes.

From the **Real Estate Details** dialog box, you can:

- Create a new real estate asset by clicking **Add Real Estate**, and then selecting an option; new real estate assets appear on the **Assets/Liabilities** page under **Real Estate**.
- View or edit another real estate asset by clicking **Next Entry** or **Previous Entry**.


To generate the **Assets/Liabilities** report, click **Assets/Liabilities Report** on the **Assets/Liabilities** page.

Entering business entities (Level 2)


Business entities can only be entered in plans using the Detailed Tax method that also include the optional **Business Planning** module.

Business entities are organizations that are separate entities for legal and financial purposes. You can add limited liability companies (LLC), partnerships, S corporations, or C corporations that the clients hold as flow-through assets. Business entity assets are excluded from asset allocation.

To enter a business entity, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Assets/Liabilities** page.
2. Under **Business Entities**, click **Add Business Entity**, and then select the business entity type from the menu.
A new data-entry row appears.
3. Enter a description and the start-of-year market value.
4. To enter additional information, click .

Business Entity Details

Description 

Type

Owner

Community Property

LLC

LLC

Joint

☐

Purchase Information

Date

Amount

Number of Units

Dec 31 2012

\$0

0.000

Current Information

Current Value As Of

Current Value (per unit)

Jan 1 2013

\$0.00

Start of Year Value

Market Value

Cost Basis

Number of Units

AMT Basis

\$0

\$0

0.000

\$0

Activity

Sale Information

Return Rates

Activity

ADD INCOME/EXPENSE

Income

Expenses

Net Income

Distributions

AMT Adjustments

Frequency

Start Date

End Date

Infl +/- Add'l

Actions

\$0

\$0

\$0

\$0


\$0

Annual

Jan 1 2013

Death (2nd)

☐ + 0.00%



ADD BUSINESS ENTITY

Previous Entry

Next Entry

OK

CANCEL

Business Entity Details dialog box

Entering business activity

Business activity such as income, expenses, and distributions can be entered for all business entities, except for C corporations.

To enter the activity for a business entity, follow these steps:

1. In the **Business Entity Details** dialog box, go to the **Activity** tab.

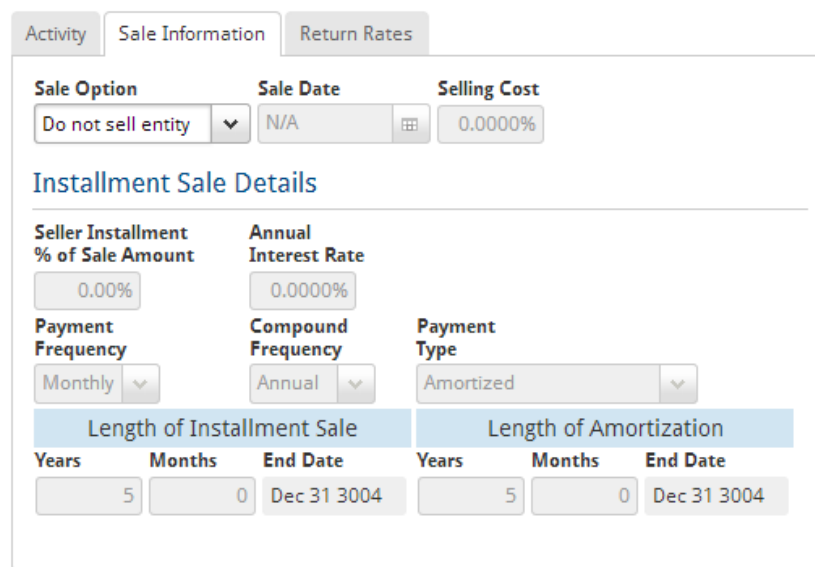
The screenshot shows the 'Activity' tab of the 'Business Entity Details' dialog box. At the top, there are three tabs: 'Activity', 'Sale Information', and 'Return Rates'. Below the tabs is a header bar with the title 'Activity' and a button 'ADD INCOME/EXPENSE'. The main area contains a table with the following columns: Income, Expenses, Net Income, Distributions, AMT Adjustments, Frequency, Start Date, End Date, Inflation +/- Add'l, and Actions. The table has one row with the following values: Income: \$0, Expenses: \$0, Net Income: \$0, Distributions: \$0, AMT Adjustments: \$0, Frequency: Annual (with a dropdown arrow), Start Date: Jan 1 2013 (with a calendar icon), End Date: Death (2nd) (with a calendar icon), Inflation +/- Add'l: 0.00% (with a plus sign and a percentage sign), and Actions: a trash can icon.

2. Enter the dollar value of the **Income** generated by the business entity asset. This amount will not affect the clients' personal cash flow.
3. Enter the dollar value of the **Expenses** incurred by the business entity. This amount will not affect the clients' personal cash flow.
4. Enter the **Distributions** amount that will flow into this year's cash flow to fund the current year tax liability.
5. If applicable, enter an amount in the **AMT Adjustments** field. This amount is a tax item only. It can be positive or negative and does not affect the clients' personal cash flow. The amount entered in **AMT Adjustments** will be reported as passive activities in the AMT section of the **Income Tax Details** report.
6. From the **Frequency** menu, select the frequency of the income.
7. If the activity is to be indexed to inflation, select the **Infl** option, and then, if applicable, enter a percentage. The inflation rate applies to all fields on the **Activity** tab.

Entering the sale of a business entity

To enter the sale of a business entity, go to the **Sale Information** tab and follow these steps:

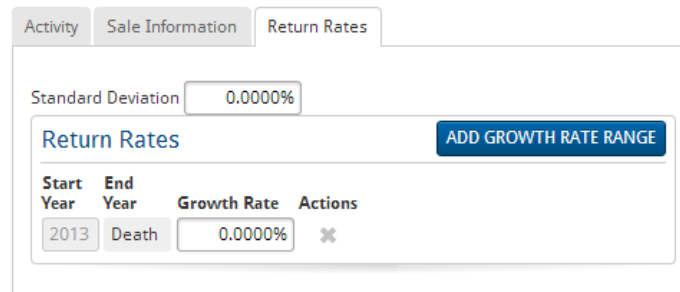
1. From the **Sale Option** menu, select the appropriate option.
2. If selling, enter the **Sale Date**. You can enter a specific date, or you can specify that the sale will be triggered by an event, such as retirement or death. You can also offset the sale from the triggering event by a given number of years. For example, you can specify that the business entity will be sold two years before the owner's retirement by entering **ret. -2**.
3. Enter the cost of selling the business entity (as a percentage of the market value).
4. If you plan to sell the business entity in installments, enter the details under **Installment Sale Details**.



Business Entity Details dialog box – Sale Information tab

Modifying return rates

To modify return rates, go to the **Return Rates** tab, and then enter the **Growth Rate** and **Standard Deviation**.



Business Entity Details dialog box – Return Rates tab

Entering accounts

You can manually enter investment accounts and holdings directly into NaviPlan Level 1 or Level 2 Plans.

Creating accounts

You can enter separate accounts for each of your clients' investment holdings, or you can group holdings together within one account. You cannot combine qualified and non-qualified holdings within the same account. Also, you cannot combine holdings that have different ownerships within the same account.

To enter an investment account, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Accounts** page.

Enter Financial Data section – Net Worth category – Accounts page

2. Under **Qualified and Non-Qualified Accounts**, click **Add Account**. NaviPlan creates a simple account without holdings.
OR
Click **Add Account**, and then select an account type from the menu. If you select **Simple Account**, NaviPlan creates an account without holdings. If you select **Investment Portfolio**, **Mutual Fund**, or **Cash Account**, NaviPlan creates an account with holdings and the **Account Details** dialog box opens.
3. Enter a unique **Description**, such as name or account number to identify this account/holding.
4. From the **Account Type** menu, select the tax category of the account (for example, **Non-Qualified or IRA**).
5. Select the **Owner** of the account.
6. Enter the current **Market Value** of the account. If the account is a non-qualified, simple account complete the **Basis** field.
OR
If the account is a qualified account with holdings, click the link under **Basis** to open the **Account Details** dialog box. In the **Qualified Basis** field, enter the amount of the after-tax contributions.
7. If the account is fully weighted in one asset class, select the class from the **Asset Class Weightings** menu.
OR
If the account 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**.


From the **Account Details** dialog box (accessed by clicking ) , you can

- Assign the account to a specific goal or multiple goals by making a selection from the **Goal Funding** menu.
- Stop a portion of an account from being included in asset reallocation by entering either the percentage or the dollar value of the amount to be excluded from reallocation in the **Hold %/\$** field.
- Create a new account by clicking **Add Account**, and then selecting either an account type or **Copy of Current**; if you select **Copy of Current**, NaviPlan creates a copy of the existing account.
- View or edit another account by clicking **Next Entry** or **Previous Entry**.

Entering holdings

To enter the holdings within an account, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Accounts** page. If no holdings exist for an account, an **Add** button appears under **Holdings**. If holdings already exist for the account, the number of holdings appears as a link.
2. Under **Holdings**, click **Add** (or the numbered link) for the appropriate account. If you are creating the account's first holding, the default holding **New Holding** appears.

Note: If user-defined holdings already exist, click **Add Holding** for each new holding you want to add. Or, click  next to **Add Holding**, then select either **Blank Holding** or **Classified Holding**.

Holdings
Savings Strategy
Redemptions
Return Rates
Beneficiaries
Account Fee Setup

Holdings

Classify
Reset Symbols
ADD HOLDING ▼


Description *	Symbol	Market Value	Hold %/\$	Cost Basis	Valuation Date	Asset Class Weightings	Return Rates	Actions
New Holding		\$0	0%	\$0	Jul 22 2013	<div style="display: flex; align-items: center;"> <div style="border: 1px solid #ccc; flex-grow: 1;"></div> <div style="margin-left: 5px;">▼</div> </div>	0.00%	✕

Account Details dialog box – Holdings tab (Level 2 Plan)

3. 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**.
4. To manually set the return rates for the holding, click the **Return Rates** link to open the **<holding> Return Rates** dialog box. Select **Override**, and then change the appropriate return rates and standard deviations.

Entering a hold on a holding within an account


To stop a specific portion of a holding within an account from being included in asset reallocation, follow these steps:

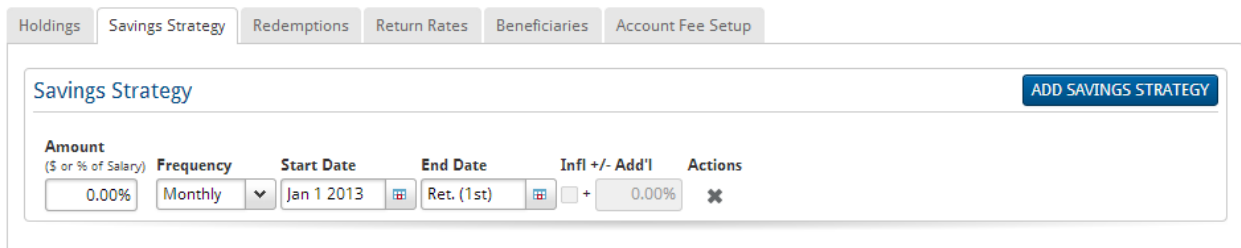
1. Go to the **Enter Financial Data – Net Worth – Accounts** page.
2. Click .
3. On the **Holdings** tab in the **Hold %/\$** field, enter either the percentage or the dollar value of the specific holding that should be excluded from asset reallocation.

Entering savings strategies for accounts

Savings strategies can be set up either when entering an account or at a later time.

To define regular savings or contributions to an account, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Accounts** page.
2. Under **Qualified and Non-Qualified Accounts**, click  for the appropriate account.
3. Go to the **Savings Strategy** tab.
4. Click **Add Savings Strategy**.



Amount (\$ or % of Salary)	Frequency	Start Date	End Date	Infl +/- Add'l	Actions
0.00%	Monthly	Jan 1 2013	Ret. (1st)	0.00%	X

Account Details dialog box – Savings Strategy tab (showing an IRA)


5. Enter either the dollar amount or percentage of salary to be contributed and the frequency of the savings contribution. Ensure dollar values under 25 are entered with a dollar sign, or they are assumed to be percentages. For certain qualified accounts, to have the employee contribute the maximum amount as the federal limit increases, type **max** in the appropriate **Amount** field.
6. Enter the **Start Date** and **End Dates** of the strategy.
7. To index the strategy for inflation, select the **Infl** option. To index by an amount greater or less than the default inflation rate, enter a different percentage in the **+/- Add'l** field.

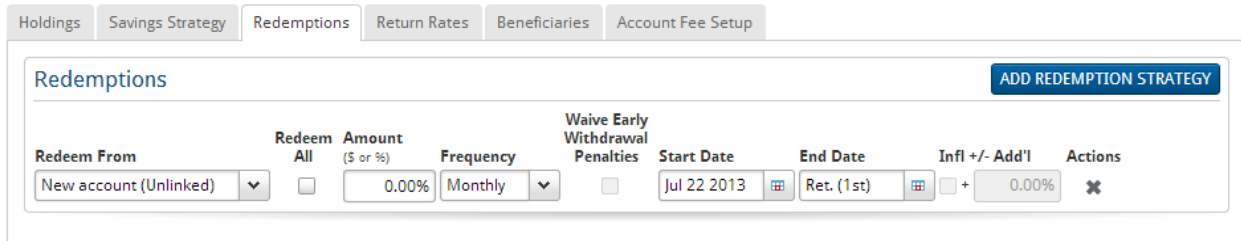
Note: The **Infl** option is not accessible when a percentage of salary is entered.

Setting up a redemption strategy for an account (Level 2, Detailed Tax)

You can enter a redemption strategy for any account type to redeem an account over a period of time, or you can redeem an account in full as a lump sum.

To set up a redemption strategy, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Accounts** page.
2. Under **Qualified and Non-Qualified Accounts**, click  for the appropriate account.
3. Go to the **Redemptions** tab.



The screenshot shows the 'Redemptions' tab selected in the 'Account Details' dialog box. The 'Redemptions' section contains the following fields and options:

- Redeem From:** A dropdown menu showing 'New account (Unlinked)'.
- Redeem All:** A checkbox that is currently unchecked.
- Amount (\$ or %):** A text input field containing '0.00%'.
- Frequency:** A dropdown menu showing 'Monthly'.
- Waive Early Withdrawal Penalties:** A checkbox that is currently unchecked.
- Start Date:** A date picker showing 'Jul 22 2013'.
- End Date:** A date picker showing 'Ret. (1st)'.
- Infl +/- Add'l:** A text input field containing '0.00%'.
- Actions:** A button with a cross icon.

A blue button labeled 'ADD REDEMPTION STRATEGY' is located in the top right corner of the dialog box.

Account Details dialog box – Redemptions tab – Redemptions section (Level 2 Plan, Detailed Tax method)


4. To redeem a portion of the account or all of the account over time, in the **Amount (\$ or %)** field, enter either the percentage of the account to redeem or an amount to redeem periodically based on the selection from the **Frequency** menu.
OR
To redeem the entire account as a lump sum, select the **Redeem All** option.
5. Select the **Frequency** of redemptions.
6. If applicable, for qualified accounts select the **Waive Early Withdrawal Penalties** option to exclude penalties due if the asset is withdrawn early.
7. Enter the **Start Date** and **End Dates** of the redemption strategy.
Note: The **End Date** field is not accessible if **Redeem All** or **Lump Sum** is selected.
8. To index the strategy for inflation, select the **Infl** option. To index by an amount greater or less than the default inflation rate, enter a different percentage in the **+/- Add'l** field.
Note: The **Infl** option is not accessible when **Redeem All** or **Lump Sum** is selected or a percentage of the account is entered.
9. Click **OK** to save the redemption strategy.

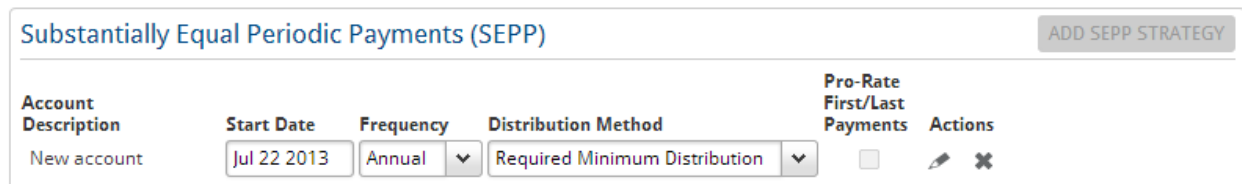
Setting up a SEPP strategy for an account (Level 2, Detailed Tax)

You can enter a substantially equal periodic payments (SEPP) strategy for certain qualified accounts. If an account does not qualify for SEPP redemptions, the **Substantially Equal Periodic Payments (SEPP)** section of the **Account Details** dialog box does not appear.



Note: Only one SEPP strategy can be added to an account.

To set up a SEPP strategy, follow these steps:


1. Go to the **Enter Financial Data – Net Worth – Accounts** page.
2. Under **Qualified and Non-Qualified Accounts**, click  for the appropriate account.
3. Go to the **Redemptions** tab, click the **Substantially Equal Periodic Payments (SEPP)** link, and then click **Add SEPP Strategy**.

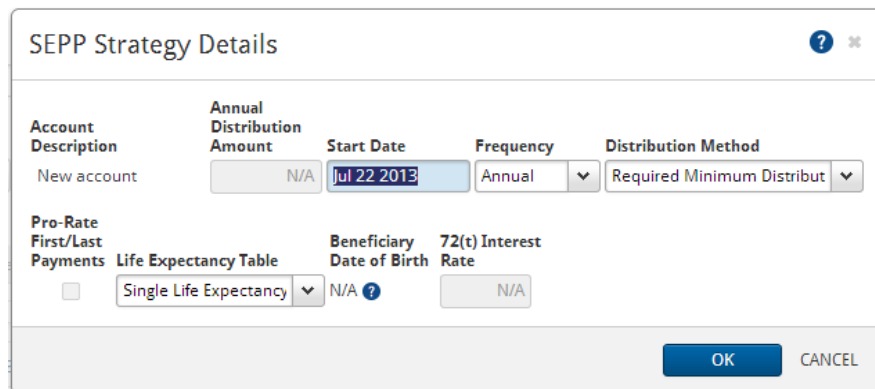


The dialog box is titled "Substantially Equal Periodic Payments (SEPP)" with an "ADD SEPP STRATEGY" button in the top right. It contains a table with the following columns: Account Description, Start Date, Frequency, Distribution Method, Pro-Rate First/Last Payments, and Actions. The first row shows "New account", "Jul 22 2013", "Annual", "Required Minimum Distribution", an unchecked checkbox, and edit/delete icons.

Account Description	Start Date	Frequency	Distribution Method	Pro-Rate First/Last Payments	Actions
New account	Jul 22 2013	Annual	Required Minimum Distribution	<input type="checkbox"/>	 

Account Details dialog box – Redemptions tab – Substantially Equal Period Payments (SEPP) section (Level 2 Plan, Detailed Tax method)

4. Enter the **Start Date** of the SEPP.
5. Select the payment **Frequency**.
6. From the **Distribution Method** menu, select the method of payment.
7. If applicable, select **Pro-Rate First/Last Payments**.
8. To specify the life expectancy table to use for calculating payments, and an interest rate, click .



The dialog box is titled "SEPP Strategy Details" with a help icon and a close button. It contains the following fields:

- Account Description:** New account
- Annual Distribution Amount:** N/A
- Start Date:** Jul 22 2013
- Frequency:** Annual
- Distribution Method:** Required Minimum Distribut
- Pro-Rate First/Last Payments:** ☐
- Life Expectancy Table:** Single Life Expectancy
- Beneficiary Date of Birth:** N/A
- 72(t) Interest Rate:** N/A


Buttons: OK, CANCEL

SEPP Strategy Details dialog box

Overriding calculated return rates for accounts

NaviPlan calculates an overall return rate for an account based on the return rates and dollar value of the holdings in the account. You can override the return rates for any account.

To override calculated return rates for an account, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Accounts** page.
2. Under **Qualified and Non-Qualified Accounts**, click  for the appropriate account.
3. Go to the **Return Rates** tab.

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


Account Details dialog box – Return Rates tab

4. Select the **Override** option, and then revise the return rates and standard deviations.

Setting up beneficiaries for a non-qualified account

You can specify primary and contingent beneficiaries for non-qualified accounts.

To set up beneficiaries, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Accounts** page.
2. Under **Qualified and Non-Qualified Accounts**, click  for the appropriate non-qualified account.
3. Go to the **Beneficiaries** tab.

	Beneficiaries
Primary Beneficiary	Surviving Client
Contingent Beneficiary	Estate

Account Details dialog box – Beneficiaries tab (joint analysis)

4. Select the **Primary Beneficiary** and the **Contingent Beneficiary**.


Note: For plans using a joint analysis, the **Primary Beneficiary** is always the surviving client.

Setting up a qualified account

This procedure applies to qualified accounts other than 529 plans.

Note: The options available on the *Qualified Account Setup* tab are dependent on the *Account Type* selected.

To set up a qualified account, follow these steps:

1. Go to the *Enter Financial Data – Net Worth – Accounts* page.
2. Under *Qualified and Non-Qualified Accounts*, click  for the appropriate qualified account.
3. Go to the *Qualified Account Setup* tab.
4. Select the *Primary Beneficiary* and the *Contingent Beneficiary*.
5. **Level 2** If income with respect to a decedent (IRD) taxes are not applicable, select the **Multi-Generational** option. If this option is selected, the asset will pass to the beneficiary (and not to the client or co-client). Estate taxes may be due, but IRD taxes will be avoided.
6. To waive early withdrawal penalties for an account or a fixed or variable annuity, select the **Waive early withdrawal penalties** option.
7. If the plan type is 403(b), in the *Pre-1987 Account Balance* field, enter the value of the plan on December 31, 1986. Required minimum distribution payments on the pre-1987 portion of the account will be delayed until retirement or age 75 (whichever is later).
8. If the client's retirement date is after age 70½ (the milestone is defined on the *Plan Management – Assumptions – Milestones* page) and the client is permitted to delay required minimum distributions beyond this age, select the **Delay RMDs to Retirement** option.
 - If the **Delay RMDs to Retirement** option is not selected, NaviPlan ensures that contributions to the plan cease no later than the year in which the client turns 70½ and that RMDs will begin in the year in which the client turns 70½, even if the client's retirement age has been defined as older than 70½.

Note: If the client's retirement begins before age 70½, this option does not appear. This step does not apply to IRA, spousal IRA, Roth IRA, Roth 401(k), and Roth 403(b) accounts.

9. For *Other Salary Deferral*, *Generic Employer-Paid Plan*, or *Generic Self-Employed Plan*, select the **Treat As Deferred Compensation Plan (i.e. no RMDs)** option. These account types do not require minimum distributions.

Holdings	Savings Strategy	Redemptions	Return Rates	Qualified Account Setup	Account Fee Setup
Primary Beneficiary		Susan ▼			
Contingent Beneficiary		Estate ▼			
Multi-Generational		<input type="checkbox"/>			
Waive early withdrawal penalties		<input type="checkbox"/>			
Delay RMDs ?		<input type="checkbox"/> ▼			
RMD Payment Frequency		Monthly ▼			
Make Annual Payments In		January ▼			
End-of-Year Market Value as of 2012 ?		<input type="checkbox"/> \$0			


Account Details dialog box – Qualified Account Setup tab (Level 2 Plan, Detailed Tax method, Other Salary Deferral account type selected)

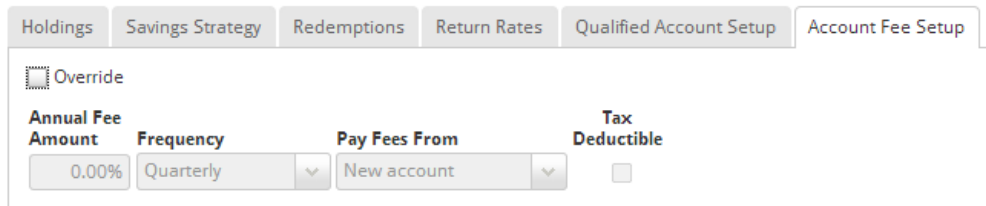
10. **A. Tax** To apply state taxes to the taxable portion of distributions from this account, select the **State taxable** option.
Note: The **State taxable** option does not appear for 457 and Roth accounts.
11. Select the **RMD Payment Frequency**. If **Annual** is selected, select the month in which the annual payment will be made.
12. To change the market value used to calculate the minimum payout, select the **End-of-Year Market Value** option, and then enter a new value in the field to the right.

Setting the account fee for an account

NaviPlan allows you to set a default account fee for the client from the **Settings** menu – **Plan Settings – General** tab, and for a plan on the **Plan Management** section – **Assumptions – General**. You can also set the account fee for an individual account in the **Account Details** dialog box.

To set the account fee for an account, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Accounts** page.
2. Under **Qualified and Non-Qualified Accounts**, click  for the appropriate account.
3. Go to the **Account Fee Setup** tab.



Holdings Savings Strategy Redemptions Return Rates Qualified Account Setup **Account Fee Setup**

☐ Override

Annual Fee Amount	Frequency	Pay Fees From	Tax Deductible
0.00%	Quarterly	New account	<input type="checkbox"/>


Account Details dialog box – Account Fee Setup tab (Detailed Tax method)

4. Select **Override**.
5. Adjust the account fee details as required.

Note: The **Tax Deductible** option is available only when using the Detailed Tax method.

Setting up a 529 plan or Coverdell account

To set up a 529 plan or Coverdell account, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Accounts** page.
2. Click **Add Account**.
3. From the **Account Type** menu, select **529 Plan** or **Coverdell**.
4. Under **Qualified and Non-Qualified Accounts**, click  for the new account.
5. Select the **Owner, Donor**, and the **Distributions Beneficiary** of the plan. The applicable dependent should be selected as the distributions beneficiary.

Note: For a Coverdell account, the **Distributions Beneficiary** must be a dependent.

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


Note: If the donor and the distributions beneficiary are the same person, assets from the 529 plan are included with the donor's estate.

- Complete the remaining fields as required.

Entering an UTMA or UGMA account

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

To set up an UTMA account, follow these steps:

- Go to the **Enter Financial Data – Net Worth – Accounts** page.
- Click **Add Account**.
- From the **Account Type** menu, select **Non-Qualified**.
- From the **Owner** menu, select the dependent.
- Click  for the appropriate non-qualified account.
- Go to the **UTMA** tab.

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

- Select the **UTMA Account** option, and then from the **UTMA Custodian** and **UTMA Donor** lists, select the custodian and donor.
- Enter the age at which the dependent takes control of the account from the owner.

Entering annuities

You can enter deferred and annuitized annuities directly in NaviPlan Level 1 or Level 2 Plans.

Entering annuities

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

To enter an annuity, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Annuities** page.

Enter Financial Data section – Net Worth category – Annuities page

If you select this annuity type

NaviPlan creates an annuity where

Fixed

Interest rates are fixed.

Variable

Return rates vary depending on how the annuity funds are invested.

Annuitized

The annuity is in the distribution phase and the payments begin before January 1 of the current plan year.

2. To enter a deferred annuity, under **Deferred Annuities**, click **Add Deferred Annuity**, and then select the type of annuity you want to enter.
3. To enter an annuitized annuity, click **Add Annuitized Annuity**.
4. Enter a unique **Description** to identify this annuity, and then select an **Account Type Owner, Annuitant, and Beneficiary**.
 - When **Joint** is selected from the **Annuitant** menu and one client dies, the surviving client receives the payouts until the second death. When the surviving client dies, the selected beneficiary receives the remaining payments.

5. Select an income option (method for receiving annuity payments):

Income option	Calculation
Amount Certain	NaviPlan calculates the duration of annuity payments based on the payment amount.
Term Certain	NaviPlan calculates the payment per \$1,000 based on the number of years the annuity is set to pay out.
Life Income	NaviPlan calculates the payment per \$1,000 based on the annuitant's life expectancy and the guaranteed number of years.
Withdrawals as Needed	Payments do not start automatically when the plan reaches the annuitization date. Instead, NaviPlan redeems funds from the annuity as needed to cover cash flow deficits occurring after this date.
Guaranteed Withdrawal Benefit	Payments are annual withdrawals that are guaranteed for the life of the owner. If Joint is selected as the owner, payments are guaranteed until the first owner dies. Payments are guaranteed even if the value of the annuity's accounts are depleted.

- For a fixed annuity, enter the **Market Value** of the annuity, the **Cost Basis** or **Qualified Basis** as applicable, the **Valuation Date**, the **Pre-Annuitization Return Rate**, and the **Assumed Interest Rate (AIR)** after the annuity begins paying out.
- For a variable annuity, enter the general account **Market Value**, **Cost Basis**, and **Valuation Date**.
- For an annuitized annuity, enter the balance of the **Cost Basis** or **Qualified Basis**.

If you are entering a variable annuity, follow these steps:

1. On the **Subaccounts** tab, enter annuity subaccounts. The total of the market values entered for the variable subaccounts appears in the **Subaccounts Market Value** field, under **Variable Annuity**.
2. If you are using asset class weightings, define the asset class weightings of the subaccounts as explained in **Setting asset allocation assumptions** on page 16.


In the **Annuity Details** dialog box, you can

- Create a new annuity by clicking **Add Deferred Annuity**, and then selecting either an annuity type or **Copy of Current**.
- View or edit another annuity by clicking **Next Entry** or **Previous Entry**.

Entering annuity subaccounts

Variable annuities are made up of one general account and multiple subaccounts. The total of all subaccounts appear in the **Market Value** field under **Subaccounts**.

To enter an annuity subaccount, follow these steps:


1. Go to the **Enter Financial Data – Net Worth – Annuities** page.
2. Click  for the appropriate variable annuity.
3. On the **Subaccounts** tab, enter a unique **Description** of the subaccount and all relevant information.
4. If you are using asset class weightings, classify the asset class weightings for each subaccount as explained in **Setting asset allocation assumptions** on page 16.

Entering payout options for fixed and variable annuities

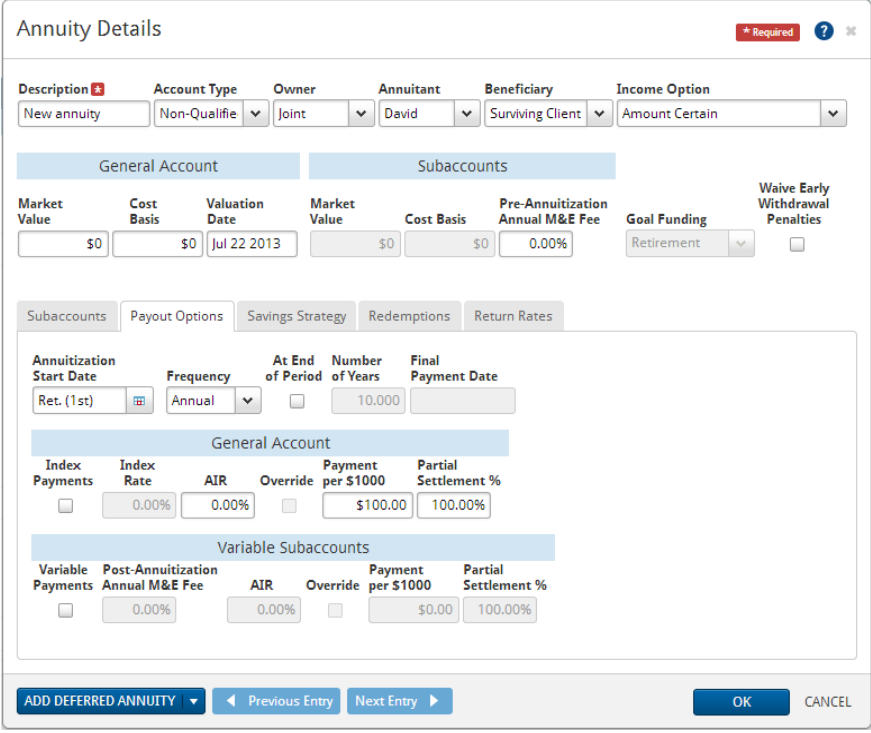
Variable and fixed annuities with the **Withdrawals as Needed** income type do not have payout options.

For information about entering payout options for annuities with the **Guaranteed Withdrawal Benefit** income option, **Entering payout options for fixed and variable annuities** above.

To specify payout options for a variable or fixed annuity, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Annuities** page.
2. Click  for the appropriate variable or fixed annuity.
3. Go to the **Payout Options** tab.

Note: Variable annuities have separate sections for the annuity's general account and variable subaccounts.



The image shows the 'Annuity Details' dialog box with the 'Payout Options' tab selected. The dialog is titled 'Annuity Details' and has a red asterisk indicating required fields. It contains several sections for entering annuity information.

General Information:

- Description: New annuity
- Account Type: Non-Qualified
- Owner: Joint
- Annuitant: David
- Beneficiary: Surviving Client
- Income Option: Amount Certain

General Account:

- Market Value: \$0
- Cost Basis: \$0
- Valuation Date: Jul 22 2013
- Pre-Annuity Annual M&E Fee: 0.00%
- Goal Funding: Retirement
- Waive Early Withdrawal Penalties: ☐

Subaccounts:

- Market Value: \$0
- Cost Basis: \$0
- Pre-Annuity Annual M&E Fee: 0.00%

Subaccounts Tab:

- Subaccounts: ☐ (selected)
- Payout Options: ☐
- Savings Strategy: ☐
- Redemptions: ☐
- Return Rates: ☐

Annuitization:

- Start Date: Ret. (1st)
- Frequency: Annual
- At End of Period: ☐
- Number of Years: 10.000
- Final Payment Date:

General Account:

- Index Payments: ☐
- Index Rate: 0.00%
- AIR: 0.00%
- Override: ☐
- Payment per \$1000: \$100.00
- Partial Settlement %: 100.00%

Variable Subaccounts:

- Variable Payments: ☐
- Post-Annuity Annual M&E Fee: 0.00%
- AIR: 0.00%
- Override: ☐
- Payment per \$1000: \$0.00
- Partial Settlement %: 100.00%

Buttons:

- ADD DEFERRED ANNUITY
- Previous Entry
- Next Entry
- OK
- CANCEL

Annuity Details dialog box – Payout Options tab (showing a variable annuity with Amount Certain income option)


4. Select the start date for the annuity and the payment frequency. If the payments are to be made at the end of the selected payment period, select the **At End Of Period** option.

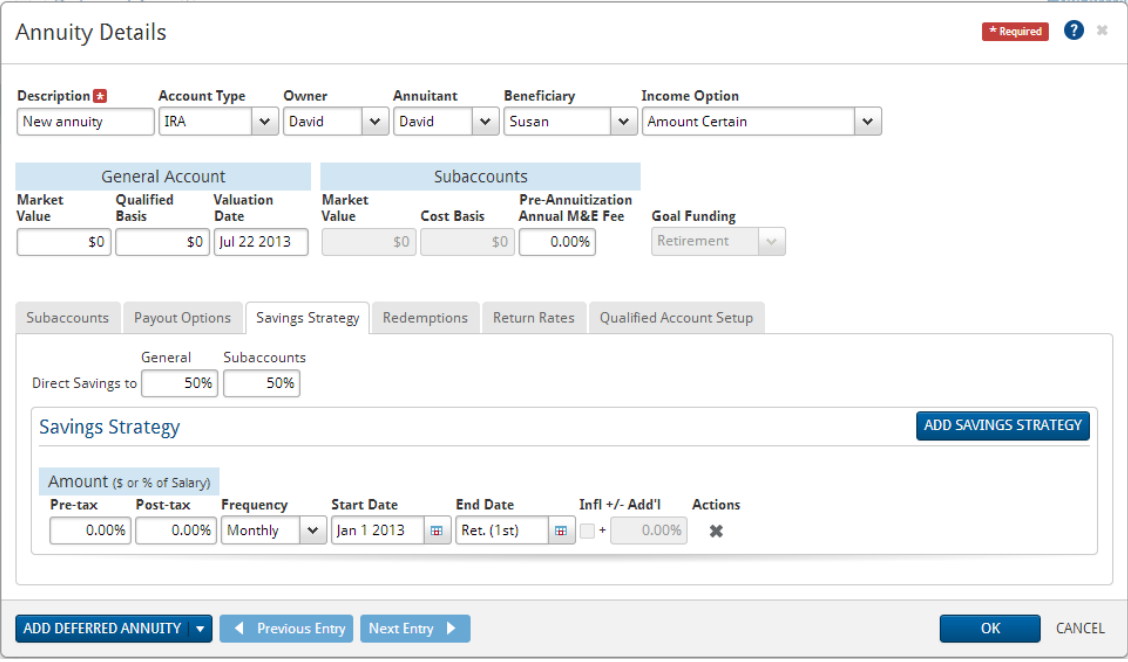
5. If the annuity uses the **Term Certain** income option, enter the number of years the annuity will pay out.
OR
If the annuity uses the **Amount Certain** income option, enter an amount in the **Payment per \$1000** field.
OR
If the annuity uses the **Life Income** income option, enter the guaranteed number of years the annuity will pay out.
6. For variable annuities, if payouts from the **General Account** are indexed, select the **Index Payment** option, and then enter a value in the **Index Rate** field.
7. If the annuity uses the **Life Income** income option and you want to change the **Payment per \$1000** amount, select **Override**, and then enter a new amount.
8. For variable annuities, enter an assumed interest rate (**AIR**) for the **General Account**.
9. If the entire value of the annuity will not be redeemed, enter the percentage of value that will be used for payouts in the **Partial Settlement %** field.
10. For variable annuities, if payouts made from the subaccounts are to be calculated separately from the general account, select **Variable Payments**, and then enter the applicable details under **Variable Subaccounts**.

Entering savings strategies for annuities

Savings strategies can be set up either when entering an annuity, or at a later time.

To define regular savings or contributions to an annuity, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Annuities** page.
2. Under **Deferred Annuities**, click  for the appropriate annuity.
3. Go to the **Savings Strategy** tab.
4. If you are entering savings for a variable annuity, enter the percentages to be directed toward the general account and the subaccounts.
5. Click **Add Savings Strategy**.



The image shows the 'Annuity Details' dialog box with the 'Savings Strategy' tab selected. The dialog has a title bar with 'Annuity Details', a red 'Required' indicator, and a help icon. Below the title bar are fields for Description (New annuity), Account Type (IRA), Owner (David), Annuitant (David), Beneficiary (Susan), and Income Option (Amount Certain). There are two main sections: 'General Account' and 'Subaccounts'. The 'General Account' section has fields for Market Value (\$0), Qualified Basis (\$0), and Valuation Date (Jul 22 2013). The 'Subaccounts' section has fields for Market Value (\$0), Cost Basis (\$0), Pre-Annuity Annual M&E Fee (0.00%), and Goal Funding (Retirement). Below these are tabs for Subaccounts, Payout Options, Savings Strategy (selected), Redemptions, Return Rates, and Qualified Account Setup. The 'Savings Strategy' tab shows 'Direct Savings to' with 'General' at 50% and 'Subaccounts' at 50%. Below this is a table for the savings strategy. The table has columns for Amount (\$ or % of Salary), Pre-tax, Post-tax, Frequency, Start Date, End Date, Inflation +/- Add'l, and Actions. The first row shows 0.00% for Pre-tax and Post-tax, Monthly for Frequency, Jan 1 2013 for Start Date, Ret. (1st) for End Date, and 0.00% for Inflation +/- Add'l. There is an 'ADD SAVINGS STRATEGY' button to the right of the table. At the bottom of the dialog are buttons for 'ADD DEFERRED ANNUITY', 'Previous Entry', 'Next Entry', 'OK', and 'CANCEL'.

Amount (\$ or % of Salary)		Pre-tax	Post-tax	Frequency	Start Date	End Date	Infl +/- Add'l	Actions
0.00%	0.00%	Monthly	Jan 1 2013	Ret. (1st)	0.00%			

Annuity Details dialog box – Savings Strategy tab (showing an IRA)


6. Enter either the dollar amount or percentage of income to be contributed along with the **Frequency** of the contribution.
 - Ensure dollar values under 25 are entered with a dollar sign, or they are assumed to be percentages.
 - For certain qualified annuities, to have the employee contribute the maximum amount as the federal limit increases, enter **max** in the appropriate **Salary** field.
6. Enter the **Start Date** and the **End Date** of the strategy.
7. To index the strategy for inflation, select the **Infl** option. To index by an amount greater or less than the default inflation rate, enter a different percentage in the **+/- Add'l** field.

Note: The **Infl** option is not accessible when a percentage of salary is entered.

Setting up redemption strategies for annuities (Level 2, Detailed Tax)

You can enter a redemption strategy for any deferred annuity type to redeem an annuity over a period of time or you can redeem an annuity in full as a lump sum.

To set up a redemption strategy, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Annuities** page.
2. Under **Deferred Annuities**, click  for the appropriate annuity.
3. Go to the **Redemptions** tab.

The screenshot shows the 'Redemptions' tab in the NaviPlan software. At the top, there are several tabs: 'Subaccounts', 'Payout Options', 'Savings Strategy', 'Redemptions' (which is selected), 'Return Rates', and 'Qualified Account Setup'. Below these tabs is a form titled 'Redemptions' with an 'ADD REDEMPTION STRATEGY' button. The form contains a table with the following columns: 'Redeem From', 'Redeem All', 'Amount (\$ or %)', 'Frequency', 'Waive Early Withdrawal Penalties', 'Start Date', 'End Date', 'Infl +/- Add'l', and 'Actions'. A single row is visible in the table with the following values: 'New annuity(Retirement)', a checked 'All' box, '0.00%', 'Monthly', a checked 'Waive Early Withdrawal Penalties' box, 'Jul 22 2013', 'Ret. (Client)', '0.00%', and an 'X' icon. Below the table is a section titled 'Substantially Equal Periodic Payments (SEPP)' with an 'ADD SEPP STRATEGY' button and a note: 'Click the Add SEPP Strategy button to create a new row.'

Annuity Details dialog box – Redemptions tab – Redemptions details (Level 2 Plan, Detailed Tax method)


4. To redeem a portion of the annuity or all of the annuity over time, in the **Amount (\$ or %)** field, enter either the percentage of the annuity to redeem or an amount to redeem periodically based on the selection from the **Frequency** menu.
- OR
- To redeem the entire annuity as a lump sum, select the **Redeem All** option.
5. From the **Frequency** menu, select how often the redemptions will occur.
6. If applicable, for qualified annuities select the **Waive Early Withdrawal Penalties** option to exclude penalties due if the asset is withdrawn early.
7. In the **Start Date** field, enter the date the redemption should start.
8. In the **End Date** field, enter the date the redemptions should end.
Note: The **End Date** field is not accessible if **Redeem All** or **Lump Sum** is selected.
9. To index the strategy for inflation, select the **Infl** option. To index by an amount greater or less than the default inflation rate, enter a different percentage in the **+/- Add'l** field.
Note: The **Infl** option is not accessible when **Redeem All** or **Lump Sum** is selected or a percentage of the annuity is entered in the **Amount** field.
10. Click **OK** to save the redemption strategy.



Setting up a SEPP strategy for an annuity (Level 2, Detailed Tax)

You can enter a substantially equal periodic payments (SEPP) strategy for certain qualified annuities. If an annuity does not qualify for SEPP redemptions, the **Substantially Equal Periodic Payments (SEPP)** section of the **Annuity Details** dialog box does not appear.


Note: Only one SEPP strategy can be added to an annuity.

To set up a SEPP strategy, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Annuities** page.
2. Under **Deferred Annuities**, click  for the appropriate annuity.
3. Go to the **Redemptions** tab, and then click **Substantially Equal Periodic Payments (SEPP)**.

Substantially Equal Periodic Payments (SEPP)						ADD SEPP STRATEGY
Account Description	Start Date	Frequency	Distribution Method	Pro-Rate First/Last Payments	Actions	
New annuity	Jul 22 2013	Annual	Required Minimum Distribution	<input type="checkbox"/>		

Annuity Details dialog box – Redemptions tab – Substantially Equal Period Payments (SEPP) details (Level 2 Plan, Detailed Tax method)

4. Enter the **Start Date** of the SEPP.
5. Select the payment **Frequency**.
6. From the **Distribution Method** menu, select the method of payment.
7. If applicable, select **Pro-Rate First/Last Payments**.
8. To specify the life expectancy table to use for calculating payments and an interest rate, click .

SEPP Strategy Details					
Account Description	Annual Distribution Amount	Start Date	Frequency	Distribution Method	
New annuity	N/A	Jul 22 2013	Annual	Required Minimum Distribut	
Pro-Rate First/Last Payments	Life Expectancy Table	Beneficiary Date of Birth	72(t) Interest Rate		
<input type="checkbox"/>	Single Life Expectancy	N/A	N/A		
				OK CANCEL	


SEPP Strategy Details dialog box

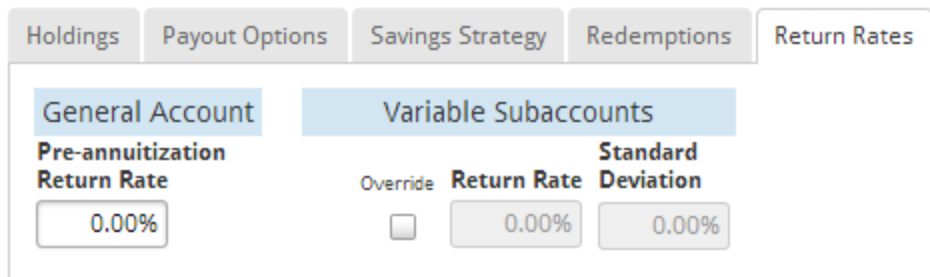
9. To save the SEPP details, click **OK**.
10. In the **Annuity Details** dialog box, click **OK** to save the SEPP strategy.

Overriding calculated return rates for variable annuities

NaviPlan calculates an overall return rate for variable annuities based on the return rates and dollar value of their subaccounts.

To override calculated return rates, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Annuities** page.
2. Under **Deferred Annuities**, click  for the appropriate annuity.
3. Go to the **Return Rates** tab.



General Account	Variable Subaccounts		
Pre-annuitization Return Rate	Override	Return Rate	Standard Deviation
0.00%	<input type="checkbox"/>	0.00%	0.00%


Annuity Details dialog box – Return Rates tab



4. Under **General Account**, enter a value in the **Pre-annuitization Return Rate** field.
5. To override the return rates that apply to variable subaccounts, under **Variable Subaccounts**, select the **Override** option, and then enter new **Return Rate** and **Standard Deviation** values.

Setting up a qualified annuity


Note: The options available on the Qualified **Account Setup** tab are dependent on the **Account Type** selected.

To set up a qualified annuity, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Annuities** page.
2. Under **Deferred Annuities** or **Annuitized Annuities**, click  for the appropriate qualified account or annuity.
3. Go to the **Qualified Account Setup** tab.
4. Select the **Primary Beneficiary** and **Contingent Beneficiary**.
5. To waive early withdrawal penalties for an account or a fixed or variable annuity, select the **Waive early withdrawal penalties** option.
6. **Level 2** If income in respect of decedent (IRD) taxes are not applicable, select the **Multi-Generational** option. When this option is selected, the asset will pass to the beneficiary (and not to the client or co-client). Estate taxes may be due, but IRD taxes will be avoided.
7. If the plan type is 403(b), in the **Pre-1987 Account Balance** field, enter the value of the plan on December 31, 1986. Required minimum distribution payments on the pre-1987 portion of the account will be delayed until retirement or age 75 (whichever is later).
8. If the client's retirement date is after age 70½ (the milestone is defined on the **Plan Management – Assumptions – Milestones** page) and the client is permitted to delay required minimum distributions beyond this age, select the **Delay RMDs to Retirement** option.
Note: If the client's retirement begins before age 70½, this option does not appear. This step does not apply to IRA, spousal IRA, Roth IRA, Roth 401(k), and Roth 403(b) accounts.
 - If the **Delay RMDs to Retirement** option is not selected, NaviPlan ensures that contributions to the plan cease no later than the year in which the client turns 70½ and that RMDs will begin in the year in which the client turns 70½, even if the client's retirement age has been defined as older than 70½.
9. For **Other Salary Deferral**, **Generic Employer-Paid Plan**, or **Generic Self-Employed Plan**, select the **Treat As Deferred Compensation Plan (i.e. no RMDs)** option. These account types do not require minimum distributions.

Subaccounts	Payout Options	Savings Strategy	Redemptions	Return Rates	Qualified Account Setup
Primary Beneficiary			Susan		
Contingent Beneficiary			Estate		
Multi-Generational			<input type="checkbox"/>		
Waive early withdrawal penalties			<input type="checkbox"/>		
Delay RMDs 			<input type="checkbox"/>		
RMD Payment Frequency			Monthly		
Make Annual Payments In			January		
End-of-Year Market Value as of 2012 			<input type="checkbox"/>	\$0	

Annuity Details dialog box – Qualified Account Setup tab (Level 2 Plan, Average Tax method, fixed annuity, Other Salary Deferral account type)

10.  To apply state taxes to the taxable portion of distributions from this account, select the **State taxable** option.
Note: The **State taxable** option does not appear for 457 and Roth accounts.
11. From the **RMD Payment Frequency** menu, select the desired frequency. If **Annual** is selected, select the month in which the annual payment will be made.
12. To change the market value used to calculate the minimum payout, select the **End-of-Year Market Value** option, and then enter a new value in the field to the right.

Entering equity compensation

The **Equity Compensation** module is only available in Level 2 Plans that use the Detailed Tax method.

On the **Equity Compensation** page, you can enter stock options and restricted stock awards.

Entering stock options (Level 2)

In NaviPlan, the term stock options refers to compensatory stock options and not the trading of stock options. A stock option gives an individual the right to purchase a set number of shares at a fixed price at some point in the future.

Clients can own stock options individually or jointly, but dependents cannot. You can enter all your clients' compensatory stock options on the **Financial Picture** section – **Net Worth** category – **Equity Compensation** page.

To enter a new compensatory stock option, follow these steps:

1. Go to the **Enter Financial Data** section – **Net Worth** category – **Equity Compensation** page.
2. To enter a new stock option, click **Add Stock Option**, and then select **Non-Qualified Stock Option** or **Incentive Stock Option**.

Asset Class Weightings	Override	Annual Dividend per Unit	Growth Rate	Standard Deviation
Large Cap Value Equity	<input type="checkbox"/>	\$0.0000	7.09%	17.35%

Stock Option Details dialog box – Return Rates tab

3. In the **Description** field, enter a unique name for the stock, and then complete all the required fields.
4. From the **Asset Class Weightings** menu on the **Return Rates** tab, select an asset class if the account is fully weighted in one asset class.
OR
If the account is weighted in multiple asset classes, select **Manual Classification** from the **Asset Class Weightings** menu. The **Asset Class Weightings Details** dialog box opens. Assign percentages to various asset classes to equal 100%, and then click **OK**.

Note: If you are using predefined asset allocation, you can search for asset class weightings. [Searching the asset classifier database on page 63.](#)

5. If you will not be using return rate associated with the selected asset class weighting, select the **Override** option, and then enter the return rate values.
6. When you've finished entering the applicable details of the stock option, go to the **Vesting and Expiry** tab.

Return Rates
Vesting and Expiry
Exercise Schedule

Vesting

Dec 31 2012	0.00%	After 6 years	0.00%
After 1 year	20.00%	After 7 years	0.00%
After 2 years	20.00%	After 8 years	0.00%
After 3 years	20.00%	After 9 years	0.00%
After 4 years	20.00%	After 10 years	0.00%
After 5 years	20.00%	Total	100.00%

☒ Auto-vest on retirement
☐ If retirement is on or after age

☒ Auto-vest on death

Expiry

☒ No expiry
☐ All options expire years and months after granting

Stock Option Details dialog box – Vesting and Expiry tab

- Define when the stock options will vest and when they will expire.
- Go to the **Exercise Schedule** tab.

Return Rates
Vesting and Expiry
Exercise Schedule

☐ Sell All Exercised Options Sale Date

Exercise Schedule

ADD EXERCISE

Exercise On		Number of Options to Exercise		Market Value per Unit when Exercised		Autoredeemption		Direct Proceeds To	Account Details	Actions
Expiry	Date	All Vested	Number of Options	# Sold Prior to 2013	Calculate	Market Value per Unit	Type			
<input checked="" type="checkbox"/>	<input type="text" value=""/>	<input checked="" type="checkbox"/>	<input type="text" value=""/>	<input type="text" value=""/>	<input checked="" type="checkbox"/>	<input type="text" value=""/>	None	0.00%	<input type="text" value=""/>	
<input type="checkbox"/>	Death (Client)	<input checked="" type="checkbox"/>	<input type="text" value=""/>	<input type="text" value=""/>	<input checked="" type="checkbox"/>	<input type="text" value=""/>	None	0.00%	<input type="text" value=""/>	

Stock Option Details dialog box – Exercise Schedule tab

- Specify when the stock options will be exercised by entering an event or date, and then enter any related details regarding the exercise.

Entering restricted stock awards (Level 2)

The term restricted stock refers to the awarding of actual stock or shares in a company as opposed to the right to buy stock in the future.

Clients can own stock options individually or jointly, but dependents cannot. You can enter all your clients' restricted stock on the **Financial Picture** section – **Net Worth** category – **Equity Compensation** page.

To enter a new restricted stock award, follow these steps:

1. Go to the **Enter Financial Data** section – **Net Worth** category – **Equity Compensation** page.
2. To enter a new restricted stock award, click **Add Restricted Stock**.

Restricted Stock Details dialog box – Return Rates tab



3. In the **Description** field, enter a unique name for the stock, and then complete all the required fields.
4. From the **Asset Class Weightings** menu on the **Return Rates** tab, select an asset class if the account is fully weighted in one asset class.
OR
If the account is weighted in multiple asset classes, select **Manual Classification** from the **Asset Class Weightings** menu. The **Asset Class Weightings Details** dialog box opens. Assign percentages to various asset classes to equal 100%, and then click **OK**.

Note: If you are using predefined Asset Allocation option, you can search for asset class weightings. [Searching the asset classifier database on the next page.](#)

5. If you will not be using return rate associated with the selected asset class weighting, select the **Override** option, and then enter the return rate values.
6. When you've finished entering the applicable details of the stock option, go to the **Vesting and Release** tab.
7. Define when the stock will vest and a release strategy, and then enter any other related details.

Defining asset class weightings

You can define asset class weightings for the following asset types:

- Accounts on the **Accounts** page and in the **Account Details** dialog box.
- Variable annuities on the **Annuities** page and in the **Annuities Details** dialog box.
-  Stock options in the **Stock Option Details** dialog box.
-  Restricted stock in the **Restricted Stock Details** dialog box.

To define asset class weightings for any of the above asset types, do one of the following:

- If the asset belongs to a single asset class, select that asset class from the **Asset Class Weightings** menu.
- If the asset 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**.
- If you have the predefined Asset Allocation option and you know the symbol for the asset you are modifying, enter it in the **Symbol** field, and then click **Classify**. NaviPlan enters the description and asset class weighting for the symbol.
- If you have the predefined Asset Allocation option and you want to classify the asset but do not know the symbol of the asset you are modifying, you can search the predefined Asset Allocation database as shown in **Searching the asset classifier database** below.

Searching the asset classifier database

If you have the predefined Asset Allocation option, you can search for an asset classifier to use in the asset class weightings.

To search the asset classifier database, do the following:

1. Go to the page or dialog box of the asset for which you want to set the asset class weightings.
2. From the **Asset Class Weightings** menu, select **Search**.

Search

Ticker Symbol

CUSIP

Type

▼

Asset Class

▼

Description

Please use wildcards(*) in your searches

Asset Class Weighting Details dialog box

- Under **Asset Class Weightings Options**, select **Use Asset Classifier Search**.
- Under **Search**, enter the search criteria, and then click **Search**. The results of the search appear under **Results**. 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.
- Under **Results**, select the appropriate asset, and then click **OK**.

Editing asset class weightings (Level 2)

In addition to editing asset class weightings from the asset’s dialog box, you can also edit asset class weightings for any account, annuity, stock option, and restricted stock on the **Asset Class Weightings** page.

To edit the asset class weightings of an existing asset, follow these steps:

- Go to the **Enter Financial Data – Net Worth – Asset Class Weightings** page.

Assets/Liabilities	Accounts	Annuities	Equity Compensation	Asset Class Weightings
Assets: New account (Account)				
Selected Asset Summary - Account				
Description	Account Type	Owner	Market Value	Cost Basis
New account	Non-Qualified	Joint	\$0	\$0
Asset Class Weightings				
Class Name	Class Percentage	Class Name	Class Percentage	
Large Cap Growth Equity	0.00%	Large Cap Value Equity	0.00%	
Mid Cap Equity	0.00%	Small Cap Equity	0.00%	
US REITs	0.00%	International Equity	0.00%	
Emerging Markets Equity	0.00%	Long Term Bonds	0.00%	
Intermediate Term Bonds	0.00%	Short Term Bonds	0.00%	
High Yield Bonds	0.00%	International Bonds	0.00%	
Cash	0.00%			
Total			0.00%	

Enter Financial Data section – Net Worth category – Asset Class Weightings page (Level 2 Plan)

- Under **Assets**, select the desired asset.
- If the asset contains holdings, select a holding.
- Under **Asset Class Weightings**, enter the appropriate weightings of the asset classes.

Generating the Asset/Liabilities report

The **Asset/Liabilities** report provides a summary of all the assets, liabilities, accounts, annuities, stock options, and restricted stock awards entered in the plan.

To generate the **Asset/Liabilities** report, follow these steps:

1. Go to the **Enter Financial Data** section – **Net Worth** category – **Assets/Liabilities** page.
2. Click **Assets/Liabilities Report**.
3. To generate a printer-friendly report, click **PDF** or **Word**. NaviPlan generates and opens the report in the selected format.

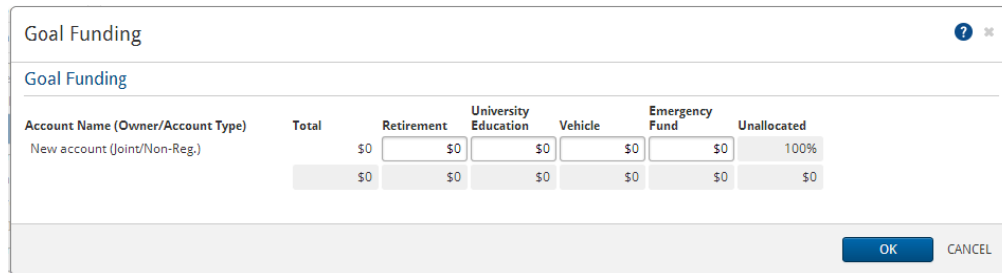
Funding goals

You can allocate all or a portion of an account to fund specific goals. By default, annuities fund the retirement goal and the funding cannot be adjusted. Qualified retirement accounts fund the retirement goal by default, but can be modified to fund education and major purchase goals as well. Qualified education accounts can fund only education goals.

1. On the **Enter Financial Data – Net Worth – Accounts** page, click **Goal Funding**.

OR

Go to the **Set Goals – Goal Funding** page.



The dialog box is titled "Goal Funding" and contains a table for allocating funds to various goals. The table has columns for "Account Name (Owner/Account Type)", "Total", "Retirement", "University Education", "Vehicle", "Emergency Fund", and "Unallocated". There are two rows of data. The first row shows a "New account (Joint/Non-Reg.)" with a total of \$0 and 100% unallocated. The second row shows a total of \$0 with all other goals at \$0.

Account Name (Owner/Account Type)	Total	Retirement	University Education	Vehicle	Emergency Fund	Unallocated
New account (Joint/Non-Reg.)	\$0	\$0	\$0	\$0	\$0	100%
	\$0	\$0	\$0	\$0	\$0	\$0

OK CANCEL

Goal Funding dialog box

2. For each account and goal, enter any combination of percentages, dollar amounts, or the keyword **balance** to allocate funds to applicable goals.

Overriding previously accrued investment income

NaviPlan calculates the clients' accrued investment income on non-qualified accounts for tax purposes automatically based on the valuation date of the clients' accounts.

To override the accrued investment income amounts, follow these steps:

1. Go to the **Enter Financial Data – Net Worth – Accounts** page.
2. Click **Previously Incurred Investment Activity**.

Previously Incurred Investment Activity

Enter the estimated investment income accrued before the valuation date on all non-qualified accounts.

Previously Accrued Investment Income

☐ Override

Interest

\$0

Dividends

\$0

Short-Term Capital Gains

\$0

Long-Term Capital Gains

\$0

Tax Free

\$0

Qualified Proceeds

\$0

☐ Include income above in cash flow

Previously Paid Account Fees

☐ Override

Client

Co-Client

Deductible Account Fees

Paid from Cash Flow

\$0

\$0

Paid from Account

\$0

\$0

Non-Deductible Account Fees

\$0

\$0

OK

CANCEL

Previously Incurred Investment Activity dialog box (Level 2 Plan)

3. Under **Previously Accrued Investment Income**, select the **Override** option and then edit the values as required.

Note: The estimate of investment income before the valuation date applies only to non-qualified accounts.

4. To include qualified proceeds that have been received by the clients before the **Plan Analysis Date** and are subject to tax, select the **Include income above in cash flow** option, and then enter an amount in the **Qualified Proceeds** field.

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Chapter 4: Entering cash flow information

This chapter explains how to enter your clients' cash flow. You can enter incomes, Social Security assumptions, government pensions, defined benefit pensions, regular expenses, and surplus expenses.

Additional cash flow options are available when the optional **Detailed Cash Flow** module is selected on the **Modules** page.

In this chapter:



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Cash flow calculations

These calculations apply to all plan levels, unless specific levels are mentioned.

NaviPlan makes the following annual calculations:

Clients' cash inflows for the year

- Annual asset returns, based on how you define the assumptions for each asset, such as:
 - The asset class weightings and the return rates assigned to each asset class.
 - The return rates entered for each specific asset.
 - The valuation date for each account or holding.
- All itemized income from other sources (entered on the **Enter Financial Data – Cash Flow** page), such as salaries.
- Income from annuitized annuities entered on the **Enter Financial Data – Net Worth – Annuities** page.
-   Equity compensation in the form of stock options or restricted stock that has proceeds directed to cash flow as entered on the **Enter Financial Data – Net Worth – Equity Compensation** page.
- Special income, such as the tax-free proceeds of new loans, redemptions from assets used to fund goals, income from trusts, as well as the proceeds from life, disability, and long-term care insurance policies.

Special incomes are not entered on the **Enter Financial Data – Cash Flow** page, but instead are calculated by NaviPlan based on information entered in other parts of the plan. For example, when a loan is entered on the **Enter Financial Data – Net Worth – Assets/Liabilities** page, NaviPlan automatically counts the loan principal as special income.

Clients' scheduled cash outflows for the year

- NaviPlan calculates the income tax due on asset returns based on the income tax method selected.
 - When the **Detailed Tax** method is selected in the plan, NaviPlan applies bracketed federal taxes that consider an extensive number of deductions and credits.
 - When the **Average Tax** method is selected in the plan, depending on the asset types, NaviPlan uses average, short-term capital gains, long-term capital gains, or marginal tax rates (entered under **Tax Rates** on the **Plan Management – Assumptions – General** page).

- The default marginal, average, and capital gains tax rates displayed on the **Plan Management – Assumptions – General** page for each income range are average federal and state rates.
 - To use a particular state's tax rates, enter those rates on the **General** page under **Tax Rates**. You can change the default state tax rate for all new plans on the **User Preferences - Plan Settings** dialog box – **General** tab (accessed from the **User Preferences** menu – **Plan Settings**).
- NaviPlan deducts amounts such as qualified contributions or tax-deductible interest from the clients' taxable income from other sources, and then, applies the average tax rate (or bracketed federal tax rate if using the **Detailed Tax** method) to calculate income tax liability generated by sources other than taxable portfolios.

Note: Deductible amounts are calculated by NaviPlan based on the information entered in the plan. You do not have to specifically enter them anywhere.
- NaviPlan adds all the clients' expenses for the year including the following:
 - Expenses entered on the **Enter Financial Data – Cash Flow** page.
 - Expenses associated with goals (entered in the **Set Goals** section).
 - Loan payments (calculated by NaviPlan based on information entered in the **Enter Financial Data – Net Worth** category).
 - Investment expenses entered under **Annual Account Fees** on the **Plan Management – Assumptions – General** page.
 - Savings strategies entered on the **Account Details** dialog box – **Savings Strategy** tab and the **Annuities Details** dialog box – **Savings Strategy** tab.
 - Life, disability, and long-term care insurance premiums (calculated by NaviPlan based on information entered in the **Enter Financial Data – Insurance Coverage** category).

Note: Expenses associated with goals are funded by dedicated assets, while all other expenses are paid from cash flow. If non-qualified assets owned by the client or co-client that are linked to an education or major purchase goal provide more funds than are required by that goal, the excess is used to fund the retirement goal. Non-qualified assets owned by dependents are excluded from funding the retirement goal.

- **Level 2** NaviPlan adds the clients' other scheduled cash outflows (from strategies entered in the **Enter Financial Data – Strategies** category), and reinvestment of income from assets.



Clients' current year cash flow surplus or deficit

Calculates the clients' current year net cash flow (cash inflows minus cash outflows). If the cash flow is positive, surplus cash exists. If the cash flow is negative, a cash flow deficit exists.

Manages cash flow surpluses and deficits

1. Allocates any cash surplus according to the clients' surplus savings strategies. Each strategy is fully funded before any surplus cash is allocated to the next one entered.

You can view the clients' cash flow surpluses, deficits, and asset redemptions in the **Itemized Cash Flow Projection** report (**Quick Actions – Reports – Cash Flow**) and the **Accumulation and Redemption of Retirement Capital** graph (**Quick Actions – Reports – Capital Accumulation and Redemption – Retirement**).

2. Keeps track of any pre-retirement cash flow deficits.
3. During retirement, redeems assets at the end of the year to cover the retirement goal. By default, funds are used in the following order:
 - a. Any reinvestment of income from non-qualified assets that would be made at year end.
 - b. Non-qualified assets in the following order:
 - i. Ratio of adjusted cost basis to market value as of the end of the year, from the highest to lowest.
 - ii. Return rate, from lowest to highest.
 - iii. Market value, from smallest to largest.
 - iv. Asset category in the order of cash accounts, mutual funds, and investment portfolios.
 - v. Alphabetically, based on the **Description** field.
 - c. Non-qualified annuities that are not paying out (ordered by annuities with the **Withdrawals as Needed** income options, and then by their ratio of adjusted cost basis to market value as of the end of the year, with the assets containing the highest ratio used first).
 - d. Roth and Roth annuities that are not paying out (ordered by their total return rates, from lowest to highest, with accounts with the same total return rates used in alphabetical order).
 - e. Qualified accounts and annuities that are not paying out in the following order:
 - i. Ratio of qualified basis to market value as of the end of the year, from highest to lowest.
 - ii. Total return rate, from lowest to highest.
 - iii. Alphabetically, based on the **Description** field.
 - f.   Stock options and restricted stock entered on the **Enter Financial Data – Net Worth – Equity Compensation** page.

Note: If needed, you can revise the liquidation order of assets used for the retirement goal in a Level 2 Plan by clicking the **Liquidation Strategies** button on the **Set Goals – Retirement** page.

Entering regular or lump-sum incomes

Use the following procedure to enter the clients' annual pre-retirement income. If the clients are already retired, their income should be entered on the **Set Goals – Retirement** page.

To enter a regular or lump-sum pre-retirement income, follow these steps:

1. Go to the **Enter Financial Data – Cash Flow** page. When you create a new plan, NaviPlan creates default entries for salaries and bonuses that appear under **Incomes**. Any incomes that are entered on the **Retirement** page will also appear under **Incomes**.

The clients' sources of income—such as employment income, bonuses, and inheritances—can be entered here. Do not include investment income from assets as NaviPlan calculates this income based on the data entered on the **Enter Financial Data – Net Worth – Accounts** and **Annuities** pages.

The screenshot shows a table titled "Incomes" with a blue "ADD INCOME" button in the top right corner. The table has four columns: "Description", "Member", "Amount", and "Actions". There are two rows of data:

Description *	Member	Amount	Actions
Salary	Susan	\$0 /yr	[Edit] [Delete]
Bonus	Susan	\$0 /yr	[Edit] [Delete]

Enter Financial Data section – Cash Flow category – Cash Flow page

3. If applicable, select the family member receiving the income, and then enter the annual income amount. Incomes that continue into retirement years appear on the **Set Goals – Retirement** page.
4. To enter additional details for or to change the frequency of an existing income, click for that income.

The screenshot shows the "Income Details" dialog box. It contains the following fields and options:

- Description ***: Salary
- Member**: Susan
- Income Type**: Salary
- Annual Amount**: \$0
- Frequency**: Monthly
- Amount per Period**: \$0
- Start Date**: Jan 1 2013
- End Date**: Ret. (Owner)
- Infl +/- Add'l**: ☒ + 0.00%
- Other Options**:
 - Linked Defined Benefit Pension**: -- No Defined Benefit --
 - ☐ Exclude from group disability insurance
 - ☐ Exclude from Social Security tax
 - ☐ Exclude from Medicare tax
 - ☐ Exclude from savings strategies

At the bottom, there are buttons for "ADD INCOME", "Previous Entry", "Next Entry", "OK", and "CANCEL".

Income Details dialog box (Level 2 Plan)

- **Level 2** If you are entering a salary, bonus, or self-employed income type that is linked to a defined benefit pension or is excluded from either group disability insurance, Social Security or Medicare tax calculations, or savings strategies, you can make the appropriate selections under **Other Options**.
- From the **Income Details** dialog box, you can add another income by clicking **Add Income**, and then selecting **New Income** or **Copy of Current**; if you select **Copy of Current**, NaviPlan creates a copy of the existing income. You can view or edit other incomes by clicking **Previous Entry** or **Next Entry**.

Entering Social Security benefits (Level 1)

To enter Social Security benefits into the plan, follow these steps:

1. Go to the **Enter Financial Data** section – **Cash Flow** page.
2. Click the **Social Security Details** link.

Social Security Details

Use this dialog box to define Social Security assumptions for the plan.

Client Co-Client

Benefit Method

Select a Social Security method

☒ **Benefit Formula**
Use this method to automatically calculate Social Security benefits based on the annual income entered on the *Cash Flow* page.

☐ **Estimate Benefit**
Use this method to enter benefit amounts directly from a Social Security Statement.

☐ **Currently Receiving Benefits**
Use this method to enter benefit amounts that the client is currently receiving.

Social Security Benefits

	Estimate Monthly Retirement Benefit	Eligible for Spousal Benefits (if applicable)
<input checked="" type="checkbox"/> David	<input type="text" value="\$0"/>	<input checked="" type="checkbox"/>

OK CANCEL

Social Security Details dialog box (Level 1 Plan, Benefit Formula selected)

3. Go to the **Client** or **Co-Client** tab.
4. Select a benefit method to use for Social Security calculations:
 - **Benefit Formula** – Benefits are calculated automatically based on the clients' incomes.
 - **Estimate Benefit** – Benefit amounts (taken from the clients' Social Security Statements) are entered into NaviPlan.
 - **Currently Receiving Benefits** – If the client is age 62 on or before the plan date or is disabled, select to enter the amount the client is currently receiving.

The default method in NaviPlan is **Benefit Formula**.

5. If the client is eligible to receive spousal Social Security benefits, select the **Eligible for Spousal Benefits** option.
6. If you want to switch to the **Estimate Benefit** method, select the **Estimate Benefit** option, and then enter the benefit amounts and the starting age . If applicable, NaviPlan automatically calculates the values under **Survivor with eligible children** based on the values entered.
7. Repeat steps 4 to 6 for the other client.
8. Click **OK**.

Entering Social Security benefits (Level 2)

In NaviPlan, you can either calculate the clients' future Social Security benefits based on the Social Security formula, or enter their benefit amounts directly from their Social Security Statements.

Calculating benefits using the Benefit Formula method

To calculate Social Security benefits using the Benefit Formula method, follow these steps:

1. Go to the **Enter Financial Data – Cash Flow** page.
2. Under **Social Security**, click the **Social Security Details** link.
3. Go to the **Client** or **Co-Client** tab, and then select **Benefit Formula**.

Social Security Details

Client

Co-Client

Benefit Method

Select a Social Security method

☒ Benefit Formula
Use this method to automatically calculate Social Security benefits based on the annual income entered on the *Cash Flow* page.
 ☐ Estimate Benefit
Use this method to enter benefit amounts directly from a Social Security Statement.
 ☐ Currently Receiving Benefits
Use this method to enter benefit amounts that the client is currently receiving.

Details

Eligible Dependents

Earnings History

Monthly Retirement Benefits

	% of monthly benefit	Est. Benefit (today's \$)	Start Date	Event	Age	Date	Infl +/- Add'l	Total	Eligible for Spousal Benefits (if applicable)
<input checked="" type="checkbox"/> David	<input checked="" type="radio"/> 0% <input type="text" value="\$0"/>	<input type="radio"/> \$0		Retiremei	65	May 2035	<input checked="" type="checkbox"/> + 0.00%	3.00%	<input checked="" type="checkbox"/>

Monthly Survivor Benefits

	% of monthly benefit	Est. Benefit (today's \$)	Event	Age	Date	Infl +/- Add'l	Total
<input checked="" type="checkbox"/> David	<input type="radio"/> 0% <input type="text" value="\$0"/>	<input type="radio"/> \$0	Retiremei	65	Jun 2037	<input checked="" type="checkbox"/> + 0.00%	3.00%

Monthly Disability Benefits

	% of monthly benefit	Est. Benefit (today's \$)	Event	Age	Date	Infl +/- Add'l	Total
<input type="checkbox"/> David	<input checked="" type="radio"/> 0% <input type="text" value="\$0"/>	<input type="radio"/> \$0	Retiremei	65	Jun 2037	<input checked="" type="checkbox"/> + 0.00%	3.00%

OK

CANCEL

Social Security Details dialog box – Details tab (Level 2 Plan, Benefit Formula selected)

4. To calculate retirement benefits, under **Monthly Retirement Benefits**, do the following:
 - a. To enter the client's percentage eligibility for monthly retirement benefits, select **% of monthly benefit**, and then enter the percentage eligibility.
OR
To specify the monthly retirement benefits that the client will receive, select **Est. Benefit (today's \$)**, and then enter the amount in today's dollars.
 - b. Select a start date, and then define the inflation rate.
 - c. Select the **Eligible for Spousal Benefits** option if the client is eligible to receive spousal Social Security benefits.
5. To calculate survivor benefits, under **Monthly Survivor Benefits**, enter a percentage of monthly benefits, and then define the inflation rate that applies.
6. To calculate disability benefits under **Monthly Disability Benefits**, do the following:
 - a. Select the option(s) for the client(s) for whom you want to calculate benefits.
 - b. If you're not sure how much the client or co-client will receive, select **% of monthly benefit**, and then enter the percentage eligibility.
OR
To specify the monthly retirement benefits that the client will receive, select **Est. Benefit (today's \$)**, and then enter the amount in today's dollars.
 - c. Select a start date, and then define the inflation rate. NaviPlan estimates the monthly benefits your client will receive.
7. If the client has any dependents, go to **Eligible Dependents** tab.
8. Select the appropriate option(s) to link each dependent to the client.
9. Go to the **Earnings History** tab. The **Earnings History** tab displays the earnings projected by NaviPlan from which the client's Social Security earnings are calculated. The client's past earnings appear under **Earnings to Date** and the client's future earnings appear under **Future Earnings**.
10. To change any of the displayed earnings, select the **Modify the Calculated Values** option, and then enter the earnings you want to use.

Instead of entering an amount for each year on the tab, you can use the **Fill Values** feature to fill in the amounts automatically. To use this feature, click the **Fill Values** link, enter the years you want to fill, enter the criteria you want NaviPlan to use to calculate the amounts, and then click **Fill**.

11. Click **OK**.

Entering Social Security benefit amounts using the Estimate Benefit method

To enter Social Security benefit amounts from the clients' Social Security Statements, follow these steps:

1. Go to the **Enter Financial Data** section – **Cash Flow** category – **Cash Flow** page.
2. Under **Social Security**, click the **Social Security Details** link.
3. Go to the **Client** or **Co-Client** tab, and then select **Estimate Benefit**.
4. Go to the **Details** tab, and then enter the applicable benefit amounts.

5. Select the **Eligible for Spousal Benefits** option if the client is eligible to receive spousal Social Security benefits.
6. Enter the starting date for retirement benefits. The table updates to display the benefits that will be paid to the client's surviving family members after the client's death.
7. If the client has any dependent children, go to the **Eligible Dependents** tab.
8. Select the appropriate option(s) to link each dependent to the client for Social Security purposes.
9. Click **OK**.

Entering current Social Security benefits

Note: This option is only accessible when the client reaches age 62 on or before the plan date or the client is currently disabled (option selected on the *Milestones* page.)

If the client is receiving a Social Security benefit based on a deceased spouse, do not enter the benefit in the **Social Security Details** dialog box. Instead, enter it under **Incomes** by clicking **Add Income**, and then selecting **Social Security** from the menu. **Entering regular or lump-sum incomes** on page 72.

To enter Social Security benefits that the client or co-client is currently receiving because they are retired or disabled, follow these steps:

1. Go to the **Enter Financial Data** section – **Cash Flow** page.
2. Under **Social Security**, click the **Social Security Details** link.
3. Go to the **Client** or **Co-Client** tab, and then select **Currently Receiving Benefits**.
4. Go to the **Details** tab, and then enter the benefit start date, amount, and adjust for inflation.
5. Go to the **Eligible Dependents** tab.
6. Select the appropriate option(s) to link each dependent to the client for Social Security purposes.
7. Click **OK**.

Entering pension income

NaviPlan estimates pension income using one of two pension calculations: **Estimate Benefit** and **Benefit Formula**. Use the **Estimate Benefit** pension method if the pension details are unavailable. Use the **Benefit Formula** pension method if the pension details are available.

When you create a new plan, NaviPlan creates a default estimate benefit pension for each client. Any pensions that were entered on the **Set Goals – Retirement** page appear under **Incomes** on the **Cash Flow** page.

Entering an estimated benefit pension

To enter an **Estimate Benefit** pension income, follow these steps:

1. Go to the **Enter Financial Data – Cash Flow** page.

The screenshot shows a table titled "Defined Benefit Pensions" with a blue "ADD BENEFIT PENSION" button in the top right corner. The table has five columns: Description, Member, Type, Amount (\$ or %), and Actions. There are two rows of data:

Description	Member	Type	Amount (\$ or %)	Actions
Defined Benefit Pension	David	Estimate Benefit	\$0 /yr	[Edit] [Delete]
Defined Benefit Pension	Susan	Estimate Benefit	\$0 /yr	[Edit] [Delete]

Enter Financial Data section – Cash Flow category – Cash Flow page (Level 2 Plan, showing Defined Benefit Pensions)

2. Under **Defined Benefit Pensions**, enter each client's annual pension amount in the **Amount (\$ or %)** fields.
3. To add a new pension, click the **Add Benefit Pension** button, and then select **Add Estimate Benefit**.

The screenshot shows the "Defined Benefit Pension Details" dialog box with the "Details" tab selected. It contains the following sections:

- Pension Details (Estimate Benefit):**
 - Fields for Description, Member (David), Start Age (65), Start Date (Ret. (Client)), and % Payable to Survivor (0%).
 - Radio buttons for % of Final Salary (75%) and Est. Benefit Amount (in today's \$) (\$0).
 - Checkboxes for Inflation (+/- Add'l = Total) with values 0.00% and 3.00%.
- Benefit Payout Options:**
 - Method of Payout: Life Income.
 - Benefits Vested: (Survivor/Disability Analysis) checkbox.
 - Earliest Retirement Age: 55 (Survivor Analysis).
 - Transfer Payout to: Cash Flow.

At the bottom, there are buttons for "ADD BENEFIT", "Previous Entry", "Next Entry", "OK", and "CANCEL".

Defined Benefit Pension Details dialog box – Details tab (Level 2 Plan, Estimate Benefit method)

4. In the **Description** field, enter a unique name for the pension.
5. From the **Member** menu, select the pension owner.
6. Enter either the **Benefits Start Age** or the **Benefits Start Date**.
7. Enter the percentage of pension benefits to be paid to the surviving spouse when the pension owner becomes deceased. NaviPlan does not calculate any discounts if this election is chosen.
8. If the pension is based on an income, under **Linked Incomes**, select the option(s) for the appropriate income(s). These options only appear if incomes are entered in the plan.
9. Enter either a percentage of the pension owner's final salary in the **% of Final Salary** field, or the estimated pension amount (in today's dollars) in the **Est. Benefit Amount** field.
10. **Level 2** Click the **Benefit Payout Options** link. Additional fields appear.
11. **Level 2** From the **Method of Payout** menu, select **Life Income** or **Lump Sum**.
 - If you select **Lump Sum**, you must also select a **Transfer Payout to** destination. To transfer the lump-sum payment to an IRA, select an IRA from the menu, or select **New IRA**. The default name for the new IRA asset is **Transfer From <description of pension>**. The newly created asset can be further defined by clicking **Account Details**. To transfer the lump-sum payment into the clients' cash flow on the pension owner's benefit start date, select **Cash Flow**.
12. **Level 2** Enter the remaining details of the pension.
13. **Level 2** Go to the **Future Benefits** tab.
14. **Level 2** To override the displayed items, select **Modify the Calculated Values**, and then enter the benefits you want to use.

Instead of entering an amount for each year on the tab, you can use the **Fill Values** feature to fill in the amounts automatically. To use this feature, follow these steps:

1. Click the **Fill Values** link.
2. From the **Column to Fill** menu select the column of values you want to fill.
3. Enter the criteria you want NaviPlan to use to calculate the amounts.
4. Click **Fill**.

Entering a benefit formula pension

To enter a **Benefit Formula** pension income, follow these steps:

1. Go to the **Enter Financial Data – Cash Flow** page.

Defined Benefit Pensions					ADD BENEFIT PENSION ▾
Description *	Member	Type	Amount (\$ or %)	Actions	
Defined Benefit Pen	David ▾	Estimate Benefit	\$0 /yr		
Defined Benefit Pen	Susan ▾	Estimate Benefit	\$0 /yr		

Enter Financial Data section – Cash Flow category – Cash Flow page (Level 2 Plan, Defined Benefit Pensions)

- To add a new pension, click **Add Benefit Pension** under **Defined Benefit Pensions**, and then select **Add Benefit Formula**.

Defined Benefit Pension Details

Required ?

Estimate or calculate the client's defined benefit pension.
If the client is already retired and the pension amount is known, enter the defined benefit income under *Incomes* on the *Cash Flow* page.

Details
Future Benefits

Pension Details (Estimate Benefit)

Description	Member	Start Age	Start Date	% Payable to Survivor
Defined Benefit Pension	David	65	Ret. (Client)	0%

% of Final Salary

75%

\$0

Est. Benefit Amount (in today's \$)

\$0

Infl. +/- Add'l = Total

☒ + 0.00%

= 3.00%

Linked Incomes

Benefit Payout Options

Method of Payout	Benefits Vested (Survivor/Disability Analysis)	Earliest Retirement Age (Survivor Analysis)
Life Income	<input type="checkbox"/>	55

Transfer Payout to

Cash Flow

Account Details

ADD BENEFIT

Previous Entry

Next Entry

OK

CANCEL

Defined Benefit Pension Details dialog box – Details tab (Level 2 Plan, Benefit Formula method)

3. In the **Description** field, enter a unique name for the pension.
4. From the **Member** menu, select the pension owner.
5. Enter either the **Benefits Start Age** or the **Benefits Start Date**.
6. Enter the percentage of pension benefits to be paid to the surviving spouse when the pension owner becomes deceased. The **Benefit Reduction for Survivor Coverage** field becomes accessible. Enter the percentage in this field.
7. If the pension is based on an income, under **Linked Incomes**, select the option(s) for the appropriate income(s). These options only appear if incomes are entered in the plan.
8. Enter information from the available pension documents.
 - Level 2** If a pension is linked to a salary, and if, under **Benefit Payout Options**, the **Method of Payout** is set to **Life Income**, the benefits that will be paid in the first year appear under **Estimated Annual Benefit when Benefits Begin**.
9. **Level 2** Click the **Benefit Payout Options** link. Additional fields appear.
10. **Level 2** From the **Method of Payout** menu, select **Life Income** or **Lump Sum**.
 - If you select **Lump Sum**, you must also select a **Transfer Payout to** destination. To transfer the lump-sum payment to an IRA, select an IRA from the menu, or select **New IRA**. The default name for the new IRA asset is **Transfer From <description of pension>**. The newly created asset can be further defined by clicking **Account Details**. To transfer the lump-sum payment into the clients' cash flow on the pension owner's benefit start date, select **Cash Flow**.
11. **Level 2** Use the fields under **Early Retirement** to calculate how early retirement can affect the pension benefit.
12. **Level 2** Go to the **Future Benefits** tab. The future pension payouts and pension adjustments appear.
13. **Level 2** To override the displayed items, select **Modify the Calculated Values**, and then enter the benefits you want to use.

Instead of entering an amount for each year on the tab, you can use the **Fill Values** feature to fill in the amounts automatically. To use this feature, follow these steps:

1. Click the **Fill Values** link.
2. From the **Column to Fill** menu select the column of values you want to fill.
3. Enter the criteria you want NaviPlan to use to calculate the amounts.
4. Click **Fill**.

Entering expenses

Use the following procedure to enter the clients' lifestyle and business expenses. Do not use this procedure to enter loan or mortgage payments, insurance premiums, property taxes, savings contributions, estate planning gifts, or trust transfers. Expenses that only apply to retirement should be entered on the **Set Goals – Retirement** page.

To enter an expense, follow these steps:

1. Go to the **Enter Financial Data – Cash Flow** page. When you create a new plan, NaviPlan creates default entries for housing, food, transportation, entertainment, personal, and other expenses. Any expenses that were entered on the **Set Goals – Retirement** page also appear.

Under **Other Expenses**, NaviPlan lists expenses that have already been entered into the plan.

Description	Amount	Actions
Housing (e.g. utilities, repairs)	\$0 /mo	
Food	\$0 /mo	
Transportation (e.g. gas, insurance)	\$0 /mo	
Entertainment (e.g. restaurants, movies)	\$0 /mo	
Personal (e.g. clothing, hobbies)	\$0 /mo	
Other (e.g. child care, travel)	\$0 /mo	

Enter Financial Data section – Cash Flow category – Cash Flow page (Level 2 Plan)

2. To add a new expense, click **Add Expense**, and then select an expense type.
3. To enter additional details for an existing expense, on the **Cash Flow** page, click for that expense.

Expense Details * Required ? ✕

Description * Member Type

Housing (e.g. utilities, repa) Joint Lifestyle

Frequency Every x Years Amount Start Date End Date Infl +/- Add'l

Monthly

Every x Years

\$2,052 Jan 1 2014 Death (2nd)

Infl +/- Add'l

☒ + 0.00%

% Deductible ☐ Transfer to Survivor

☒ Fixed Expense

☐ Cover any pre-retirement deficits created by this expense

ADD EXPENSE

Previous Entry

Next Entry

OK

CANCEL

Expense Details dialog box

- If the expense is a semi-regular expense (such as a car purchase occurring every few years), select **Every X Years** from the **Frequency** menu then enter the term as a number of years into the **Every X Years** field.
- If you are entering an expense owned by one client and you expect the expense to continue for the survivor after the client dies, select the **Transfer to Survivor** option.
- If entering a fixed expense, select the **Fixed Expense** option. Fixed expenses are included in the calculation of emergency fund goals and in determining scenario goal coverage. If you clear the option, the expense is considered to be discretionary and is not included in the calculation. **Defining an emergency fund goal** on page 115 for more information.

Note: Fixed expenses are expenses that cannot be readily changed or eliminated by the clients, such as utility bills and rent payments.

- **D. Tax** If applicable, select the **Cover any pre-retirement deficits created by this expense** option to have NaviPlan cover deficits by automatic redemptions from clients' accounts. You do not have to manually enter a redemption to cover the deficit.
 - To control which accounts are used for deficit coverage and their order, select **View/Modify Deficit Coverage Order** (**Enter Financial Data – Strategies – Deficit Coverage** page).

Expenses that flow into retirement years appear on the **Set Goals – Retirement** page. These retirement expenses also appear on the **Cash Flow** page under **Expenses**.

- From the **Expense Details** dialog box, you can add another expense by clicking **Add Expense**, and then selecting **New Expense** or **Copy of Current**. If you select **Copy of Current**, NaviPlan creates a copy of the existing expense. You can view or edit other expenses by clicking **Previous Entry** or **Next Entry**.

Entering surplus expenses

While the clients' plan may be projected to have an end-of-year cash surplus, this surplus often does not materialize because the clients have underestimated their regular expenses or incurred unexpected expenses, such as car repairs, that use up this projected cash surplus.

If you think the plan's projected surplus is unrealistic, NaviPlan allows you to use up the projected cash surplus by entering a surplus expense strategy. The expense appears as a line item in reports. Any cash flow surplus not allocated to a surplus savings or surplus expense strategy is eliminated automatically at the end of the year.

To enter surplus expenses, follow these steps:

1. Go to the **Enter Financial Data – Cash Flow** page. When you create a new plan, NaviPlan automatically populates a default entry under **Surplus Expenses**.

Surplus Expenses				ADD SURPLUS EXPENSE	
Description *	% of Surplus	Start Year	End Year	Actions	
Surplus Expense	0.00%	2013	Death (2)		

Enter Financial Data section – Cash Flow category – Cash Flow page (Level 2 Plan)

2. To add a surplus expense, click **Add Surplus Expense**.
3. For each expense, enter a **Description**, the **% of Surplus** designated to the expense, and the **Start** and **End Years**.
 - By default, surplus expense strategies end in the year before death (Death -1), since there may be surpluses in that year due to estate settlement.
 - **Level 2** Surplus expenses entered here also appear on the **Enter Financial Data – Strategies – Surplus** page. See **Entering surplus strategies** on page 92 for more information.

Generating the Cash Flow report

The **Cash Flow** report provides a summary of all the incomes and expenses entered in the plan.

To generate the **Cash Flow** report, follow these steps:

1. Go to the **Enter Financial Data – Cash Flow** page.
2. Click the **Cash Flow Report** button.

You can use the options at the top right of the report as follows:

- To generate a printer-friendly report, click the **PDF** or the **Word** button. NaviPlan generates and opens the report using the selected format.
- To update the open report after changes are made to the plan data, click **Refresh**.
- To see two copies of the report side by side, click **Duplicate**.
- To access the **Reports** menu, click **Reports**.

Chapter 5: Entering strategies (Level 2)

Strategies can be used to accumulate assets or to pay down debt either by deducting from regular income or from surplus cash.

On the **Savings** page, you can save a specific amount on a regular basis or as a lump-sum.

On the **Debt Modification** page, you can enter additional principal payments or, if your clients have interest-only or last-period-payment loans, enter increases to the principal of a loan. You can also change the order in which cash surpluses are used.

On the **Redemptions** page, you can enter regular and lump-sum redemption strategies, and substantially equal periodic payments (SEPP) strategies.

D. Tax On the **Deficit Coverage** page, you can specify the order in which account types are redeemed when covering pre-retirement deficits or specify the order in which individual accounts are redeemed.

On the **Surplus** page, you can specify additional savings and expenses that will apply every time the clients have sufficient surplus cash flow.

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Entering a substantially equal periodic payments (SEPP) strategy	90
Setting the deficit coverage order (Detailed Tax method)	91
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Assumptions when entering multiple strategies of different types	92

Entering a regular savings strategy

With all savings strategies, you must save to an existing account (you cannot save to a lifestyle asset). If you haven't entered an appropriate account, go to the **Enter Financial Data – Net Worth – Accounts** page to do so. For more information, see **Creating accounts** on page 41.

To enter a regular savings strategy, follow these steps:

1. Go to the **Enter Financial Data – Strategies – Savings** page. All existing savings strategies implemented in the plan appear.

The screenshot shows the 'Savings' page with tabs for 'Savings', 'Debt Modification', 'Redemptions', 'Deficit Coverage', and 'Surplus'. The 'Savings' tab is active. Below the tabs, a message states: 'Model savings strategies for qualified and non-qualified accounts. Multiple savings strategies can be entered to reflect changes to savings amounts over time.'

Non-Qualified section:

- Buttons: 'New account (Joint/Non-Qua)' and 'ADD SAVINGS STRATEGY'.
- Table with columns: Direct Savings To, Amount (\$ or % of Salary), Frequency, Start Date, End Date, Infl +/- Add'l, and Actions.
- Row 1: 'New account (...)', '0.00%', 'Monthly', 'Jan 1 2013', 'Ret. (1st)', '0.00%', and an 'X' icon.

Qualified section:

- Buttons: 'New account (David/Roth IR)' and 'ADD SAVINGS STRATEGY'.
- Section header: 'Amount (\$ or % of Salary)'.
- Table with columns: Direct Savings To, Mandatory, Owner, Pre-tax, Post-tax, Employer, Frequency, Start Date, End Date, Infl +/- Add'l, and Actions.
- Row 1: 'New account (...)', empty, '0.00%', empty, empty, empty, 'Monthly', 'Jan 1 2013', 'Ret. (Owner)', '0.00%', and an 'X' icon.

At the bottom, a message says: 'To view or edit how surplus funds are directed, click **Surplus Cash Usage**.' Below this is a button labeled 'Surplus Cash Usage...'.

Enter Financial Data section – Strategies category – Savings page (Level 2 Plan, Detailed Tax method)

2. Under **Non-Qualified** or **Qualified**, from the **Choose Account** menu, select the account to which you want to add a savings strategy, and then click **Add Savings Strategy**.
3. Enter all the details of the clients' savings plan, including the amount or percentage, frequency, and the time frame of savings.


Note: If the savings amount was entered as a percentage of salary, the **Infl** option is inaccessible and the savings are indexed by the **Infl** percentage indicated for the salary.
4. If you have entered a savings amount that changes with inflation on an annual basis, select the **Infl** option. If the amount is to change with inflation plus or minus a certain percentage, select the **Infl** option, and then enter the rate above or below inflation. For example, if inflation is 3% and the savings should be increased by 5%, enter 2 in the **+/- Add'l** field.
5. To view or edit how surplus funds are directed, click **Surplus Cash Usage**. In the **Surplus Cash Usage** dialog box, select a method, and then use the **Move Up** and **Move Down** buttons to reorder the list.


Modifying a loan

NaviPlan calculates the regular loan payments required for liabilities. You can modify the principal of an existing loan either by making additional principal payments (over and above the calculated regular loan payments) or, if the loan is either an interest-only or last-period-payment type, by adding to the principal. Debt modification strategies can be entered in the following locations:

- **Enter Financial Data – Strategies – Debt Modification** page
- **Liability Details** dialog box – **Debt Modification** tab for an individual liability

To modify the principal of a loan, follow these steps:

1. Go to the **Enter Financial Data – Strategies – Debt Modification** page.
OR
Go to the **Enter Financial Data – Net Worth – Assets/Liabilities** page, click  for a liability, and then go to the **Debt Modification** tab.

Debt Modification										Mortgage	ADD DEBT MODIFICATION
Direct Funds To	Outstanding Amount	Amount	Frequency	Start Date	End Date	Increase Principal	Infl +/-	Add'l	Actions		
Mortgage	\$0	\$0	Monthly	Jan 1 2013	Ret. (1st)	<input type="checkbox"/>	<input type="checkbox"/>	+	0.00%		

Enter Financial Data section – Strategies category – Debt Modification page (Level 2 Plan, Detailed Tax method)

2. From the **Choose Liability** menu, select the loan you want to modify.
3. Click **Add Debt Modification**.
4. Enter the **Amount** to add to the existing payment.
5. Enter the **Frequency**, time frame, and the **Inflation Rate** for the strategy.
 - If you select the **Increase Principal** option, the value in the **Amount** field will be used to increase the principal of the loan. This option can only be used with interest-only and last-period-payment loans.
 - If you do not select the **Increase Principal** option, the value in the **Amount** field will be used to reduce the principal of the loan.

Entering redemptions

Redemptions and substantially equal periodic payment (SEPP) strategies previously entered for accounts appear on the **Redemptions** page. You can modify existing strategies and add new ones.

You can enter a redemption strategy for any account, deferred annuity, or stock option to redeem the asset over a period of time or you can redeem an asset in full as a lump sum.

To set up a redemption strategy, follow these steps:

1. Go to the **Enter Financial Data – Strategies – Redemptions** page.
2. Under **Redemptions**, from the **Choose Account** menu, select the account to which you want to add a redemption strategy, and then click **Add Redemption Strategy**.

Use this page to enter SEPP, trust, or redemption strategies for the current plan.

Note: For redemptions, for non-qualified accounts, select an available goal funding allocation from the *Redeem From* list.

Redemptions New account **ADD REDEMPTION STRATEGY**

Account Description	Redeem From	Redeem All	Amount (\$ or %)	Frequency	Waive Early Withdrawal Penalties	Start Date	End Date	Infl +/- Add'l	Actions
New account	New account(Retirement)	<input type="checkbox"/>	0.00%	Monthly	<input type="checkbox"/>	Jul 22 2013	Ret. (Client)	+ 0.00%	✕

Substantially Equal Periodic Payments (SEPP) Choose Account ... **ADD SEPP STRATEGY**

To create a new strategy, select an account from the *Choose Account* list, and then click **Add SEPP Strategy**.

Principal Distributions from Trusts Choose Trust ... **ADD TRUST STRATEGY**

To create a new strategy, select a trust from the *Choose Trust* list, and then click **Add Trust Strategy**.

Enter Financial Data section – Strategies category – Redemptions page (Level 2 Plan, Detailed Tax method, showing redemptions)

3. In the **Amount (\$ or %)** field, enter either the percentage of the account to redeem or an amount to redeem periodically based on the selection from the **Frequency** menu.
OR
To redeem the entire account as a lump sum, select the **Redeem All** option.
4. Select the **Frequency** at which the redemptions will occur.
5. If applicable, for qualified accounts select the **Waive Early Withdrawal Penalties** option to exclude penalties due if the asset is withdrawn early.
6. Enter the **Start Date** and **End Date** of the redemption.
Note: The **End Date** field is not accessible if **Redeem All** or **Lump Sum** is selected.
7. To index the strategy for inflation, select the **Infl** option. To index by an amount greater or less than the default inflation rate, enter a different percentage in the **+/- Add'l** field.
Note: The **Infl** option is not accessible when **Redeem All** or **Lump Sum** is selected or a percentage of the account is entered.

Entering a substantially equal periodic payments (SEPP) strategy

You can enter a substantially equal periodic payments (SEPP) strategy for certain qualified accounts and variable annuities. If an asset does not qualify for SEPP redemptions, it will not appear in the **Choose Account** under **Substantially Equal Periodic Payments (SEPP)** on the **Redemptions** page.

Note: Only one SEPP strategy can be added to an account or annuity.

To set up a SEPP strategy, follow these steps:

1. Go to the **Enter Financial Data – Strategies – Redemptions** page.
2. Under **Substantially Equal Periodic Payments (SEPP)**, from the **Choose Account** menu, select the account to which you want to add a SEPP strategy, and then click **Add SEPP Strategy**.

Substantially Equal Periodic Payments (SEPP)					Choose Account ...	ADD SEPP STRATEGY
Account Description	Start Date	Frequency	Distribution Method	Pro-Rate First/Last Payments	Actions	
New account	Jul 22 2013	Annual	Required Minimum Distribution	<input type="checkbox"/>		

Enter Financial Data section – Strategies category – Redemptions page (Level 2 Plan, Detailed Tax method, showing a SEPP strategy)

3. Enter the **Start Date** field, **Frequency**, and **Distribution Method**.
4. If applicable, select **Pro-Rate First/Last Payments**.
5. To specify the life expectancy table to use for calculating payments, as well as an interest rate, click .

SEPP Strategy Details

Account Description

New account

Annual Distribution Amount

N/A

Start Date

Jul 22 2013

Frequency

Annual

Distribution Method

Required Minimum Distribut

Pro-Rate First/Last Payments

☐

Life Expectancy Table

Single Life Expectancy

Beneficiary Date of Birth

N/A

72(t) Interest Rate

N/A

Previous Entry

Next Entry

OK

CANCEL

SEPP Strategy Details dialog box

Setting the deficit coverage order (Detailed Tax method)

You can select the order in which accounts and account types are redeemed to cover pre-retirement deficits.

To specify the pre-retirement deficit coverage order, follow these steps:

1. Go to the ***Enter Financial Data – Strategies – Deficit Coverage*** page.
2. Under ***Pre-Retirement Deficit Coverage Order***, select **Redeem from accounts to cover deficits in the pre-retirement period**.
3. To specify the order in which account types will be redeemed, select an option from the menu.

OR

To specify the order in which specific accounts will be redeemed, select **View/Modify the deficit coverage order**, and then adjust the liquidation order by moving accounts up or down in the list using the **Move Up** or **Move Down** buttons.

Entering surplus strategies

In NaviPlan, a cash flow surplus occurs when total cash inflows exceed total cash outflows as of December 31 of a particular year. In years when a surplus exists, savings and expense strategies are available. By default, NaviPlan allocates to surplus savings strategies before allocating to surplus expense strategies.

Note: You can only create surplus savings strategies for non-qualified assets.

Assumptions when entering multiple strategies of the same type

When entering multiple strategies of the same type (for example, two surplus savings strategies), for each strategy NaviPlan saves or spends a percentage of the total surplus available on December 31.

- For example, if a client has a \$100,000 surplus and 50% is saved to Account A and 50% is saved to Account B, both accounts receive \$50,000, thus saving the full amount of the surplus.

Assumptions when entering multiple strategies of different types

In contrast, when entering multiple strategies of different types (for example, one surplus savings strategy and one surplus expense strategy), NaviPlan first allocates a percentage of the total surplus toward the savings strategy, and then allocates a percentage of the remaining surplus toward the surplus expense.

- For example, a client has an \$80,000 surplus, a 50% savings strategy toward Account A, and a 50% surplus expense strategy. In this case, NaviPlan saves 50% (or \$40,000) of the total surplus to Account A, and then spends 50% of the remaining surplus (or \$20,000) on a surplus lifestyle expense.

After these strategies have been implemented, NaviPlan assumes that the final \$20,000 will be spent as part of the clients' yearly cash flow.

Note: NaviPlan automatically eliminates any remaining surplus or deficit as of December 31st in a given year. If the clients do not intend to spend their surplus, make sure to transfer any remaining cash flow surplus into an account.

To enter surplus strategies, follow these steps:

1. Go to the **Enter Financial Data – Strategies – Surplus** page.
2. If the clients will be saving some or all of the cash flow surplus, from the **Choose Account** menu under **Surplus Savings**, select the account or annuity to which you want to save surplus funds, and then click **Add Surplus Savings Strategy**.

Savings Debt Modification Redemptions Deficit Coverage **Surplus** < >

Define surplus savings and expense strategies. By default, NaviPlan will allocate surplus funds to savings before using them to pay off surplus expenses. * Required

Surplus Savings New account (Joint/Non-Qualified) ADD SURPLUS SAVINGS STRATEGY

Direct Surplus To	% of Surplus	Start Year	End Year	Actions
New account (Joint/Non-Qualified)	100.00%	2013	Ret. (1st)	✕

Surplus Expenses ADD SURPLUS EXPENSE

Description *	Owner	% of Surplus	Start Year	End Year	Actions
Surplus Expense	Joint	0.00%	2013	Death (2nd)	✕

To view or edit how surplus funds are directed, click **Surplus Cash Usage**.

Surplus Cash Usage...

Enter Financial Data section – Strategies category – Surplus page (Level 2 Plan, Detailed Tax method)

3. Enter the percentage of surplus income the clients will save to the selected account, and then enter the time frame for the strategy.
4. Repeat steps 2–3 until all surplus savings strategies are entered.
Note: Ensure that the total percentage of surplus savings entered for the same year is not greater than 100%.
5. If the clients will be spending some or all of the remaining cash flow surplus, under **Surplus Expenses**, edit the data-entry line created by NaviPlan. If additional surplus expense strategies are needed, click **Add Surplus Expense**.
6. Enter a description of the expense, the percentage of surplus income your clients will spend, the time frame for the strategy, and then select the owner of the expense.
7. Repeat steps 5–6 until all surplus expense strategies are entered. If any surplus remains after all applicable surplus strategies have been implemented in a given year, NaviPlan will assume that the surplus has been spent and eliminate any remaining surplus from cash flow.
8. To view or edit how surplus funds are directed, click **Surplus Cash Usage**. In the **Surplus Cash Usage** dialog box, select a method, and then use the **Move Up** and **Move Down** buttons to reorder the list.

Order of Surplus Cash Usage ? ✕

Description

☒ Surplus Saving

☐ Surplus Expense

↑ Move Up ↓ Move Down

OK CANCEL

Surplus Cash Usage dialog box

Chapter 6: Entering insurance coverage and tax details

In the **Insurance Coverage** category, you can enter your clients' planned and existing life, disability, and long-term care insurance.

If using the Detailed Tax method, NaviPlan automatically calculates many tax credits and deductions. You can enter any applicable credits or deductions that are not automatically calculated by NaviPlan in the **Tax Details** category.

In this chapter:

Entering life insurance policies	95
Modifying future values and premiums of a life insurance policy (Level 2)	97
Entering disability insurance policies	99
Entering long-term care insurance policies	100
Generating the Insurance report	101

Entering life insurance policies

To enter your clients' existing life insurance policies, follow these steps:

1. Go to the **Enter Financial Data – Insurance Coverage** page.

Insurance Coverage << >>

Enter your clients' life, disability, and long-term care insurance policy information. * Required

Life Insurance

[ADD LIFE INSURANCE](#)

Description	Insured	Policy Type	Benefit	Beneficiary	Premium	Actions
Life Insurance	David	Term 10 Life	\$0	Susan	\$0 /mo	
Life Insurance	Susan	Term 10 Life	\$0	David	\$0 /mo	

Disability Insurance

[ADD DISABILITY INSURANCE](#)

Description	Insured	Policy Type	Benefit	Premium	Actions
Group STD	David	Group STD	\$0 /mo	\$0 /mo	
Group STD	Susan	Group STD	\$0 /mo	\$0 /mo	
Group LTD	David	Group LTD	\$0 /mo	\$0 /mo	
Group LTD	Susan	Group LTD	\$0 /mo	\$0 /mo	

Long-term Care Insurance

[ADD LTC INSURANCE](#)

Description	Insured	Benefit	Premium	Actions
LTC Insurance	David	\$0 /wk	\$0 /mo	
LTC Insurance	Susan	\$0 /wk	\$0 /mo	

Insurance Coverage Report

Enter Financial Data section – Insurance Coverage category – Insurance Coverage page (Level 2 Plan)

2. To add a new life insurance policy, click **Add Life Insurance**, and then select a policy type.
3. Select the person insured by the policy.
4. To change the policy type, from the **Policy Type** menu, select another option.
5. Enter the **Death Benefit**, **Beneficiary**, and **Monthly Premium** for the listed insurance policies.
6. To enter additional details for an existing life insurance policy, click for that policy.

The fields in the **Life Insurance Details** dialog box vary depending on the selected **Policy Type** and the plan level.

Life Insurance Details

* Required ?

Details

Future Values

Description *

Policy Type

Insured

Beneficiary

Policy Owner

Cost Basis

Tfr to Survivor

Life Insurance

Term 10 Life

David

Susan

David

\$0

Benefit Details

Death Benefit

Cash Surrender Value

Direct Residual Proceeds To

Account Details

CSV Payable with Death Benefit

Cease Coverage

Community Property

\$0

\$0

Cash Flow

At Age

On Date

Never

Premiums

Payer

Amount

Frequency

At Age

On Date

Waived at Disability

David

\$0

Monthly

Never

ADD LIFE INSURANCE

Previous Entry

Next Entry

OK

CANCEL

Life Insurance Details dialog box – Details tab (Level 2 Plan)

- If you selected a variable life or variable universal life policy, under **Variable Subaccounts**, enter details of the various subaccounts within the policy as follows:
 1. Enter a general account market value, if applicable.
 2. Click the **Add Variable Subaccount** button. Enter the subaccount details in the row that appears.
 3. Enter a description of the various subaccounts and their market values on the valuation date.
- In the **Symbol** field, enter a symbol for the holding, and then click **Classify**. NaviPlan enters the description and asset class weighting for the symbol. You can also search the database for a symbol as explained in **Searching the asset classifier database** on page 63.

OR

If the holding is fully weighted in one asset class, select the asset 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**.

Note: Clicking **Add Life Insurance** opens a menu where you can select **New Life Insurance** or **Copy of Current**. If you select **Copy of Current**, NaviPlan creates a copy of the existing life insurance policy. Use this when you have similar items to add to avoid re-entering data. You can view or edit other life insurance policies by clicking **Previous Entry** or **Next Entry**.

Modifying future values and premiums of a life insurance policy (Level 2)

To view and define the premium schedule, the future value of any death benefits, and the prospective cash surrender value of an insurance policy on an annual basis, follow these steps:

1. Go to the **Enter Financial Data – Insurance Coverage** page.
2. Click  for the life insurance policy.
3. Go to the **Future Values** tab. On this tab, you can view the modal premiums, death benefits, and estimated cash surrender values for each year.

Life Insurance Details

Required

?

⌵

Details

Future Values

Future Benefits

☐ Modify the Calculated Values

Age	Year	Modal Premium	Death Benefit	Estimated CSV	Withdrawals	Liabilities	Accumulated Liability
43	2013	\$0	\$0	\$0	\$0	\$0	\$0
44	2014	\$0	\$0	\$0	\$0	\$0	\$0
45	2015	\$0	\$0	\$0	\$0	\$0	\$0
46	2016	\$0	\$0	\$0	\$0	\$0	\$0
47	2017	\$0	\$0	\$0	\$0	\$0	\$0
48	2018	\$0	\$0	\$0	\$0	\$0	\$0
49	2019	\$0	\$0	\$0	\$0	\$0	\$0
50	2020	\$0	\$0	\$0	\$0	\$0	\$0
51	2021	\$0	\$0	\$0	\$0	\$0	\$0
52	2022	\$0	\$0	\$0	\$0	\$0	\$0
53	2023	\$0	\$0	\$0	\$0	\$0	\$0
54	2024	\$0	\$0	\$0	\$0	\$0	\$0
55	2025	\$0	\$0	\$0	\$0	\$0	\$0

[2013-2025](#) |
 [2026-2038](#) |
 [2039-2051](#) |
 [2052-2064](#) |
 [2065-2077](#) |
 [2078-2090](#) |
 [2091-2103](#) |
 [2104-2112](#)

Fill Values

Column to Fill	Start Year	End Year	Start Value	Base Rate	Increase Rate By	Period (years)
Modal Premium	2013	2112	\$0	0.00%	0.00%	1

CLEAR COLUMN VALUES

FILL

ADD LIFE INSURANCE

Previous Entry

Next Entry

OK

CANCEL

Life Insurance Details dialog box – Future Values tab (Level 2 Plan, Detailed Tax method)

4. Select **Modify the Calculated Values**, and then click **OK** to the message that appears.
5. To change future values for specific years, enter updated values in the fields for those years.


OR

To change future values for multiple years, use the expanded **Fill Values** section, where you can quickly assign future values to multiple years as follows:

- a. Select a column type that you want to modify from the **Column to Fill** menu.
- b. Enter the **Start Year** and **End Year** dates to set the range of years that will include modifications.
- c. In the **Start Value** field, enter an amount that corresponds with the **Start Year**.
- d. In the **Base Rate** field, enter the rate at which the selected column values will increase annually.
- e. If the base rate is expected to increase, in the **Increase Rate By** field, enter the rate at which to index the future value.
- f. In the **Period (years)** field, enter how often the future values change.
- g. Click **Fill**. The future values that you specified are modified automatically.

Entering disability insurance policies

To enter your clients' existing disability insurance policies, follow these steps:

1. Go to the **Enter Financial Data – Insurance Coverage** page.
2. To add a disability insurance policy, click **Add Disability Insurance**, and then select a policy type.
3. Select the person insured by the policy.
4. To change the policy type, from the **Policy Type** menu, select another option.
5. If applicable, enter the monthly benefit amount and premium of the listed insurance policies.
6. To enter additional details for an existing disability insurance policy, click  for that policy.

Disability Insurance Details * Required ? ✕

Description	Policy Type	Insured	Policy Owner	Effective Date	Company	Policy Number
Group STD	Group STD	David	David	Dec 31 2012		

Benefit Details

Benefit Amount

☐ % of Salary ☒ Flat Dollar

Benefit Frequency

0.00%

\$0

Monthly

☒ Taxable Benefit ☐ Infl +/- Add'l

0.00%

Maximum Indexed Benefit

Calculated As

☒ None ☐ Dollar Amount

Waiting Period

\$0

2

Weeks

Benefits Period

3

Months

☒ Offset by Social Sec

Premiums

Cease Premiums

Payer	Amount	Frequency	At Age	On Date	Infl +/- Add'l
David	\$0	Monthly	65	Ret. (Owner)	<input type="checkbox"/> <input checked="" type="checkbox"/> 0.00%

ADD DISABILITY INSURANCE

Previous Entry

Next Entry

OK

CANCEL

Disability Insurance Details dialog box (Level 2 Plan)


- If the disability insurance policy benefits will be offset by Social Security disability benefits, select the **Offset by Social Sec** option. This is used for informational purposes only.

Note: Clicking **Add Disability Insurance** opens a menu where you can select **New Disability Insurance** or **Copy of Current**. If you select **Copy of Current**, NaviPlan creates a copy of the current policy. Use this when you have similar items to add to avoid re-entering data. You can view or edit other disability insurance policies by clicking **Previous Entry** or **Next Entry**.

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Entering long-term care insurance policies

To enter your clients' existing long-term care insurance policies, follow these steps:

1. Go to the **Enter Financial Data – Insurance Coverage** page.
2. To add a long-term care insurance policy, click **Add LTC Insurance**.
3. Select the person insured by the policies.
4. If applicable, enter the benefit amount and monthly premium of the listed insurance policies.
5. To enter additional details for an existing long-term care insurance policy, click  for that policy.

Long-term Care Insurance Details

Description *

LTC Insurance

Company

Policy Number

Insured

David

Effective Date

Jan 1 2013

Benefits Payable

Amount	Frequency	Benefit Before LTC Indexed	Benefit During LTC Indexed
		Infl +/- Add'l	Infl +/- Add'l
\$0	Weekly	<input checked="" type="checkbox"/> + 2.00%	<input checked="" type="checkbox"/> + 2.00%

Applicable Period

Waiting Period	Benefit Period
(after starting LTC)	(after starting LTC)
90 Days	4 Years

Premiums

Payer	Amount	Frequency	Infl +/- Add'l	At Age	On Date
David	\$0	Monthly	<input type="checkbox"/> + 0.00%	90	Death (Owner)

Cease Premiums

ADD LTC INSURANCE

Previous Entry

Next Entry

OK

CANCEL

Long-term Care Insurance Details dialog box (Level 2 Plan)

Note: Clicking **Add LTC Insurance** opens a menu where you can select **New LTC Insurance** or **Copy of Current**. If you select **Copy of Current**, NaviPlan creates a copy of the current policy. Use this when you have similar items to add to avoid re-entering data. You can view or edit other long-term care insurance policies by clicking **Previous Entry** or **Next Entry**.

Generating the Insurance report

The **Insurance** report provides a summary of all the insurance coverage entered in the clients' plan and can be used to verify data-entry or quickly view all coverage.

To generate the **Insurance** report, follow these steps:

1. Go to the **Enter Financial Data – Insurance Coverage** page.
2. Click **Insurance Coverage Report**.

Chapter 7: Entering accumulation goals

When you create a plan you must select the modules you want to use. The selected modules determine the types of goals you can enter in the plan. In each plan, you can only use the financial planning modules that are selected on the *Plan Management – Modules* page.

In this chapter:

Retirement goal assumptions	103
Retirement date assumptions	103
Retirement goal reporting	103
Defining retirement goals	104
Defining liquidation order in retirement (Level 2 Plans)	106
Overriding the proposed investor profile for a goal (Level 2 Plans)	109
Defining education goals	111
Defining major purchase goals	114
Defining an emergency fund goal	115
Allocating accounts to goals	117

Retirement goal assumptions

In NaviPlan, retirement is treated as a goal rather than just a period of time. You can identify a specific need, allocate accounts to fund it, and then see the resulting shortfalls and savings.

NaviPlan makes recommendations to achieve the retirement goal without taking cash flow into consideration (for example, NaviPlan may recommend that the clients save \$1,000 per month even when the clients do not have that amount available in their cash flow).

Retirement date assumptions

NaviPlan assumes that the retirement period begins, and ends on December 31 of the year in which the last client in the plan dies.

Level 2 Retirement dates can be changed for specific goals such as survivor income and disability income.

Retirement goal reporting

NaviPlan has detailed retirement reports for both the current and proposed plans. The current plan reports are based on the clients' current financial information, entered primarily in the Enter Financial Data and Set Goals sections, and show the clients their current progress towards their retirement goal.

All information in the plan, except for What-if scenarios, is reported as part of the current plan in additional reports, graphs, and client reports. In contrast, the recommended or proposed plan reports reflect both the current plan information and the **Recommended** scenario information.

Defining retirement goals

To define your clients' retirement goals, follow these steps:

1. Go to the **Set Goals – Retirement** page.

Retirement
<< >>

Use this page to define the retirement goal. This includes setting retirement objectives, expenses, and incomes. To view and modify the order in which accounts are used for the retirement goal, click **Liquidation Strategies**.
* Required

Objectives

	David		Susan	
	Age	Date	Age	Date
Retire At	59	Jan 2030	57	Jan 2030
Life Expectancy	85	2055	83	2055

Calculate Retirement Expenses

Enter the annual retirement expenses as a

☒ percentage of the current estimated after-tax income
\$47,404 X = \$0 /yr \$0 /mo

☐ percentage of the current lifestyle expenses
\$0 X = \$0 /yr \$0 /mo

☐ specific amount /yr /mo

ADD TO RETIREMENT EXPENSES

Retirement Expenses

ADD RETIREMENT EXPENSE

Description	Member	Type	Amount	Frequency	Infl +/- Add'l	Start		End		Tfr to Survivor	Fixed Exp.	Actions
						Age	Date	Age	Date			
Retirement Expen	Joint	Lifestyle	\$0	Month	✓+ 0.00%	59	Ret. (1st)	83	Death (2nd)	✓	✓	✕
Lifestyle Expense	Joint	Lifestyle	\$0	Month	✓+ 0.00%	43	Jan 1 2014	83	Death (2nd)	✓	✓	✕

Retirement Incomes

ADD RETIREMENT INCOME

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

Description	Member	Income Type	Amount	Frequency	Infl +/- Add'l	Start		End		Actions
						Age	Date	Age	Date	
Other Taxable	David	Other Taxable	\$0	Monthly	✓+ 0.00%	59	Ret. (Owner)	85	Death (Owner)	✕

[Asset Allocation...](#)
[Goal Funding...](#)
[Liquidation Strategies...](#)
[Transfer Strategies...](#)

Retirement Accounts

Description	Account Type	Owner	Market Value	Basis	% Linked	Linked Amount	Asset Class Weightings	ROR(%)	Savings
New account	401(k)	David	\$50,000	\$0	100%	\$50,000	Unclassified	0.00%	1

Set Goals section – Retirement category – Retirement page (Level 2 Plan)

2. Under **Objectives**, enter your clients' retirement ages or the years at which your clients want to retire, and then enter your clients' life expectancies.
3. To change the clients' investor profile for retirement:

Level 1 Under **Profile**, the investor profile used by the plan is shown. Select the **Override** option, and then select the alternative investor profile you want to apply to the retirement goal.

Level 2 If the **Asset Allocation** module is selected on the **Plan Management** section – **Modules** category – **Modules** page, click **Asset Allocation**. For more information, see **Overriding the proposed investor profile for a goal (Level 2 Plans)** on page 109.

Note: If you are using user-defined asset allocation, default asset classes and investment profiles must first be created for all future plans in **Settings**, or for the individual plan in the **Plan Management – Asset Allocation** category.

To model retirement expenses, follow these steps:

1. Under **Calculate Retirement Expenses**, do one of the following:

To calculate the retirement expense based on...	Do this...
Total annual after-tax salaries	Select the percentage of the current estimated after-tax salary option, and then enter the percentage of the current estimated after-tax salary the clients will want to receive during retirement.
Current annual lifestyle expenses	Select the percentage of the current lifestyle expenses option, and then enter the percentage of current lifestyle expenses you expect the clients to have during retirement.
A specific annual amount	Select the specific amount option, and then enter the amount the clients want to receive annually during retirement.

2. To add a calculated retirement expense to the plan, click **Add to Retirement Expenses**.
3. Under **Retirement Expenses**, enter details for the listed expenses. If necessary, click **Add Retirement Expense** to create an additional expense that will occur during retirement.

Expenses can be entered for the entire retirement period, or they can be entered in a staged format. The second option is best used when the clients' needs change during the retirement period. For example, a client may expect to need \$65,000 annually from age 65 to age 75, but then expect to reduce or increase spending from age 76 to 80; or the clients may expect to have one-time or time-limited additional expenses that are over and above the amounts specified on an annual basis.

In joint plans, NaviPlan makes the following assumptions for retirement expenses when the keyword **retirement** is entered in the **Start Age** field and the keyword **death** is entered in the **End Age** field.

If the retirement expense is...	The expense begins on...	The expense ends on...
Singly owned	The date at which the first client is set to retire	December 31 of the year the owner dies, unless the Tfr to Survivor option is selected
Jointly owned	The date at which the first client is set to retire	December 31 of the year of the last client's death

Retirement expenses previously entered on the **Enter Financial Data – Cash Flow** page that continue into retirement appear on the **Retirement** page. Changes made on either page automatically appear on the other page.

- To indicate the retirement expense is fixed (cannot be eliminated), select the **Fixed Exp.** option. If the option is not selected, NaviPlan assumes the expense is discretionary.
- If applicable, under **Retirement Incomes**, modify retirement incomes that have been entered on the **Enter Financial Data – Cash Flow** page.

OR

Click **Add Retirement Income** to enter additional income that will be earned during retirement.

Note: Incomes entered on the **Retirement** page also appear on the **Enter Financial Data – Cash Flow** page under **Incomes**.

Defining liquidation order in retirement (Level 2 Plans)

NaviPlan automatically redeems accounts to cover the retirement goal, either using deficit coverage (automatic account redemption method), or a specific liquidation order.

- To change the manner in which accounts are redeemed during retirement, click **Liquidation Strategies** on the **Retirement** page.

The screenshot shows the 'Liquidation Strategies...' dialog box with the 'Liquidation Order' tab selected. The dialog has three tabs: 'Liquidation Order', 'Redemptions', and 'Bucketing'. Under the 'Liquidation Order' tab, there is a section titled 'Liquidation Order'. It contains two rows of input fields for 'Do not redeem Qualified assets prior to age:'. The first row is for 'David' with a dropdown menu set to 'Ret. (Client)' and a calendar icon. The second row is for 'Susan' with a dropdown menu set to 'Ret. (Co-client)' and a calendar icon. Below this, there is a section titled 'Choose the order in which assets are redeemed during retirement:' with a dropdown menu set to 'Non-Qualified - Roth - Qualified - Equity Compens'. To the right of this dropdown is a blue button labeled 'VIEW/MODIFY LIQUIDATION ORDER...'. At the bottom of the dialog, there are 'OK' and 'CANCEL' buttons. A small help icon (?) is in the top right corner of the dialog.

Liquidation Strategies dialog box – Liquidation Order tab (Level 2 Plan)

- For the client and co-client, click the **Event Calendars** to enter the minimum age when qualified assets can be redeemed. **Ret. (Client)/(Co-client)** is entered by default.
- To redeem assets by account type only, select one of the existing liquidation options.
OR
To view and edit the order of specific accounts, select **View/Modify the liquidation order**. For each applicable account, select the account, and then click **Move Up** or **Move Down**.
- To specify redemptions of specific dollar values or percentages of certain accounts, go to the **Redemptions** tab, and then complete the following steps:
- Click the **Redemptions** link.

Liquidation Strategies...

Liquidation Order | **Redemptions** | Bucketing

Redemptions New account **ADD REDEMPTION STRATEGY**

Account Description	Redeem All	Amount (\$ or %)	Frequency	Waive Early Withdrawal Penalties	Start Date	End Date	Infl +/- Add'l	Actions
New account	<input type="checkbox"/>	0.00%	Monthly	<input type="checkbox"/>	Ret. (Client)	Death -1y (Cl)	+ 0.00%	

Substantially Equal Periodic Payments (SEPP) Choose Account ... **ADD SEPP STRATEGY**

To create a new strategy, select an account from the *Choose Account* list, and then click **Add SEPP Strategy**.

Principal Distributions from Trusts Choose Trust ... **ADD TRUST STRATEGY**

To create a new strategy, select a trust from the *Choose Trust* list, and then click **Add Trust Strategy**.

OK **CANCEL**

Liquidation Strategies dialog box – Redemptions tab (Level 2 Plan, Redemptions section)

6. Select an account, and then click **Add Redemption Strategy**.
7. To redeem the entire account, select the **Redeem All** option.
8. To exclude penalties for early withdrawals, select the **Waive Early Withdrawal Penalties** option.
9. Enter the remaining details of the redemption strategy.

To model a bucketing strategy, go to the **Bucketing** tab and then complete the following steps:

Liquidation Strategies...

Liquidation Order | Redemptions | **Bucketing**

Distribution Bucket

Target Balance (future \$)	Infl +/- Add'l	Asset Class Weightings	Return Rates	Estimate
\$0	<input checked="" type="checkbox"/> + 0.00%		0.00%	

OK **CANCEL**

Liquidation Strategies dialog box – Bucketing tab (Level 2 Plan)

1. Click **Estimate** to open the ***Distribution Bucket Estimator*** calculator.
2. Enter the number of years over which the "bucket" investment account will cover needs, and click **Ok**.
3. The amount determined by the calculator will appear in the ***Target Balance*** field.
4. Enter the remaining details of the bucketing strategy.

To set up a substantially equal periodic payment (SEPP), go to the **Redemptions** tab, and then complete the following steps:

1. Click the **Substantially Equal Periodic Payments (SEPP)** link.

Liquidation Strategies...

Liquidation Order | **Redemptions** | Bucketing

Redemptions Choose Account ... **ADD REDEMPTION STRATEGY**

To create a new strategy, select an account from the *Choose Account* list, and then click **Add Redemption Strategy**.

Substantially Equal Periodic Payments (SEPP) Choose Account ... **ADD SEPP STRATEGY**

Account Description	Start Date	Frequency	Distribution Method	Pro-Rate First/Last Payments	Actions
New account	Jul 23 2013	Annual	Required Minimum Distribution		

Principal Distributions from Trusts Choose Trust ... **ADD TRUST STRATEGY**

To create a new strategy, select a trust from the *Choose Trust* list, and then click **Add Trust Strategy**.

OK **CANCEL**

Liquidation Strategies dialog box – Redemptions tab (Level 2 Plan, Substantially Equal Periodic Payments (SEPP) section)

2. Select an account, and then click **Add SEPP Strategy**.
3. Enter the remaining details of the redemption strategy.

Note: For more information about entering redemptions and SEPPs, see [Entering redemptions](#) on page 89.

Overriding the proposed investor profile for a goal (Level 2 Plans)

You can review the proposed investor profile for the plan on the **Plan Management – Asset Allocation – Profile** page to see if it is appropriate for the goal. If not, to override the proposed portfolio, follow these steps:

1. Go to the **Set Goals – Retirement, Education, or Major Purchase** page.
2. Click **Asset Allocation**.

Note: This button looks different for the retirement goal than for the other goals.

Asset Allocation Details

The *Current Asset Mix* shown below reflects the weighted asset mix of all accounts funding this goal in the current plan. The *Suggested Asset Mix* reflects the time horizon and questionnaire for this specific goal. It is used for the accounts funding this goal in your proposed strategy.

[MODIFY QUESTIONNAIRE...](#)

Investor Profile

Period	Override	Investment Profile
<input checked="" type="radio"/> Pre-Retirement	<input type="checkbox"/>	Moderate Aggressive
<input type="radio"/> Retirement	<input type="checkbox"/>	Moderate Aggressive

Select the asset mix you would like to review.

- ☒ All Retirement Accounts
- ☐ Qualified Retirement Accounts
- ☐ Non-Qualified Retirement Accounts
- ☐ Non-Qualified Annuity Retirement Accounts

	Current Asset Mix	Suggested Asset Mix
Large Cap Growth Equity	0.00%	13.00%
Large Cap Value Equity	0.00%	16.00%
Mid Cap Equity	0.00%	13.00%
Small Cap Equity	0.00%	9.00%
US REITs	0.00%	5.00%
International Equity	0.00%	18.00%
Emerging Markets Equity	0.00%	6.00%
Long Term Bonds	0.00%	3.00%
Intermediate Term Bonds	0.00%	9.00%
Short Term Bonds	0.00%	4.00%
International Bonds	0.00%	4.00%
Unclassified	100.00%	0.00%

* A hold has been placed on an account

All Retirement Accounts		
Expected rate of return	0.00%	8.77%
Expected standard deviation	0.00%	15.33%

OK **CANCEL**

Asset Allocation Details dialog box (Level 2 Plan, retirement goal)

3. If you are using predefined asset allocation, you can override the asset allocation questionnaire your clients answered, click **Modify Questionnaire**.
 - Review the questionnaire and consider whether the responses are true for the goal. If a different response to any of the questions would better reflect the goal, select the option next to the question, and then change the response. Responses you enter on this page only apply to the goal and not to the rest of the plan.

4. For the **Retirement** goal, under **Investor Profile**, select the period for which you want to override the profile.
5. To override the selected **Investment Profile**, select the **Override** option, and then select the alternative investor profile you want to use for the selected period.
Retirement goal only: You must select an asset mix other than **All Retirement Accounts** if you want to override the clients' investment profile or customize the asset mix.
6. Select the asset mix you would like to review or override. The current asset mix graph changes depending on the selected asset mix. The suggested asset mix graph is based on your clients' goal investment profile.
7. Scroll down to the bottom of the profile. If applicable, you can modify the asset mix in this proposed portfolio for the selected retirement goal by clicking **Customize Asset Mix**, and then selecting either the **Weightings** option or the **Optimize** option.
8. Use the **Weightings** option to manually adjust the asset class weightings of the portfolio for all or selected accounts. For more detailed instructions, see **Editing asset class weightings (Level 2)** on page 64.
9. Use the **Optimize** option to use the Ibbotson Mean Variance Optimizer to generate a new portfolio based on an efficient frontier graph. For more detailed instructions, see **Using the Optimize calculation** on page 1.

Note: The proposed portfolio is only modified for the goal, not for the entire plan. Also, for a retirement goal, the proposed portfolio is only modified for the selected period.

To identify the accounts that will fund the clients' goal, see **Allocating accounts to goals** on page 117.

Defining education goals

To define an education goal, follow these steps:

1. Go to the **Set Goals – Education** page.

Education
<< >>

Use this page to define education goals for each family member.
* Required

Education Objectives
ADD EDUCATION OBJECTIVE

Description	Name	Start Age/Year	Infl +/- Add'l	Annual Cost	Years	Projected Cost	Actions
College Education	Julia	18 2016	<input checked="" type="checkbox"/> + 0.00%	\$0	4	\$0	

Goal Funding...

Unassigned Accounts (\$50,000)

Description	Account Type	Owner	Market Value	Basis	% Unassigned	Unassigned Amount	Asset Class Weightings	ROR(%)	Savings
New account	Non-Qualified	Joint	\$50,000	\$50,000	100%	\$50,000	Unclassified	0.00%	1

Set Goals section – Education category – Education page (Level 2 Plan)

2. To create a new goal, under **Education Objectives**, click **Add Education Objective**, and then enter the details of the goal.
3. To search the Peterson's Undergraduate Database (Data source: Peterson's Databases, copyright (2011). Peterson's, a division of Thomson Learning. All rights reserved.) for college-specific education expenses, click **Education Calculator**.
4. Under **Education Search Criteria**, select the state in which the school is located and/or enter the school name, and then click **Search**.

Search Education Costs ? ✕

Select a **state** from the *State* list, or enter the college or university name in the *School Name* field to filter items from the education database. If the exact school name is not known, use wildcards (*) to broaden the search. Click **Search** to view the results.

Education Search Criteria

Use the search criteria to access the Peterson's Undergraduate Database for college-specific education expenses.

State **School Name**

California **SEARCH**

Use wildcards(*) in your search.

Search Results

Select a college or university from the list below, and then select one of the expense option radio buttons.

- ☐ San Bernardino Valley College (San Bernardino, CA)
- ☐ San Diego Christian College (El Cajon, CA)
- ☐ San Diego City College (San Diego, CA)
- ☐ San Diego Mesa College (San Diego, CA)
- ☐ San Diego Miramar College (San Diego, CA)
- ☐ San Diego State University (San Diego, CA)
- ☐ San Diego State University-Imperial Valley Campus (Callexico, CA)
- ☐ San Francisco Art Institute (San Francisco, CA)
- ☐ San Francisco Conservatory of Music (San Francisco, CA)
- ☒ San Francisco State University (San Francisco, CA)
- ☐ San Joaquin Delta College (Stockton, CA)
- ☐ San Joaquin Valley College (Visalia, CA)
- ☐ San Joaquin Valley College (Bakersfield, CA)
- ☐ San Joaquin Valley College (Hesperia, CA)
- ☐ San Joaquin Valley College (Temecula, CA)
- ☐ San Joaquin Valley College (Hanford, CA)
- ☐ San Joaquin Valley College (Fresno, CA)
- ☐ San Joaquin Valley College (Salida, CA)

Expense Options 1

☐ In State Tuition

☐ **\$6,276**

☐ In State Tuition/Room

☐ **\$17,684**

☐ Out of State Tuition

☐ **\$17,436**

☐ Out of State Tuition/Room


☐ **\$28,844**

1 Amounts include required fees.

Data Source: Peterson's Databases, copyright (2012). Peterson's, a division of Thomson Learning. All rights reserved.

OK CANCEL

Search Education Costs dialog box (showing search results)

5. Under **Search Results**, select the school of your choice, and then select an expense option (for example, **Tuition** or **Tuition/Room**).
6. Click **OK**. The value is populated in the **Annual Cost** field.
7. To change the clients' investor profile for a specific education goal, do the following:
 - **Level 1** If the **Asset Allocation** module is selected on the **Plan Management** section – **Modules** category – **Modules** page, under **Investment Profile**, select the **Override** option for the education goal, and then select another investment profile.
 - **Level 2** **Overriding the proposed investor profile for a goal (Level 2 Plans)** on page 109
8. **Level 2** To add additional expenses to the education goal, click .

Search Education Costs * Required ? ⌵

Select a **state** from the *State* list, or enter the college or university name in the *School Name* field to filter items from the education database. If the exact school name is not known, use wildcards (*) to broaden the search. Click **Search** to view the results.

Education Search Criteria

Use the search criteria to access the Peterson's Undergraduate Database for college-specific education expenses.

State **School Name**

Use wildcards(*) in your search.

Search Results

There are no results to display.

To calculate the annual education expense for the expense type selected above, click **Populate**. Repeat the Peterson search or expense type selection for each education expense listed below.

Education Goal ADD EDUCATION EXPENSE

Description * **Infl +/- Add'l**

College Education ☒ + 0.00%

Name *	Start Age	Start Year	Annual Cost	Number of Years	Projected Cost	Actions
Julia ▼	18	2016	\$0	4	= \$0	⌵ ⌵

◀ Previous Entry Next Entry ▶ OK CANCEL

Search Education Costs dialog box (education expenses entered)

- If applicable, change the **Inflation Rate** for the goal.
 - To add an education expense, click **Add Education Expense**.
 - If you selected an expense option using the Peterson's Undergraduate Database, enter the expense details, and then click **Populate**.
9. When you have finished entering details, click **OK**.
- If multiple expenses were entered for the goal, the total projected cost of the objective appears under **Education Objectives**.
10. To allocate an account to the education goal, or to view or edit account distribution for all plan goals, click **Goal Funding**. For more information, see **Allocating accounts to goals** on page 117.

All accounts allocated toward the education goal appear on the **Education** page under **Education Accounts**. The market value of each account displayed reflects the market value for the account and not the actual amount allocated to the education goal. Any accounts not allocated to a goal appear under **Unassigned Accounts**. Clicking the links expands or collapses the information.

Defining major purchase goals

A major purchase is any large expense for which your clients need to save money. For example, a sailboat, a new roof for the house, or a wedding are all major purchases.

To define a major purchase goal, follow these steps:

1. Go to the **Set Goals– Major Purchase** page.
2. To create a new major purchase goal, click **Add Major Purchase Objective**, and then select an objective type.
Note: For all major purchase objective types other than the **Expense** type, the new asset is added to net worth and appears in the **Enter Financial Data – Net Worth** category in the year the purchase occurs. For example, a new vehicle or second residence can increase net worth, whereas a wedding or vacation cannot.
3. Enter a unique description for the goal, and then complete the required fields.
4. Specify whether the cost will be indexed to meet inflation.

Major Purchase << >>

Use this page to define major purchase goals. * Required

Major Purchase Objectives ADD MAJOR PURCHASE OBJECTIVE ▼

Description	Type	Member	Target Date	Amount	Infl +/- Add'l	Projected Amount	Actions
Vehicle	Vehicle	Joint	Feb 1 2014	\$0	<input checked="" type="checkbox"/> + 0.00%	\$0	

Goal Funding...

Unassigned Accounts (\$50,000)

Description	Account Type	Owner	Market Value	Basis	% Unassigned	Unassigned Amount	Asset Class Weightings	ROR(%)	Savings
New account	Non-Qualified	Joint	\$50,000	\$50,000	100%	\$50,000	Unclassified	0.00%	1

Set Goals section – Major Purchase category – Major Purchase page (Level 2 Plan)

5. **Level 1** To change the clients' investor profile for a specific major purchase goal, under **Investment Profile**, select the **Override** option for the major purchase goal, and then select another investment profile.
Note: The **Asset Allocation** module must be selected on the **Plan Management – Modules** page.
6. **Level 2** If you want to override the proposed portfolio for the major purchase goal, and the answers on the **Plan Management – Asset Allocation – Questionnaire** page do not accurately reflect the goal or you are not using predefined asset allocation, **Overriding the proposed investor profile for a goal (Level 2 Plans)** on page 109.
7. To allocate an account to the major purchase goal, or to view or edit account distribution for all plan goals, click **Goal Funding**. For more information, see **Overriding the proposed investor profile for a goal (Level 2 Plans)** on page 109.

All accounts allocated toward the major purchase goal appear on the **Major Purchase** page under **Major Purchase Accounts**. The market value of each account displayed reflects the market value for the account and not the actual amount allocated to the major purchase goal. Any accounts not allocated to a goal appear under **Unassigned Accounts**.

Defining an emergency fund goal

For a joint analysis, NaviPlan assumes that the emergency fund goal applies to both the client and co-client. When a client dies, NaviPlan transfers the goal to the surviving client.

To define an emergency fund goal, follow these steps:

1. Go to the **Set Goals – Emergency Fund** page.

Emergency Fund
<< >>

Define the emergency fund as a multiple of average monthly fixed expenses or as a specific dollar amount.

Emergency Fund Goal

☒ **Calculate target amount**

Multiple	Average Monthly Fixed Expenses	Target Amount	Infl +/- Add'l
3.0 X	\$1,244	= \$3,732	<input type="checkbox"/> + 0.00%

☐ **Specify target amount**

Target Amount	Infl +/- Add'l
\$0	<input type="checkbox"/> + 0.00%

Reserve Asset Until

☐ Retirement
☒ End of Plan

Goal Funding...

Unassigned Accounts (\$50,000)

Description	Account Type	Owner	Market Value	Basis	% Unassigned	Unassigned Amount	Asset Class Weightings	ROR(%)	Savings
New account	Non-Qualified	Joint	\$50,000	\$50,000	100%	\$50,000	Unclassified	0.00%	1

Set Goals section – Emergency Fund category – Emergency Fund page (Level 2 Plan)

2. To calculate the funds required to cover expenses that occur over a specific period, select **Calculate target amount**, and then in the **Multiple** field, enter the number of months to cover. The required amount appears in the **Target Amount** field. NaviPlan assumes that
 - Regular liability payments, insurance premiums, and fixed expenses are covered.
 - Income taxes, Social Security, and Medicare taxes are not covered.
 - Extra lump-sum payments, discretionary expenses, savings strategies, estate planning gifts, gift taxes, GSTT, and 10% early redemption from qualified plan taxes are not covered.

3. To create an emergency fund goal set at a fixed amount, select **Specify target amount**, and then enter the amount.
4. If you want to index the emergency fund to inflation, select the **Infl** option, and then enter the percentage above or below inflation. The inflation rate applies to both emergency fund calculation methods.
5. Under ***Reserve asset for Emergency Fund until***, indicate how long the emergency fund assets are to be reserved.
 - To have NaviPlan reserve the assets for emergency use only until retirement, select **Retirement**. At retirement, NaviPlan transfers use of these assets to the retirement goal.
 - To have NaviPlan reserve the assets for emergency use for the duration of the plan, select **End of Plan**. These assets are not available for deficit coverage or to fund any other goal.
6. To edit the accounts funding this goal, click **Goal Funding**. For more information, **Allocating accounts to goals** on the next page.

Note: Qualified accounts cannot fund an emergency fund.

All accounts allocated toward the emergency fund goal appear on the ***Emergency Fund*** page under ***Emergency Fund Accounts***. The market value of each account displayed reflects the market value for the account and not the actual amount allocated to the major purchase goal. Any accounts not allocated to a goal appear under ***Unassigned Accounts***.

Allocating accounts to goals

To assign accounts to fund specific goals or to view account distribution for all goals, follow these steps:

1. On the <**Retirement/Education/Major Purchase/Emergency Fund**> page, click **Goal Funding**. Your clients' qualified accounts and annuities, with the exception of 529 plans, are automatically assigned to fund the retirement goal, but can also fund education and major expense goals. Non-qualified accounts can fund any goal and can also be allocated to more than one goal.

Note: You can also allocate accounts to goals or view account distribution for all plan goals on the **Set Goals – Goal Funding** page.

2. For each applicable account, enter any combination of dollar amounts, percentages, or the keyword **Balance** to allocate funds to the applicable goals.

Note: In Detailed Tax method, you can allocate qualified accounts to goals other than retirement. In Average Tax method, only non-qualified accounts can be allocated to goals other than retirement.

In NaviPlan, you can fund goals in three ways:

- **Fixed amount** – Enter a fixed dollar value. When a fixed amount is entered, NaviPlan uses only that amount to fund the goal, even when additional funds are available in the account.
- **Percentage** – Enter a percentage.
- **Balance** – Enter the keyword **balance**. All remaining unallocated funds in the account are directed to the goal. If entered for multiple goals, the remaining balance is distributed equally among those goals.

When allocating an account across multiple goals and using any of the funding options, NaviPlan divides the account into portions for each goal. This split is reflected in stand-alone reports and eliminates the need to manually divide an account. Any account savings are then appropriately distributed among the account's goals.

If accounts are assigned to multiple goals and the combined funding amounts exceed the value of the account, fixed amounts are funded first and the remaining funds are automatically distributed on a pro-rata basis.

Use this page to allocate accounts towards goals. Enter any mix of percentages, dollar amounts, or the word Balance—however—all accounts must be 100% allocated. Accounts not assigned to a goal can represent emergency funds or funds allocated for estate planning transfers.

Goal Funding

Account Name (Owner/Account Type)	Total	Retirement	College Education	Vehicle	Emergency Fund	Unallocated
New account (David/401(k))	\$50,000	100%	\$0	\$0	\$0	\$0
New account (Joint/Non-Qualified)	\$50,000	\$0	\$0	\$0	\$0	\$50,000
John's Annuity (Joint/Non-Qualified)	\$10,000	100%	\$0	\$0	\$0	\$0
Nebulous other account (David/IRA)	\$25,000	100%	\$0	\$0	\$0	\$0
	\$135,000	\$85,000	\$0	\$0	\$0	\$50,000

OK CANCEL

Goal Funding dialog box

All accounts allocated toward the goal appear on the **Retirement, Education, Major Purchase, or Emergency Fund** pages under **Accounts**. To expand or collapse this information, click the **Accounts** link. The market value of each account displayed under <goal> **Accounts** reflects the market value for the account and not the actual amount allocated to the goal. Any accounts not allocated to a goal appear under **Unassigned Accounts**.

Chapter 8: Entering insurance goals

This chapter explains how to enter insurance goals in Level 1 and Level 2 Plans. Insurance goals are entered on separate pages, depending on the type of insurance.

In this chapter:

Entering insurance goals for Level 1 Plans	119
Survivor income (Level 1)	119
Disability insurance (Level 1)	121
Long-term care insurance (Level 1)	122
Entering insurance goals for Level 2 Plans	123
Survivor income goals: if one client dies (Level 2)	123
Survivor income goals: if both clients die (Level 2)	135
Disability income goals (Level 2)	140
Long-term care insurance goals (Level 2)	147

Entering insurance goals for Level 1 Plans

In Level 1 Plans, insurance goals consist of life insurance, disability insurance, and long-term care insurance.

Enter the applicable insurance information as described in the following procedures:

- **Survivor income (Level 1)** below
- **Disability insurance (Level 1)** on page 121
- **Long-term care insurance (Level 1)** on page 122

Survivor income (Level 1)

The need for additional life insurance can be determined quickly using NaviPlan. On the **Survivor Income** 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.

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

1. Go to the **Set Goals** section – **Survivor Income**.

Survivor Income
<< >>

Use this page to quickly assess your clients' need for additional life insurance. Once data has been entered on this page, your clients' additional need will appear under the *Results* heading.

If David dies
If Susan dies
If Both Die

☒ Include in Analysis

Lump Sum Needs
☐ Lump Sum Needs Override ?

Copy Lump Sum Needs from Susan's Assessment

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

Assumptions

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

Results

Total Lump Sum Needs	\$0
plus: Total Ongoing Needs	\$0
less: Total Available Assets	\$0
Additional Life Insurance Needed	\$0

Ongoing Needs
ADD ONGOING NEED

Annual Ongoing Needs are \$0 for 0 years

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

Available Assets to Offset Needs
☐ Available Asset Override ?


Copy Available Assets from Susan's Assessment

Realizable Assets	\$0
Existing Life Insurance Policies	\$0
Total Available Assets	\$0

Set Goals section – Survivor Income category – Survivor Income page (Level 1 Plan)

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 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.

Disability insurance (Level 1)

1. Go to the **Set Goals – Disability Income** page.

Disability Income
<<
>>

Select the appropriate check boxes below to activate the insurance analysis. Enter details for the applicable insurance objectives.

Disability Insurance Analysis to Include

☒ If David becomes Disabled
☒ If Susan becomes Disabled

Objectives

Percentage of lifestyle and medical expenses to cover

	David	Susan
Cover Major Purchase Goals	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pay Off Outstanding Liabilities	<input type="checkbox"/>	<input type="checkbox"/>

Set Goals section – Survivor Income category – Disability Income page (Level 1 Plan)

2. Under **Disability Insurance Analysis to Include**, select the appropriate **If <client/co-client> becomes Disabled** option to model the scenario for the client or co-client.

Note: For the purposes of the disability insurance analysis, NaviPlan assumes that the client and co-client do not become disabled at the same time.

3. Under **Objectives**, enter the percentage of lifestyle and medical expenses to cover.

This is the percentage of current expenses that are expected to continue after the disability of the client or co-client. This feature allows you to illustrate a change in cash flow (expense) needs if one of the clients becomes disabled. The default is 100%, but the percentage can be changed.

For disability insurance, non-qualified assets are available at the start of disability, qualified assets are available at the start of retirement, and lifestyle assets are available for the estate.

4. If the disability insurance coverage is to cover the outstanding major purchase goals in the event of the disability of one client, select the **Cover Major Purchase Goals** option for the client and/or co-client.
5. If the disability insurance coverage is to pay off all outstanding liabilities, select the **Pay Off Outstanding Liabilities** option for the client and/or co-client.

Long-term care insurance (Level 1)

1. Go to the **Set Goals – Long-term Care** page.

Long-term Care
<<
>>

Select the appropriate check boxes below to activate the insurance analysis. Enter details for the applicable insurance objectives.

Long-term Care Insurance Analysis to Include

☒ If David enters LTC
☒ If Susan enters LTC

Objectives

Percentage of lifestyle and medical expenses to cover during

	David	Susan	Frequency
Additional LTC Expenses	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="Weekly"/> ▼

Set Goals section – Long-term Care category – Long-term Care page (Level 1 Plan)

2. Under **Long-term Care Insurance Analysis to Include**, select the appropriate **If <client/co-client> enters LTC** option to model the scenario for the client or co-client.
 - The age at which long-term care begins is based on the age of death set on the **Set Goals** section – **Retirement** category – **Retirement** page. By default, the client is assumed to require long-term care for a period of four years starting on January 1 of the year in which the client turns age 80, and the client is assumed to die at the end of this period.
2. Under **Objectives**, enter the percentage of lifestyle and medical expenses that is expected to continue when the period of long-term care begins. The default is 100%, but the percentage can be changed.
3. Enter the amount of any additional daily long-term care expenses for the client or the co-client.

For long-term care insurance, non-qualified and qualified assets are available at the start of long-term care, and lifestyle assets are available for the estate.

Entering insurance goals for Level 2 Plans

In Level 2 Plans, insurance goals consist of life insurance, disability insurance, and long-term care insurance.

Enter the applicable insurance information as described in the following procedures:

- **Survivor income goals: if one client dies (Level 2)** below
- **Survivor income goals: if both clients die (Level 2)** on page 135
- **Disability income goals (Level 2)** on page 140
- **Long-term care insurance goals (Level 2)** on page 147

Survivor income goals: if one client dies (Level 2)

You can enter insurance needs and objectives for the client and co-client in the **Survivor Income** category. Data entry is the same for both. To consider insurance needs when both clients die, see **Survivor income goals: if both clients die (Level 2)** on page 135.

To enter data and assess needs for the client or co-client, follow these steps:

1. Go to the **Set Goals – Survivor Income – Client/Co-client Objectives** page.

Client Objectives
Co-client Objectives
Both Objectives
<< >>

Select an insurance analysis method. Use this page to activate the survivor income analysis for David. David's death will be simulated as of the end of the current year, and the plan will be projected forward to analyze the results. * Required

Objectives

☒ If David dies

Select an insurance analysis method

☐ Quick Assessment
☐ Goal and Expense Analysis
☒ Income Coverage Analysis

Assumptions
Lump Sum Needs
Annual Income Needs
Survivor's Income
Asset Availability

Adjust Milestones


Susan

	Override	Age	Date
Survivor Retirement Age	<input type="checkbox"/>	57	Jan 2030
Survivor Life Expectancy	<input type="checkbox"/>	83	2055

ROR on Cash Flow Surpluses & Liquidations

	Total	Interest	Dividends	Capital Gains	Tax Free	Deferred Growth
Pre-Retirement	6.00%	1.50%	1.50%	1.50%	0.00%	1.50%
Retirement	6.00%	1.50%	1.50%	1.50%	0.00%	1.50%

Set Goals section – Survivor Income category – Client/Co-client Objectives page – Assumptions tab (Level 2 Plan, Average Tax method)

2. To assess insurance needs, under **Objectives**, select **If <client/co-client> dies**.
3. Select a method for analyzing insurance needs.
 - **Goal and Expense Analysis** assesses the life insurance needed to cover the survivor's goals and expenses. Goals and expenses at the plan level, as well as additional expenses entered for the life insurance scenario, are considered. This analysis is integrated into the rest of the plan.
 - **Income Coverage Analysis** assesses the life insurance needed to replace income lost from the death of the client or co-client. This method is independent of the rest of the plan.
 - **Quick Assessment** calculates your clients' additional insurance needs on the basis of a simple comparison of their lump sum and ongoing needs to their assets available to offset those needs. This assessment is designed to quickly assess your clients' need and provide you with an accurate amount of additional life insurance they will require.
4. To change the survivor's retirement age for the life insurance calculation, go to the **Assumptions** tab, select the **Override the Retirement Age for the Survivor** option, and then enter the retirement age or date. The default values originate from the **Plan Management – Assumptions – Milestones** page.
5. To change the survivor's life expectancy for the life insurance calculation, select the **Override the Survivor Life Expectancy** option, and then enter the life expectancy age or year. The default values originate from the **Plan Management – Assumptions – Milestones** page.
6. Under **ROR on Cash Flow Surpluses & Liquidations**, enter return rates.
7.  To override the tax rates shown, select the **Override Tax Rates** option, and then enter the tax rates you wish to use. Changing the tax rate here only affects the survivor's tax rates for life insurance calculations. It does not affect rates used in the rest of the plan. The default values on this page originate from the **Plan Management – Assumptions – General** page.
Note: The state tax rate is added to the displayed average, marginal, and long-term capital gains tax in income tax calculations. State tax deductions at the federal level are considered.
8. Complete one of the following procedures:
 - **Goal and Expense Analysis method if one client dies** on the next page
 - **Income Coverage Analysis method if one client dies** on page 128
 - **Survivor Income Objectives: Quick Assessment** on page 1
 - **Using the Human Life Value calculation** on page 1

Goal and Expense Analysis method if one client dies

The **Goal and Expense Analysis** method must be selected on the **Set Goals – Survivor Income – Client/Co-client Objectives** page. See **Entering insurance goals for Level 2 Plans** on page 123.

To use the **Goal and Expense Analysis** method, follow these steps:

1. Go to the **Ongoing Expenses** tab.
2. Under **Annual Expenses**, enter the percentage of lifestyle expenses to be covered by life insurance proceeds. The percentage entered becomes the default for the expenses listed under **Expense**.
Note: Pre-retirement or retirement expenses must be entered in the plan for the **Expense** fields to appear on this tab.
3. To select a different percentage for an individual expense, clear the corresponding **Use Defaults** option, and then enter the percentage in the **% to Cover** field.

Assumptions
Ongoing Expenses
Additional Annual Income
Lump Sum Needs
Asset Availability

Enter the overall percentage for pre-retirement and retirement expenses for the survivor analysis.

Enter *Additional Expenses* to account for incremental expenses that may be incurred after the partner's death

Annual Expenses

Percentage of lifestyle expenses to cover

Education Goals

Description	Name	Start Age	Number of Years	Annual Amount	% to Cover
University Education	Jeremy	18	4	\$1	<input type="text" value="100%"/>

Surplus Strategy

Percent surplus spent

Percent surplus saved

Analysis Surplus

☒ Assume surplus is spent

Additional Expenses

Click the **Add Additional Expense** button to create a new row.

ADD ADDITIONAL EXPENSE ▼

Set Goals section – Survivor Income category – Client/Co-client Objectives page – Ongoing Expenses tab
(Level 2 Plan, Goal and Expense Analysis method selected)

4. If education expenses exist in the plan, under **Education Expenses**, enter the percentage of education expenses to be covered in the event of death.

5. Under **Surplus Strategy**, enter the applicable amounts in the **Percent surplus spent** and **Percent surplus saved** fields. The surplus strategy applies throughout the life insurance analysis.
 - The **Percent surplus spent** and **Percent surplus saved** fields control what NaviPlan does with any cash flow surplus during survivorship. For example, when one client dies, you expect the survivor to incur a cash flow surplus of \$10,000. You also expect the survivor to spend 25% of this surplus on miscellaneous costs and invest the remaining amount. For this example, you would enter **25** in the **Percent surplus spent** field. NaviPlan automatically saves the remaining 75% into a non-qualified account when survivorship occurs.
6. Under **Analysis Surplus**, select or clear the **Assume surplus is spent** option as required.
 - When the option is selected, NaviPlan projects the cash flow that would have occurred in pre-retirement if neither client died. Any pre-retirement surpluses resulting from that projection become additional pre-retirement survivor expenses in the years they are projected to occur. The **Percentage of lifestyle and medical expenses to cover** value applies to this expense just like any other regular expense.
7. Under **Additional Expenses**, click **Add Additional Expense** to enter any new expenses that will apply during survivorship.
8. Once all ongoing expenses are entered, go to the **Additional Annual Income** tab.
9. To add an annual income that may apply during survivorship, under **Additional Annual Income**, click **Add Annual Income**, and then enter the income details.

Assumptions
Ongoing Expenses
Additional Annual Income
Lump Sum Needs
Asset Availability

Use this page to enter additional annual income that applies in survivorship.

Additional Annual Income
ADD ANNUAL INCOME

Description	Income Type	Annual Amount	Start Date	End Date	Infl +/- Add'l	Actions
<input type="text" value="Salary"/>	<input type="text" value="Salary"/>	<input type="text" value="\$0"/>	<input type="text" value="Jan 1 2015"/>	<input type="text" value="Ret. (Co-client)"/>	<input checked="" type="checkbox"/> + <input type="text" value="0.00%"/>	

Set Goals section – Survivor Income category – Client/Co-client Objectives page – Additional Annual Income tab
(Level 2 Plan, Goal and Expense Analysis method selected)

10. Once all ongoing incomes are entered, go to the **Lump Sum Needs** tab.

Assumptions Lump Sum Needs Annual Income Needs Survivor's Income Asset Availability

Select the outstanding liabilities that are to be paid in full upon death. If items listed under *Pay Off Outstanding Liabilities* are not selected, those regular payments will continue and be part of the survivor's cash flow needs.

Adjust the % to Cover for major purchase goals to be retained in the analysis. If 0 is entered for items listed under *Major Purchase Goals*, the assumption is that the savings and needs required for those goals are not included as part of the survivor's cash flow needs.

Use this page to enter lump sum needs in the event of a survivorship situation (such as a funeral cost).

Pay Off Outstanding Liabilities

Description	Outstanding Principal
<input checked="" type="checkbox"/> Mortgage	\$108,046

Major Purchase Goals

Description	Amount	Target Date	% to Cover
Vehicle	\$0	Feb 1 2014	<input type="text" value="0%"/>

Additional Lump Sum Needs ADD LUMP SUM NEED

Description	Amount	Infl +/-	Add'l	Actions
Lump Sum Need	\$0	<input checked="" type="checkbox"/>	0.00%	<input type="button" value="X"/>

Set Goals section – Survivor Income category – Client/Co-client Objectives page – Lump Sum Needs tab
(Level 2 Plan, Goal and Expense Analysis method selected)

11. Under ***Pay Off Outstanding Liabilities***, select any existing loans that will be paid off by insurance proceeds.
 - For each loan that is not selected, NaviPlan assumes that the payments continue and will be included as part of the survivor's cash flow.

Note: This option is only available if liabilities exist in the plan and, if on the ***Enter Financial Data*** section – ***Net Worth – Assets/Liabilities – Liability Details*** dialog box – ***Details*** tab, the ***Payoff Options at Death*** selection is ***Transfer to survivor*** or ***Payoff at first death (from estate)***.
12. Select any future major purchase goals that will be paid for in the event of death. This option is only available if major purchase goals exist in the plan.
13. Under ***Additional Lump Sum Needs***, if any other lump-sum needs are expected, click **Add Lump Sum Need**, and then enter the details of the need in the fields that appear.
14. To indicate when accounts are to be made available during the survivorship period, complete the procedure **Assigning asset availability if one client dies** on page 131.

Income Coverage Analysis method if one client dies

The **Income Coverage Analysis** option must first be selected on the **Set Goals – Survivor Income – Client/Co-client Objectives** page. See **Entering insurance goals for Level 2 Plans** on page 123.

To use the **Income Coverage Analysis** method, follow these steps:

1. Go to the **Annual Income Needs** tab.
2. To calculate a percentage of current income needed during survivorship, under **Current Income Level Calculator**, enter a percentage in the **% to cover** field, and then click **Add to Annual Income Needs**. The income need now appears under **Annual Income Needs**.
3. To define a new annual income need that will apply during survivorship, under **Annual Income Needs** click **Add Annual Income Need**, and then enter all applicable data.

Assumptions
Lump Sum Needs
Annual Income Needs
Survivor's Income
Asset Availability

Define the income requirements if the client dies. Only annual needs entered on this page will be taken into consideration in the analysis. Any expenses or needs for retirement entered in the plan's regular cash flow will be included when using the *Income Coverage Analysis* method.

Choose whether education goals will be included in the analysis. Including education goals will increase the cash flow needs.

Current Income Level Calculator

Household Pre-tax Income	% to cover	Amount	
\$0	x 0%	= \$0	ADD TO ANNUAL INCOME NEEDS

Annual Income Needs

ADD ANNUAL INCOME NEED

Description	Member	Income Need (pre-tax)	Frequency	Start Date	End Date	Infl +/- Add'l	Actions
Lifestyle Expenses	Susan	\$0	Annual	Jan 1 2015	Death (Owner)	+ 0.00%	✕

Support for Dependents

ADD SUPPORT FOR DEPENDENT

Description	Dependent	Amount	Frequency	End Age	Start Date	End Date	Infl +/- Add'l	Actions
Ongoing Expenses	Julia	\$0	Annual	21	Jan 1 2015	Jan 1 2019	+ 0.00%	✕

Scenario Surplus

Percent Surplus Spent	0%
Percent Surplus Saved	100%

Education Goals

Description	Name	Start Age	Number of Years	Annual Amount	% to Cover
College Education	Julia	18	4	\$0	100%

Set Goals section – Survivor Income category – Client/Co-client Objectives page – Annual Income Needs tab
(Level 2 Plan, Income Coverage Analysis method selected)

4. To enter annual child support needed for each child that will be provided in the event of death, click **Add Support for Dependent**, and then enter the support details. This section does not appear if dependents have not been entered.
5. To determine how much of any cash flow surplus is assumed to be spent or saved, under **Scenario Surplus** enter the percentage values. For example, when one client dies, you expect the survivor to incur a cash flow surplus of \$10,000. You also expect the survivor to spend 25% of this surplus on miscellaneous costs and invest the remaining amount. For this example, you would enter **25** in the **Percent surplus spent** field. NaviPlan automatically saves the remaining 75% into a non-qualified account when survivorship occurs.
6. To define how much of an education goal is to be funded during survivorship, under **Education Goals**, enter a percentage value in the **% to Cover** field.
7. Once income needs are entered, go to the **Lump Sum Needs** tab.

Assumptions
Lump Sum Needs
Annual Income Needs
Survivor's Income
Asset Availability

Select the outstanding liabilities that are to be paid in full upon death. If items listed under *Pay Off Outstanding Liabilities* are not selected, those regular payments will continue and be part of the survivor's cash flow needs.

Adjust the *% to Cover* for major purchase goals to be retained in the analysis. If 0 is entered for items listed under *Major Purchase Goals*, the assumption is that the savings and needs required for those goals are not included as part of the survivor's cash flow needs.

Use this page to enter lump sum needs in the event of a survivorship situation (such as a funeral cost).

Pay Off Outstanding Liabilities

Description	Outstanding Principal
<input checked="" type="checkbox"/> Mortgage	\$108,046

Major Purchase Goals

Description	Amount	Target Date	% to Cover
Vehicle	\$0	Feb 1 2014	<input type="text" value="0%"/>

Additional Lump Sum Needs

ADD LUMP SUM NEED

Description	Amount	Infl +/- Add'l	Actions
<input type="text" value="Lump Sum Need"/>	<input type="text" value="\$0"/>	<input checked="" type="checkbox"/> + <input type="text" value="0.00%"/>	<input checked="" type="checkbox"/>

Set Goals section – Survivor Income category – Client/Co-client Objectives page – Lump Sum Needs tab
(Level 2 Plan, Income Coverage Analysis method selected)

8. Under **Pay Off Outstanding Liabilities**, select any existing loans that will be paid off by insurance proceeds. For each loan that is not selected, NaviPlan assumes that the payments continue and will be included as part of the survivor's cash flow.
Note: This option is only available if liabilities exist in the plan and, if on the Enter Financial Data section – **Net Worth** category – **Assets/Liabilities – Liability Details** dialog box, the **Payoff Options at Death** selection is **Transfer to survivor** or **Payoff at first death (from estate)**. This option is only available if liabilities exist in the plan.
9. Enter the percentage of any future major purchase goals that will be paid for in the event of death.
Note: This option is only available if major purchase goals exist in the plan.
10. Under **Additional Lump Sum Needs**, if any other lump-sum needs are expected, click **Add Lump Sum Need**, and then enter the details of the need in the fields that appear.
11. Go to the **Survivor's Income** tab.

Assumptions Lump Sum Needs Annual Income Needs **Survivor's Income** Asset Availability

Enter any incomes the survivor will receive *after* the partner dies.

Defined benefit and defined contribution pensions entered in the plan that include survivor benefits will flow through to this page.

Survivor's Income Reset ADD SURVIVOR INCOME

Description	Member	Income Type	Amount	Frequency	Start Date	End Date	Infl +/- Add'l	Actions
Salary	Susan	Salary	\$0	Annual	Jan 1 2014	Ret. (Owner)	<input checked="" type="checkbox"/> + 0.00%	

Set Goals section – Survivor Income category – Client/Co-client Objectives page – Survivor's Income tab
(Level 2 Plan, Income Coverage Analysis method selected)

12. To enter a new income, click **Add Survivor Income**, and then enter all appropriate data.
13. To indicate when accounts are to be made available during the survivorship period, complete the procedure see **Assigning asset availability if one client dies** on the next page.

Note: To delete any changes and revert the survivor incomes that were created on the **Enter Financial Data** section – **Cash Flow**, click **Reset**.

Assigning asset availability if one client dies

On the **Asset Availability** tab (for either the Goal and Expense Analysis method or the Income Coverage Analysis method), you can indicate when assets are to be made available during the survivorship period.

1. Go to the **Asset Availability** tab.

Use this page to control asset availability for survivor needs.

Investment Accounts

Account Name	Survivor Needs		Estate Needs
	Available	Not Available	Not Available at Death
New account (Joint/Non-Qualified)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="checkbox"/>

Non-Qualified Deferred Compensation Accounts

The current plan does not have any NQDC assets applicable to this module.

Lifestyle Assets

Asset Name	Survivor Needs		Estate Needs
	Available	Not Available	Not Available at Death
Family Home (Joint/Lifestyle)	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="checkbox"/>

Real Estate Assets

Asset Name	Survivor Needs		Estate Needs
	Available	Not Available	Not Available at Death
Apartment Building (Joint/Real Estate)	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="checkbox"/>

Business Entity Assets

Asset Name	Survivor Needs		Estate Needs
	Available	Not Available	Not Available at Death
LLC (Joint)	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="checkbox"/>

Education Specific Accounts

The current plan does not have any education specific accounts defined.

Set Goals section – Survivor Income category – Client/Co-client Objectives page – Asset Availability tab
(Level 2 Plan, Goal and Expense Analysis method selected)

2. Under **Investment Accounts – Survivor Needs**, select one of the following options for each account:
 - **Available Immediately**, if the account is available for survivor needs immediately following the death of the client.
 - **Available Starting At Retirement**, if the account is available for survivor needs upon the survivor's retirement.
 - **Not Available**, if the account is not available for survivor needs.

Note: If you select **Available Immediately** or **Available Starting At Retirement**, the clients' accounts are redeemed as required to cover the survivor's income needs.

-
3. If an account should not be used to settle the deceased's estate, under ***Investment Accounts – Estate Needs***, select the **Not Available at <client's/co-client's> Death** option.
 4. Under ***Lifestyle Assets***, ***Real Estate Assets***, and ***Business Entity Assets***, select one of the following options for each lifestyle asset:
 - **Liquidate Immediately**, if the asset will be made available to the survivor when the client or co-client dies.
 - **Liquidate At Retirement**, if the asset will be sold when the surviving client reaches retirement.
 - **Not Available**, if the asset will not be sold until both the client and co-client die.

To ensure an asset is not liquidated to cover estate needs when the first client dies, select the **Not Available at <client's/co-client's> Death** option.

Note: If you select ***Liquidate Immediately*** or ***Liquidate At Retirement***, the entire lifestyle or real estate asset is liquidated and the proceeds remaining at the end of the year are reinvested at the rate set on the ***Set Goals – Survivor Income – Client/Co-client Objectives*** page – ***Assumptions*** tab.

Life Insurance Analysis

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.

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

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

Ongoing Needs

Annual Ongoing Needs are \$0 for 0 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

Financial Assessment section – Financial Assessment category – Insurance page

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 the calculator icon 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.

Survivor income goals: if both clients die (Level 2)

To analyze life insurance needs in the event that both clients die, follow these steps:

1. Go to the **Set Goals – Survivor Income – Both Objectives** page.

Assumptions
Lump Sum Needs
Ongoing Income Needs
Asset Availability

ROR on Cash Flow Surpluses & Liquidations

	Total	Interest	Dividends	Capital Gains	Tax Free	Deferred Growth
Pre-Retirement	6.00%	1.50%	1.50%	1.50%	0.00%	1.50%
Retirement	6.00%	1.50%	1.50%	1.50%	0.00%	1.50%

Tax Rates

Dependents

Tax Bracket
\$0 - \$8,925

State
5.00%

Average
10.00%

Marginal
10.00%

Long-Term Capital Gains
0.00%

⇒ Rate has been overridden

Note: The average, marginal and long-term capital gains tax rates shown represent federal rates. The corresponding state tax rate and the federal deduction for state taxes are accounted for in the income tax calculations.

Set Goals section – Survivor Income category – Both Objectives page – Assumptions tab
(Level 2 Plan, Detailed Tax method and Goal, and Expense Analysis method selected)

2. Under **Objectives**, select **If <client> and <co-client> die**.
3. Select an insurance analysis method.
 - **Goal and Expense Analysis** assesses the life insurance needed to cover the survivor's goals and expenses. Goals and expenses at the plan level, as well as additional expenses entered for the life insurance scenario, are considered. This analysis is integrated into the rest of the plan.
 - **Income Coverage Analysis** assesses the life insurance needed to replace income lost from the death of the client or co-client. This method is independent of the rest of the plan.
4. On the **Assumptions** tab under ROR on Cash Flow Surpluses & Liquidations, enter return rates.
5. **D. Tax** Under **Tax Rates**, view the tax rates to be used for any dependent-owned assets. Edit if necessary.
6. Complete one of the following procedures:
 - **Goal and Expense Analysis method if both clients die** on the next page
 - **Income Coverage Analysis method if both clients die** on page 137

Goal and Expense Analysis method if both clients die

The **Goal and Expense Analysis** method must be selected on the **Set Goals – Survivor Income – Both Objectives** page. **Survivor income goals: if both clients die (Level 2)** on the previous page for more information.

To use the **Goal and Expense Analysis** method, follow these steps:

1. Go to the **Ongoing Expenses** tab.

Assumptions Ongoing Expenses Lump Sum Needs Asset Availability

Support for Dependents [ADD SUPPORT FOR DEPENDENT](#)

Click the **Add Support for Dependent** button to create a new row.

Education Goals

Description	Name	Start Age	Number of Years	Annual Amount	% to Cover
College Education	Julia	18	4	\$0	100%

Set Goals section – Survivor Income category – Both Objectives page – Ongoing Expenses tab
(Level 2 Plan, Goal and Expense Analysis method selected)

2. Under **Support for Dependents**, click **Add Support for Dependent**, and then enter annual child support needed for each child that will be provided in the event of death. This section does not appear if dependents have not been entered.
3. Under **Education Expenses**, define the percentage of previously entered education expenses that will be covered by life insurance. This option is only available if an education goal exists in the plan.
4. Go to the **Lump Sum Needs** tab.

Assumptions Ongoing Expenses Lump Sum Needs Asset Availability

Use this tab to enter and edit lump-sum cash flow needs after the death of the primary family member(s). Under *Additional Lump Sum Needs*, enter items such as funeral expenses.

Additional Lump Sum Needs [ADD LUMP SUM NEED](#)

Description	Amount	Infl +/- Add'l	Actions
Lump Sum Need	\$0	<input checked="" type="checkbox"/> + 0.00%	<input checked="" type="checkbox"/>

Set Goals section – Survivor Income category – Both Objectives page – Lump Sum Needs tab
(Level 2 Plan, Goal and Expense Analysis method selected)

5. Under **Additional Lump Sum Needs**, enter one-time expenses that will be covered in the event of death. Enter a unique description for each expense, and then enter all appropriate data.
Note: Lump sum needs entered on the **Client/Co-client Objectives** page are also listed here.
6. Under **Estate Expenses**, NaviPlan lists estate expenses previously entered on the Set Goals section – **Estate Planning** category – **Estate Expenses** page.
7. To indicate when accounts are to be made available for survivor and estate needs, complete the procedure **Assigning asset availability if both clients die** on page 139.

Income Coverage Analysis method if both clients die

The **Income Coverage Analysis** option must first be selected on the **Set Goals – Survivor Income – Both Objectives** page. See **Survivor income goals: if both clients die (Level 2)** on page 135.

To use the **Income Coverage Analysis** method, follow these steps:

1. Go to the **Ongoing Income Needs** tab.

Assumptions **Lump Sum Needs** **Ongoing Income Needs** **Asset Availability**

Current Income Level Calculator

Household Pre-tax Income: \$0 x % to cover: 0% = Amount: \$0 **ADD TO SUPPORT FOR DEPENDENTS**

Support for Dependents **ADD SUPPORT FOR DEPENDENT**

Click the **Add Support for Dependent** button to create a new row.

Education Goals

Description	Name	Start Age	Number of Years	Annual Amount	% to Cover
College Education	Julia	18	4	\$0	100%

Set Goals section – Survivor Income category – Both Objectives page – Ongoing Income Needs tab
(Level 2 Plan, Income Coverage Analysis method selected)

2. To calculate a percentage of current income needed during survivorship, under **Current Income Level Calculator**, enter a percentage in the **% to cover** field, and then click **Add to Support for Dependents**.
3. To enter annual child support needed for each child that will be provided in the event of death, click **Add Support for Dependent**, and then enter the support details. This section does not appear if dependents have not been entered.
4. If education expenses exist in the plan, under **Education Expenses**, enter the percentage of education expenses to be covered in the event of death.
5. Go to the **Lump Sum Needs** tab.

Assumptions **Lump Sum Needs** **Ongoing Income Needs** **Asset Availability**

Select outstanding liabilities to be paid in full upon death. If items listed under **Pay Off Outstanding Liabilities** are not selected, it is assumed that additional insurance is not required because the liabilities are insured separately for life.

Under **Additional Lump Sum Needs**, enter items such as funeral expenses.

Pay Off Outstanding Liabilities

Description	Outstanding Principal
-------------	-----------------------

Additional Lump Sum Needs **ADD LUMP SUM NEED**

Click the **Add Lump Sum Need** button to create a new row.

Set Goals section – Survivor Income category – Both Objectives page – Lump Sum Needs tab
(Level 2 Plan, Goal and Expense Analysis method selected)

6. Under **Pay Off Outstanding Liabilities**, select any existing loans that will be paid off by insurance proceeds. For each loan that is not selected, NaviPlan assumes that the payments continue and will be included as part of the survivor's cash flow.

Note: This option is only available if liabilities exist in the plan and, if on the Enter Financial Data section – **Net Worth** category – **Assets/Liabilities** page – **Liability** dialog box, the **Payoff Options at Death** selection is **Transfer to survivor** or **Payoff at first death (from estate)**. This option is only available if liabilities exist in the plan.

7. Under **Additional Lump Sum Needs**, enter one-time expenses that will be covered in the event of death. Enter a unique description for each expense, and then enter all appropriate data.
8. To indicate when accounts are to be made available for survivor and estate needs, complete the procedure **Assigning asset availability if both clients die** on the next page.

Assigning asset availability if both clients die

On the **Asset Availability** tab (for either the Goal and Expense Analysis method or the Income Coverage Analysis method), you can indicate when assets are to be made available.

1. Go to the **Asset Availability** tab.

Use this page to control asset availability for survivor needs.

Investment Accounts

Account Name	Survivor Needs		Estate Needs
	Available	Not Available	Not Available at Death
New account (Joint/Non-Qualified)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="checkbox"/>

Non-Qualified Deferred Compensation Accounts

The current plan does not have any NQDC assets applicable to this module.

Lifestyle Assets

Asset Name	Survivor Needs		Estate Needs
	Available	Not Available	Not Available at Death
Family Home (Joint/Lifestyle)	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="checkbox"/>

Real Estate Assets

Asset Name	Survivor Needs		Estate Needs
	Available	Not Available	Not Available at Death
Apartment Building (Joint/Real Estate)	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="checkbox"/>

Business Entity Assets

Asset Name	Survivor Needs		Estate Needs
	Available	Not Available	Not Available at Death
LLC (Joint)	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="checkbox"/>

Education Specific Accounts

The current plan does not have any education specific accounts defined.

Set Goals section – Survivor Income category – Both Objectives page – Asset Availability tab (Level 2 Plan, Detailed Tax method)

2. Under **Investment Accounts**, **Lifestyle Assets**, **Real Estate Assets**, and **Business Entity Assets – Survivor Needs**, select one of the following options for each account or asset:
 - **Available**, if the account is available for survivor needs immediately following the death of both clients. The account is redeemed as required to cover the survivor’s income needs.
 - **Not Available**, if the account is not available for survivor needs.
3. If an account or asset should not be used to settle the deceased’s estate, under **Investment Accounts – Estate Needs**, select the **Not Available at Death** option.

The **Education Specific Accounts** section is for information purposes only and cannot be modified. The list includes 529 plans, Coverdell accounts, and UTMAs/UGMAs.

Disability income goals (Level 2)

When a client is currently disabled, if you are using the Detailed Tax method, you can indicate this on the **Plan Management – Assumptions – Milestones** page. In this case, a link to the **Milestones** page appears on the **Set Goals – Disability Income – Client/Co-client Objectives** page.

To enter data and assess disability insurance needs for the client or co-client, follow these steps:

1. Go to the **Set Goals** section – **Disability Income – Client/Co-client Objectives** page.
2. To assess insurance needs, under **Objectives**, select **If <client/co-client> is disabled**.

Assumptions Ongoing Expenses Additional Annual Income Lump Sum Needs Asset Availability

Adjust Milestones

		David		Susan	
	Override	Age	Date	Age	Date
Disability Retirement Age	<input type="checkbox"/>	59	Jan 2030	57	Jan 2030
Disability Life Expectancy	<input type="checkbox"/>	85	2055	83	2055
Analyze Disability To		60	2030		

ROR on Disability Insurance Proceeds, Surpluses & Liquidations

	Total	Interest	Dividends	Capital Gains	Tax Free	Deferred Growth
Pre-Retirement	6.00%	1.50%	1.50%	1.50%	0.00%	1.50%
Retirement	6.00%	1.50%	1.50%	1.50%	0.00%	1.50%

Set Goals section – Disability Income category – Client/Co-client Objectives page –

Assumptions tab (Level 2 Plan, Detailed Tax method, and Income Coverage Analysis method selected)

3. Select a method for analyzing disability insurance needs.
 - **Goal and Expense Analysis** assesses disability insurance needs to cover the clients' goals and expenses. Goals and expenses at the plan level, and additional expenses entered for the disability insurance scenario, are considered. This method is integrated into the rest of the plan.
 - **Income Coverage Analysis** assesses disability insurance needs to replace the clients' income. This method is independent of the rest of the plan.
4. To override the client's or co-client's default retirement age, go to the **Assumptions** tab, select **Override the Retirement Age for Disability Analysis**, and then enter the age or date of retirement.
5. To override the client's or co-client's default life expectancy, select **Override the Disability Life Expectancy**, and then enter the age or year of death.

6. In the **Analyze Disability Through** fields, enter the last age or year you want to include in reports for the clients' disability analysis. The adjacent date field updates automatically.
 - Benefit payments pay into the plan from the time the policy begins and end on the end date of the disability insurance policy.
7. Under **ROR on Disability Insurance Proceeds, Surpluses & Liquidations**, enter return rates if needed.
8. **A. Tax** To override tax rates, select **Override Tax Rates**, and then enter the tax rates you wish to use. Changing the tax rates here only affects the tax rates for disability insurance calculations. It does not affect rates used in the rest of the plan. The default values on this page originate from the **Plan Management** section – **Assumptions** category – **General** page.
9. Complete one of the following procedures:
 - **Disability Income: Goal and Expense Analysis method** below
 - **Disability Income: Income Coverage Analysis method** on page 144

Disability Income: Goal and Expense Analysis method

The **Goal and Expense Analysis** option must be selected on the Set Goals section – **Disability Income** category – **Client/Co-client Objectives** pages. To use the **Goal and Expense Analysis** option, follow these steps:

1. Go to the **Ongoing Expenses** tab.

Assumptions
Ongoing Expenses
Additional Annual Income
Lump Sum Needs
Asset Availability

Annual Expenses
Percentage of lifestyle and medical expenses to cover 100%

Education Goals

Description	Name	Start Age	Number of Years	Annual Amount	% to Cover
College Education	Julia	18	4	\$0	100%

Surplus Strategy
Percent surplus spent 0%
Percent surplus saved 100%

Analysis Surplus
☐ Assume surplus is spent

Additional Expenses

ADD ADDITIONAL EXPENSE ▼

Click the **Add Additional Expense** button to create a new row.

Set Goals section – Disability Income category – Client/Co-client Objectives page – Ongoing Expenses tab
(Level 2 Plan, Goal and Expense Analysis method selected)

2. Under **Annual Expenses**, enter the percentage of lifestyle and medical expenses the disability insurance will cover. The percentage entered becomes the default for the expenses listed under **Expense**.
3. If education expenses exist in the plan, under **Education Expenses**, enter the percentage of education expenses to be covered in the event of disability.
4. Under **Surplus Strategy**, enter the percentage of the clients' surplus cash flow you assume will be spent in future years, and the percentage you assume will be saved. These fields are especially useful if the clients' expenses are understated.
 - For example, in one of the years after disability occurs, you expect the clients to incur a cash flow surplus of \$10,000. You also expect the clients to spend 25% of this surplus on miscellaneous expenses and to invest the remaining amount. For this example, you would enter 25 in the **Percent surplus spent** field. NaviPlan automatically saves the remaining 75% into a non-qualified account.
5. If you want surpluses in the plan to be removed before performing the insurance analysis, select the **Assume surplus is spent** option. This assumption adjusts for account expenses that have not been entered into the plan or when expenses are understated.
 - When the **Assume surplus is spent** option is selected, NaviPlan projects the cash flow that would have occurred in pre-retirement if neither client had become disabled. Any pre-retirement surpluses resulting from that projection become additional pre-retirement disability expenses in the years they are projected to occur. The **Percentage of lifestyle and medical expenses to cover** value also applies to these expenses.
6. If you anticipate additional annual expenses, under **Additional Annual Expenses**, click **Add Additional Expense**, and then enter any anticipated expenses during disability in the fields that appear.
7. If you anticipate additional annual incomes, go to the **Additional Annual Income** tab, click **Add Annual Income**, and then enter any anticipated incomes in the fields that appear.

Assumptions
Ongoing Expenses
Additional Annual Income
Lump Sum Needs
Asset Availability

Enter additional annual income that applies during disability.

Additional Annual Income

ADD ANNUAL INCOME

Click the **Add Annual Income** button to create a new row.

Set Goals section – Disability Income category – Client/Co-client Objectives page – Additional Annual Income tab
(Level 2 Plan, Goal and Expense Analysis method selected)

8. Once all ongoing incomes are entered, go to the **Lump Sum Needs** tab.

Assumptions
Ongoing Expenses
Additional Annual Income
Lump Sum Needs
Asset Availability

Select outstanding liabilities to be paid in full at disability. If items listed under *Pay Off Outstanding Liabilities* are not selected, the assumption is that the regular payments continue and will be part of the client's cash flow needs.

Adjust the *% to Cover* for major purchase goals to be retained in the analysis. If 0 is entered for items listed under *Major Purchase Goals*, the assumption is that the savings and needs required for those goals are not included as part of the survivor's cash flow needs.

Under *Additional Lump Sum Needs*, enter additional needs that may occur in the event of disability.

Pay Off Outstanding Liabilities

Description	Outstanding Principal
-------------	-----------------------

Major Purchase Goals

Description	Amount	Target Date	% to Cover
Vehicle	\$0	Feb 1 2014	100%

Additional Lump Sum Needs

Click the **Add Lump Sum Need** button to create a new row.

ADD LUMP SUM NEED

Set Goals section – Disability Income category – Client/Co-client Objectives page – Lump Sum Needs tab
(Level 2 Plan, Goal and Expense Analysis method selected)

- Under ***Pay Off Outstanding Liabilities***, select any existing loans that will be paid off in the event of disability.
Note: This option is only available if liabilities exist in the plan and, if on the ***Enter Financial Data*** section – ***Net Worth*** category – ***Assets/Liabilities*** page – ***Liability Details*** dialog box – ***Details*** tab, the ***Payoff Options at Death*** selection is ***Transfer to survivor*** or ***Payoff at first death (from estate)***.
- Under ***Major Purchase Goals***, select any goals that will be paid for in the event of disability.
Note: This option is only available if major purchase goals exist in the plan.
- If you expect any other lump-sum needs during disability, under ***Additional Lump Sum Needs***, click **Add Lump Sum Need**, and then enter the details of the need in the fields that appear.
- To indicate when assets are to be made available, complete the procedure **Indicating when accounts are to be made available** on page 145.

Disability Income: Income Coverage Analysis method

The **Income Coverage Analysis** option must first be selected on the **Set Goals** section – **Disability Income** category – **Client/Co-client Objectives** page. To use the **Income Coverage Analysis** method, follow these steps:

1. Go to the **Lump Sum Needs** tab.

Assumptions
Ongoing Expenses
Additional Annual Income
Lump Sum Needs
Asset Availability

Select outstanding liabilities to be paid in full at disability. If items listed under *Pay Off Outstanding Liabilities* are not selected, the assumption is that the regular payments continue and will be part of the client's cash flow needs.

Adjust the *% to Cover* for major purchase goals to be retained in the analysis. If 0 is entered for items listed under *Major Purchase Goals*, the assumption is that the savings and needs required for those goals are not included as part of the survivor's cash flow needs.

Under *Additional Lump Sum Needs*, enter additional needs that may occur in the event of disability.

Pay Off Outstanding Liabilities

Description	Outstanding Principal
-------------	-----------------------

Major Purchase Goals

Description	Amount	Target Date	% to Cover
Vehicle	\$0	Feb 1 2014	100%

Additional Lump Sum Needs

ADD LUMP SUM NEED

Click the **Add Lump Sum Need** button to create a new row.

Set Goals section – Disability Income category – Client/Co-client Objectives page – Lump Sum Needs tab
(Level 2 Plan, Income Coverage Analysis method selected)

2. Under **Pay Off Outstanding Liabilities**, select any existing loans that will be paid off in the event of disability.
Note: This option is only available if liabilities exist in the plan and, if on the **Enter Financial Data – Net Worth – Assets/Liabilities** page – **Liability Details** dialog box – **Details** tab, the **Payoff Options at Death** selection is **Transfer to survivor** or **Payoff at first death (from estate)**.
3. Under **Major Purchase Goals**, enter the percentage of any goals that will be paid for in the event of disability. This section is only available if major purchase goals are entered in the plan with a start date after January 1 of the following year.
4. If you expect lump-sum needs, under **Additional Lump Sum Needs**, click **Add Lump Sum Need**, and then enter the details of the need in the fields that appear.
5. Once all lump-sum needs are entered, go to the **Annual Income Needs** tab.
6. If you anticipate annual income needs, under **Annual Income Needs**, click **Add Annual Income Need**, and then enter the pre-tax income need details in the fields that appear.
7. Under **Education Goals**, enter the percentage of education goals the disability income will need to cover. This section is only available if education goals are entered in the plan.
8. Once all annual income needs are entered, go to the **Income Available** tab. Disability insurance policy benefits, Social Security benefits, salaries, rental income, and pensions from the non-disabled client are listed.

Assumptions Lump Sum Needs Annual Income Needs **Income Available** Asset Availability

Enter any incomes that the clients will receive if either of them is disabled or any additional income the clients will receive, for example, if one must return to work to support the disabled person. If the disability occurs during the retirement period, any pension benefits entered on the *Financial Picture - Cash Flow* page will flow through to the current page.

Click **Reset** to delete any changes and refresh the income list with the regular incomes entered on the *Financial Picture - Cash Flow* page.

Income Available During Disability Reset **ADD DISABILITY INCOME**

Click the **Add Disability Income** button to create a new row.

Set Goals section – Disability Income category – Client/Co-client Objectives page – Income Available tab
(Income Coverage Analysis method selected)

9. Enter any additional incomes that the client or co-client will receive during disability.
10. To add a new row, click **Add Disability Income**.
11. To indicate when assets are to be made available during the disability period, complete the procedure **Indicating when accounts are to be made available** below.

Note: To delete any changes and revert to the disability incomes that were created on the *Enter Financial Data – Cash Flow* page, click **Reset**.

Indicating when accounts are to be made available

On the Set Goals section – **Disability Income** category – **Client/Co-client Objectives** page – **Asset Availability** tab (for either the Goal and Expense Analysis method or the Income Coverage Analysis method), you can indicate when assets are to be made available.

1. Go to the **Asset Availability** tab.

Assumptions Lump Sum Needs Annual Income Needs **Income Available** **Asset Availability**

Use this page to control asset availability for disability needs.

Investment Accounts

Account Name	Available At Disability	Available Starting At Retirement	Not Available
New account (Joint/Non-Qualified)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Non-Qualified Deferred Compensation Accounts

The current plan does not have any NQDC assets applicable to this module.

Lifestyle Assets

Asset Name	Liquidate Immediately	Liquidate At Retirement	Not Available
Family Home (Joint/Lifestyle)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Real Estate Assets

Asset Name	Liquidate Immediately	Liquidate At Retirement	Not Available
Apartment Building (Joint/Real Estate)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Business Entity Assets

Asset Name	Liquidate Immediately	Liquidate At Retirement	Not Available
LLC (Joint)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Education Specific Accounts

The current plan does not have any education specific accounts defined.

Set Goals section – Disability Income category – Client/Co-client Objectives page – Asset Availability tab (Level 2 Plan, Detailed Tax method)

2. Under ***Investment Accounts***, select one of the following options for each account:
 - **Available At Disability**, if the account is available for disability needs immediately when the client becomes disabled.
 - **Available Starting At Retirement**, if the account is not available for disability needs until retirement.
 - **Not Available**, if the account is not available for disability needs.
3. Under ***Lifestyle Assets***, ***Real Estate Assets***, and ***Business Entity Assets***, select one of the following options for each asset:
 - **Liquidate Immediately**, to sell the asset immediately if disability occurs.
 - **Liquidate At Retirement**, to sell the asset at retirement if disability occurs.
 - **Not Available**, to hold the asset during disability.

The ***Education Specific Accounts*** section is for information purposes only and cannot be modified. The list includes 529 plans, Coverdell accounts, and UTMA/UGMA.

Long-term care insurance goals (Level 2)

Long-term care refers to services provided to people who can no longer take care of themselves. Long-term care insurance policies are available to cover anticipated expenses should long-term care be required.

To enter data and assess needs for the client or co-client, follow these steps:

1. Go to the **Set Goals – Long-term Care – Client/Co-client Objectives** page.
2. Under **Objectives**, select **If <client/co-client> is in Long-term Care**.

Client Objectives Co-client Objectives << >>

Select the checkbox to activate long-term care analysis for David. The plan will simulate David entering long-term care and analyze the plan over the long-term care period. * Required

Objectives

☒ If David requires long-term care services

Assumptions LTC Expenses Income Adjustments During LTC Asset Availability

David will enter LTC at age in the year

LTC period years 1

1 Assumption is that David dies at the end of the LTC period.

ROR on Surpluses & Liquidations

Total	Interest	Dividends	Capital Gains	Tax Free	Deferred Growth
<input type="text" value="6.00%"/>	<input type="text" value="6.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>

For lifestyle assets that are available immediately, you can specify the rate of return on the proceeds from the sale of the asset by entering values in the rate of return fields.

Set Goals section – Long-term Care category – Client/Co-client Objectives page – Assumptions tab
(Level 2 Plan, Average Tax method selected)

3. On the **Assumptions** tab, define the age at which the client or co-client will enter long-term care and the duration of the long-term care period. NaviPlan assumes that the client will die at the end of the long-term care period.
4. Under **ROR on Surpluses & Liquidations**, enter the expected return rates.
5. A. Tax To override tax rates, select **Override Tax Rates**, and then enter the tax rates you wish to use.
Changing the tax rates here only affects the tax rates for long-term care insurance calculations. It does not affect rates used in the rest of the plan. The default values on this page originate from the **Plan Management** section – **Assumptions** category – **General** page.
6. Go to the **LTC Expenses** tab to enter daily long-term care expenses. Existing expenses that continue into the LTC period appear under **Annual Expenses**. Any insurance premiums or loan payments payable during long-term care are included on this tab and cannot be edited.

Assumptions | **LTC Expenses** | Income Adjustments During LTC | Asset Availability

Use this page to view currently-defined annual expenses and add any additional expenses applicable to a long-term care situation.

Annual Expenses

Percentage of lifestyle and medical expenses to cover during

Long-term Care	Survivorship
<input type="text" value="100%"/>	<input type="text" value="85%"/>

Additional Long-term Care Expenses

Click the **Add LTC Expense** button to create a new row.

ADD LTC EXPENSE

Set Goals section – Long-term Care category – Client Objectives page – LTC Expenses tab (Level 2 Plan)

- Under **Annual Expenses**, enter the percentage of lifestyle and medical expenses that will continue while the client is in long-term care and during survivorship. The percentage entered will be used as the default.
- To change the default percentage for specific expenses, clear the **Use Defaults** option, and then enter the percentage of that expense that insurance needs to cover.
- If your clients anticipate additional long-term care expenses, under **Additional Long-term Care Expenses**, click **Add LTC Expense**, and then enter the expense details in the fields that appear.
- For expenses that occur when long-term care begins, the **Start Date** field displays **LTC**. You can enter a later start date if necessary.
- You can change the end date by editing the **Number of Years** or the **End Date** fields.
- Go to the **Income Adjustments During LTC** tab. All incomes entered into NaviPlan for this client and received by the client during the long-term care period appear on this tab.

Assumptions | **LTC Expenses** | **Income Adjustments During LTC** | Asset Availability

Modify the percentage of income in the *Owner in LTC* field, if the client expects to receive regular income during LTC.

Existing Incomes

Description	Income Type	Frequency	Amount	Start Date	End Date	Infl +/- Add'l	Owner in LTC
Other Taxable	Other Taxable	Monthly	\$0	Ret. (Ow...	Death (O...	<input checked="" type="checkbox"/> + 0.00%	<input type="text" value="100%"/>

Set Goals section – Long-term Care category – Client Objectives page – Income Adjustments During LTC tab (Level 2 Plan)

- In the **Owner in LTC** field, specify the percentage of the income available to the client or co-client during long-term care.
- Go to the **Asset Availability** tab.

Assumptions LTC Expenses Income Adjustments During LTC **Asset Availability**

Use this page to control asset availability for long-term care needs.

Investment Accounts

Account Name	Available During LTC	Not Available
New account (Joint/Non-Qualified)	<input checked="" type="radio"/>	<input type="radio"/>

Non-Qualified Deferred Compensation Accounts

The current plan does not have any NQDC assets applicable to this module.

Lifestyle Assets

Asset Name	Liquidate at LTC	Not Available
Family Home (Joint/Lifestyle)	<input type="radio"/>	<input checked="" type="radio"/>

Real Estate Assets

Asset Name	Liquidate at LTC	Not Available
Apartment Building (Joint/Real Estate)	<input type="radio"/>	<input checked="" type="radio"/>

Business Entity Assets

Asset Name	Liquidate at LTC	Not Available
LLC (Joint)	<input type="radio"/>	<input checked="" type="radio"/>

Education Specific Accounts

The current plan does not have any education specific accounts defined.

Principal Distributions from Trusts

Trust Name	Available During LTC	Not Available	Annual Maximum (\$ or %)
Qualified Terminable Interest Property	<input type="radio"/>	<input checked="" type="radio"/>	<input type="text" value="\$0 /yr"/>

Set Goals section – Long-term Care category – Client Objectives page – Asset Availability tab (Level 2 Plan)

15. Under **Investment Accounts**, select one of the following options for each account:
 - **Available During LTC**, if the account is available for long-term care needs immediately when the client enters long-term care.
 - **Not Available**, if the account is not available for long-term care needs.
16. Under **Lifestyle Assets**, **Real Estate Assets**, and **Business Entity Assets**, select one of the following options for each asset:
 - **Liquidate at LTC**, to sell the asset if a client enters long-term care.
 - **Not Available**, to hold the asset during the client's long-term care period.

The **Education Specific Accounts** section is for information purposes only and cannot be modified. The list includes 529 plans, Coverdell accounts, and UTMAs/UGMAs.

Chapter 9: Entering the clients' estate plan

In NaviPlan, you can use the **Estate Planning** module to enter detailed information about the clients' existing estate plan. If you want to examine various estate planning scenarios that might meet the clients' estate needs, see "Entering estate planning scenarios" in the *Level 1 and Level 2 Plan – Analyzing client goals* user manual.

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Entering estate planning assumptions

You can enter estate planning assumptions regarding your clients' life expectancy, estate distribution, death taxes, fees, and wills. Using the **Estate Questionnaire**, you can enter additional assumptions to save in the plan.

Assumptions entered in the **Estate Questionnaire** do not affect plan results, but will be included in client reports.

To enter estate planning assumptions, follow these steps:

1. Go to the **Set Goals** section – **Estate Planning** category – **Assumptions** page.

Assumptions Funded Trusts Gifting Growth & History Estate Expenses Estate Strategy << >>

Enter estate planning assumptions for the clients, including life expectancies, estate distribution, state death taxes, additional fees, and will details.

Life Expectancy Scenario

	David		Susan		
	Age	Year	Age	Year	Reports
Life Expectancy	53	2023	56	2028	<input checked="" type="checkbox"/>
Alternate Life Expectancy	58	2028	51	2023	<input type="checkbox"/>
Simultaneous Death	Year	Assumed first death			Reports
	2014	David			<input type="checkbox"/>

Estate Distribution Selection

☒ Mirror Wills/Either Dies First
Details entered apply regardless of order of death illustrated.

☐ Specify by Order of Death
Separate data entry allowed to illustrate client or co-client dying first.

Will Details

	Yes	No	Last update
David has a will	<input type="radio"/>	<input checked="" type="radio"/>	
Susan has a will	<input type="radio"/>	<input checked="" type="radio"/>	

State Death Taxes

State Death Taxes are calculated as a percentage of the Federal Taxable Estate.

	David		Susan	
	\$ or %	Infl +/- Add'l	\$ or %	Infl +/- Add'l
Override	<input type="checkbox"/>		<input type="checkbox"/>	
	0.00% <input checked="" type="checkbox"/>	0.00%	0.00% <input checked="" type="checkbox"/>	0.00%

☒ Percentages are applied to the Federal Taxable Estate.

Additional Fees

	David		Susan	
	(\$ or %)	Infl +/- Add'l	(\$ or %)	Infl +/- Add'l
Probate Fee	1.00% <input checked="" type="checkbox"/>	0.00%	1.00% <input checked="" type="checkbox"/>	0.00%
Administration Fee	1.00% <input checked="" type="checkbox"/>	0.00%	1.00% <input checked="" type="checkbox"/>	0.00%

If you wish to gather estate planning details, click the optional **Estate Questionnaire** button.

ESTATE QUESTIONNAIRE...

Set Goals section – Estate Planning category – Assumptions page

2. To create alternative life expectancy scenarios for estate planning purposes, under **Life Expectancy Scenarios**, change the hypothetical ages or years when the client or co-client are expected to die. These life expectancies only apply to estate planning and do not affect the life expectancies used in the rest of the plan.
 - All life expectancy scenarios can be overridden by entering a different age or year. NaviPlan uses the following default settings:
 - **Life Expectancy** sets the life expectancy to 10 years after the plan date for the client and 15 years after the plan date for the co-client.
 - **Alternate Life Expectancy** uses the reverse assumptions; the life expectancy for the co-client is 10 years after the plan date, and 15 years after the plan date for the client.

3. In the case of simultaneous death, enter a date in the **Year** field, and then select the name of the client that is assumed to die first.
 - The **Simultaneous Death** fields do not appear in a plan without a co-client.
4. To designate which life expectancy scenarios will be used for client reports, select the **Reports** option. Up to three scenarios can be selected.
5. If this analysis is for a joint analysis, under **Estate Distribution Selection**, select one of the following options:

**If you
select...**

The selection has this effect on the estate...

Mirror

**Wills/Either
Dies First**

The estate details entered will apply regardless of the order of death.

**Specify by
Order of
Death**

You can enter separate data to illustrate either the client or co-client dying first. You can also copy the estate distribution details from one client to the other client.

6. Under **State Death Taxes**, select the applicable state for state death taxes. The state selected on the **Client Management** section – **Client Information** category – **Personal Information** page is selected here by default.
7. To change the default calculation of taxes, select **Override**, and then select the method of tax calculation.

**If you
select...**

NaviPlan calculates state death taxes in this manner...

**Current
Maximum
Federal
Amount**

NaviPlan calculates the state death tax using the maximum federal credit tables. However, the credit is only available for years prior to 2005. In tax years 2013 and beyond (**Tax Options – As Legislated** selected), the state death tax is calculated once again based on the maximum federal credit tables.

2001

**Credit
Amount**

NaviPlan uses the maximum federal credit tables, regardless of the year of death.

\$ or %

NaviPlan allows for manual entry of taxes. Dollar amounts between 1 and 100 must be entered with a dollar sign, otherwise they are assumed to be percentages. When a dollar value is entered, the **Infl +/- Add'l** field appears, which allows the option of increasing state death taxes each year.

Note: For some states the **\$ or %** field is not an option but a required field.

NaviPlan automatically calculates the selected state death tax appropriate for the selected state. The calculation method used for the state defaults accordingly to either **Current Maximum Federal Amount**, or **2001 Credit Amount**. For states where inheritance taxes exist, NaviPlan calculates inheritance taxes.

8. Under ***Will Details***, select **Yes** for each client who has a will, and then enter the date when the will was last updated.
9. Under ***Additional Fees***, enter any additional fees, such as probate and administration fees, that will apply to the estate.
10. If you want to gather additional estate details to include in the client report, click the **Estate Questionnaire** button. The ***Estate Questionnaire*** dialog box opens. The answers you provide here are used for informational purposes only and do not affect the plan, but will be included in client reports.
11. Enter your clients' responses to the questionnaire, and then click **OK**.

Entering funded trusts

Funded trusts are trusts that are currently in place and funded. For example, if your clients have established a credit shelter trust, but both spouses are still living, the trust has not been funded and would not be entered here.

In the case of an irrevocable life insurance trust (ILIT), if a life insurance policy was transferred to the trust in a previous year, then the trust is considered funded and should be entered on the ***Set Goals – Estate Planning – Funded Trusts*** page.

If the life insurance policy will be transferred in the current plan year, or in a future year, the trust is not considered funded and should not be entered here.

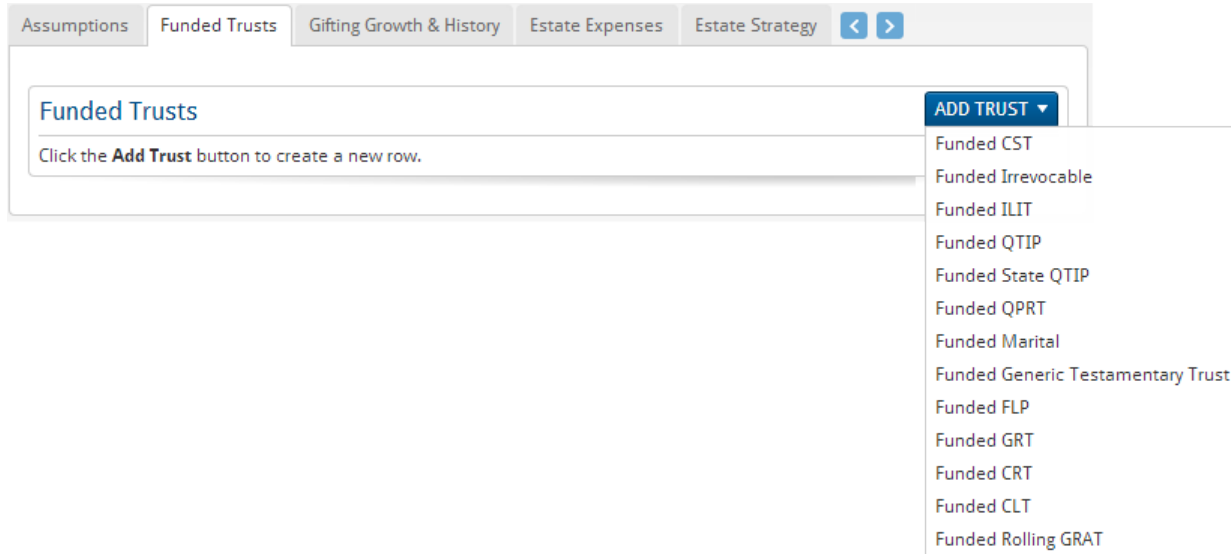
You can enter the following types of funded trusts:

- Credit shelter trusts (CST)
- Irrevocable trusts
- Irrevocable life insurance trusts (ILIT)
- Qualified terminable interest property trusts (QTIP)
- *Qualified personal residence trusts (QPRT)
- Marital trusts
- Generic testamentary trusts
- *Family limited partnerships (FLP)
- *Grantor retained annuity trusts (GRAT)
- *Grantor retained trusts (GRT)
- *Charitable remainder trusts (CRT)
- *Charitable lead trusts (CLT)

*These trusts can only be entered in plans created using the Detailed Tax method that include the optional ***Advanced Estate*** module.

To enter a funded trust (of any kind), follow these steps:

1. Go to the ***Set Goals – Estate Planning – Funded Trusts*** page.



Set Goals section – Estate Planning category – Funded Trusts page

2. Under **Funded Trusts**, click **Add Trust**, and then select the applicable trust type.
3. Enter the details of the trust. The fields to be completed will vary depending on the type of trust being added. To see the varying trust details in the **Trust Details** dialog box for each of the trusts, **Indicating when accounts are to be made available** on page 145.
4. On the **Beneficiaries** tab, under **Remainder Beneficiaries**, select a beneficiary from the **Add Beneficiary** menu, and then enter the percentage of the remainder income attributable to the beneficiary. Alternatively, to split the remainder equally among all beneficiaries, click **Pro-rata**.
5. If the trust has income beneficiaries and if any trust income is to go to the surviving client, under **Income Beneficiaries**, enter the percentage that will go to the surviving client or to other beneficiaries.
6. If applicable, go to the **Return Rates** tab, and then enter the expected return rates. By default, the investment income is reinvested into the trust.

Funded trusts details

The following funded trusts are available in Level 1 and Level 2 Plans when using the Average Tax method. The annotations in the following images show some of the unique requirements for each trust. For more information, see the NaviPlan Help.

Funded credit shelter trust details

Trust Details

*Required

?

✕

Funded CST

Description

Credit Shelter Trust

Trust Tax Rate

40.00%

GSTT Inclusion Ratio

0.000

Income Member

David

Non-Qualified

Start of Year Market Value

\$0

Start of Year Cost Basis

\$0

Qualified

Start of Year Market Value

\$0

Basis (Qualified)

\$0

If after-tax contributions were made to a qualified asset prior to the transfer of assets to this CST, enter the after-tax balance as of the beginning of the current plan year in the *Basis (Qualified)* field.

Beneficiaries

Return Rates

Enter the income and remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries

Pro-rata

ADD BENEFICIARY

Click the **Add Beneficiary** button to create a new row.

Income Beneficiaries

Percent

David

0%

Income Beneficiaries

Pro-rata

ADD BENEFICIARY

Click the **Add Beneficiary** button to create a new row.

ADD TRUST

Previous Entry

Next Entry

OK

CANCEL

Trust Details dialog box (showing funded credit shelter trust details)

Funded irrevocable trust details

Trust Details

* Required ? ✕

Funded Irrevocable

Description *GrantorCreated OnTrust Tax Rate

Irrevocable TrustJoint ▼Dec 31 201040.00%

End Date

☒ Never (years 0.0)

☐ Retirement Date ▼ David ▼ + 0 years

Details

Start of YearMarket ValueStart of YearCost Basis

\$0\$0

BeneficiariesReturn Rates

Enter the income and remainder beneficiaries of the trust and the corresponding percentages.

Remainder BeneficiariesPro-rataADD BENEFICIARY ▼

Click the **Add Beneficiary** button to create a new row.

Income Beneficiaries

Surviving ClientPercent *0%

Income BeneficiariesPro-rataADD BENEFICIARY ▼

Click the **Add Beneficiary** button to create a new row.

ADD TRUST ▼◀ Previous EntryNext Entry ▶OKCANCEL

If the client and co-client will become income and remainder beneficiaries, from the **Grantor** menu, select **Other**. For example, if both the client and co-client are beneficiaries of a trust originally established by the client's mother, the selected grantor should be **Other**.

Trust Details dialog box (showing funded irrevocable trust details)

Funded irrevocable life insurance trust details

As well as the usual trust funding details, for the ILIT you must also enter the details of the life insurance benefits and premiums.

Trust Details

* Required ? ✕

Funded ILIT

Description *	Grantor	Trust Tax Rate	Crummey Trust
ILIT	David	40.00%	<input checked="" type="checkbox"/>

Transfer Year

Gifts to Trust in 2012

Gifts to Trust in 2011

2012

\$0

\$0

Death Benefit Payable to Trust

100.00%

Policy

Beneficiaries

Return Rates

Future Values

Policy Type

Insured

Cost Basis

Effective Date

Whole Life

David

\$0

Dec 31 2012

Benefit Details

Death Benefit	Cash Surrender Value	CSV Payable with Death Benefit	At Age	On Date	Community Property
\$0	\$0	<input type="checkbox"/>		Never	<input checked="" type="checkbox"/>

Cease Coverage

Premiums

Payer	Amount	Frequency	At Age	On Date	Waived at Disability
David	\$0	Annual		Never	<input checked="" type="checkbox"/>

Cease Premiums

ADD TRUST

Previous Entry

Next Entry

OK

CANCEL

To permit the transfer of funds to pay for life insurance premiums while using the annual gift exclusion, select the **Crummey Trust** option.

From the **Policy Type** menu, select the type of insurance used to fund the trust. The fields under **Benefit Details** and **Premiums** vary depending on the policy type selected.

Trust Details dialog box (showing irrevocable life insurance trust details)

Funded qualified terminable interest property trust details

Trust Details
* Required
?
✖

Funded QTIP

Description *
State Qualified Terminable Interest Property

Trust Tax Rate
40.00%

GSTT Inclusion Ratio
1.000

Income Member*
David

Reverse QTIP Election
☐

Non-Qualified

Start of Year Market Value
\$0

Start of Year Cost Basis
\$0

Qualified

Start of Year Market Value
\$0

Start of Year Cost Basis
\$0

Beneficiaries
Return Rates

Enter the income and remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries
Pro-rata
ADD BENEFICIARY

Click the **Add Beneficiary** button to create a new row.

Income Beneficiaries

Percent *
David
100%

ADD TRUST
Previous Entry
Next Entry

OK
CANCEL

Select the Reverse QTIP Election option to treat the trust property as if the QTIP election had not been made (that is, the assets are considered transferred from the donor spouse to the remainder beneficiaries, for GSTT purposes). Any remaining GSTT exemption of the donor is applied against any GSTT that results from the trust. If this option is not selected, GSTT implication on the death of the member selected will be considered.

Trust Details dialog box (showing qualified terminable interest property trust details)

Funded marital trust details

Trust Details

*Required ? ✕

Funded Marital Trust

Description *	Trust Tax Rate	Start of Year Market Value	Start of Year Cost Basis	GSTT Inclusion Ratio
Marital Trust	40.00%	\$0	\$0	1.000

Income Member

David ▾

Beneficiaries

Return Rates

Enter the income and remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries

Pro-rata

ADD BENEFICIARY ▾

Click the **Add Beneficiary** button to create a new row.

Income Beneficiaries

Percent *

David

100%

ADD TRUST ▾

◀ Previous Entry

Next Entry ▶

OK

CANCEL

The GSTT Inclusion Ratio is multiplied by the maximum estate tax rate to determine the GSTT rate.

Trust Details dialog box (showing marital trust details)

Funded generic testamentary trust details

Trust Details
* Required
?

Funded Generic Testamentary Trust

Description	Start of Year Market Value	Start of Year Cost Basis	Trust Tax Rate
Generic Testamentary Trust	\$0	\$0	40.00%

If a percentage of the trust's market value is to be distributed as income, select the **Unitrust** option, and enter the percentage to be distributed as income and the frequency.

Income Member	GSTT Inclusion Ratio	Unitrust	Trust Payment %	Frequency
David	1.000	<input type="checkbox"/>	5.00%	Monthly

Beneficiaries
Return Rates

Enter the income and remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries
Pro-rata
ADD BENEFICIARY

Click the **Add Beneficiary** button to create a new row.

Income Beneficiaries
Percent
David
0%

Income Beneficiaries
Pro-rata
ADD BENEFICIARY

Click the **Add Beneficiary** button to create a new row.

ADD TRUST
Previous Entry
Next Entry
OK
CANCEL

Trust Details dialog box (showing generic testamentary trust details)

Advanced estate funded trusts details

The following funded trusts are available only when the optional **Advanced Estate** module is included in the plan. The annotations in the following images show some of the unique requirements for each trust.

Funded qualified personal residence trust details

Trust Details

* Required ? ✕

Funded QPRT

Description *

Grantor

Created On

Qualified Personal Residence Trust

Joint

▼

Dec 31 2013

Start of Year
Market Value

Start of Year
Cost Basis

Present Value Of
Remainder Interest (gift)

\$0

\$0

\$0

Term in
Years

Growth
Rate

10

0.00%

Enter the present value of the remainder interest in the trust at the time the trust was created.

Beneficiaries

Enter the remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries

Pro-rata

ADD BENEFICIARY ▼

Click the **Add Beneficiary** button to create a new row.

ADD TRUST ▼

◀ Previous Entry

Next Entry ▶

OK

CANCEL

Trust Details dialog box (showing funded qualified personal residence trust details)

Funded family limited partnership trust details

As well as the usual funding details, for a funded FLP you must also enter partner, distribution, gifting, and return rate information.

Trust Details

* Required ? ✕

Funded FLP

Description *	Created On	Marketability Discount Rate	Minority Interest Discount Rate
Family Limited Partnership	Dec 31 2013	0.00%	0.00%

Details

Start of Year Market Value	Start of Year Cost Basis
\$0	\$0

Note the available tabs: *Partners, Income Distributions, Gifting, and Return Rates.*

PartnersIncome DistributionsGiftingReturn Rates

Partners

ADD PARTNER ▾

Click the **Add Partner** button to create a new row.

ADD TRUST ▾

◀ Previous Entry

Next Entry ▶

OK

CANCEL

Trust Details dialog box (showing family limited partnership trust details)

Funded grantor retained trust details

As well as the usual funding details, for the funded GRT you must also enter income distribution details.

Trust Details

* Required

?

✕

Funded GRT

Description *

Grantor

Created On

Grantor Retained Trust

David

Dec 31 2013

Start of Year Market Value

Start of Year Cost Basis

Present Value of Remainder Interest (gift)

\$0

\$0

\$0

If the *In Kind* option is selected and the income earned by the trust assets is not enough to cover the trust payments, an in-kind transfer makes up the balance of the payment. If it is not selected, trust assets may be sold to cover trust payments, resulting in tax consequences.

Income Distribution

Transfer

Type

Annual Payment Amount

Trust Payment %

Payment Frequency

In Kind

To Account

Account Details

Annuity

\$0

N/A

Monthly

☐

Payment Period

Term in Years

Term Certain

10

Beneficiaries

Return Rates

Enter the remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries

Pro-rata

ADD BENEFICIARY

Click the **Add Beneficiary** button to create a new row.

ADD TRUST

Previous Entry

Next Entry

OK

CANCEL

Trust Details dialog box (showing grantor retained trust details)

Funded rolling grantor retained annuity trust details

NaviPlan supports the modeling of a series of short-term GRATs where the annuity payments of previous GRATs fund future GRATs automatically.

Trust Details

* Required ? ✕

Setup

GRAT Series

Funded Rolling GRAT

Description *

Grantor

Created On (End of Year)

Rolling GRAT

David

2013

IRC 7520 Rate

GRATs in Series

GRAT Term in Years

Total Years Remaining

Payment Frequency

1.00%

2

2

3

Annual

Final Payment Transfer

In Kind

To Account

Account Details

☐

Beneficiaries

Return Rates

Enter the remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries

Pro-rata

ADD BENEFICIARY

Click the **Add Beneficiary** button to create a new row.

ADD TRUST

Previous Entry

Next Entry

OK

CANCEL

Trust Details dialog box (showing rolling grantor retained annuity trust details)

Page 165 of 209

Funded charitable remainder trust details

Trust Details

* Required ?

Funded CRT

Description

Charitable Remainder Trust

Grantor

Joint

Created On

Dec 31 2013

Start of Year Market Value

\$0

Start of Year Cost Basis

\$0

Income Distribution

Transfer

Type

Annuity

Annual Payment Amount

\$0

Trust Payment %

N/A

Payment Frequency

Monthly

In Kind

☐

To Account

Account Details

Payment Period

Term Certain

Term in Years

10

Annual Payment Amount is only accessible when Annuity is selected from the Type menu.

Beneficiaries

Return Rates

Enter the payment and remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries

Pro-rata

ADD BENEFICIARY

Click the Add Beneficiary button to create a new row.

Payment Beneficiaries

Percent

Grantor

100%

Payment Beneficiaries

Pro-rata

ADD BENEFICIARY

Click the Add Beneficiary button to create a new row.

ADD TRUST

Previous Entry

Next Entry

OK

CANCEL

Trust Details dialog box (showing qualified charitable remainder trust details)

Funded charitable lead trust details

Trust Details

* Required ?

Funded CLT

Description	Grantor	Non-Grantor	Trust Tax Rate	Payment Distribution
Charitable Lead Trust	Joint	<input checked="" type="checkbox"/>	40.00%	Annuity

Indicates that the grantor will not receive a charitable deduction for the donation.

Trust Payment %	Annual Payment Amount	Payment Frequency	Payment Period	Term in Years
N/A	\$0	Monthly	Term Certain	10

Start of Year Market Value	Start of Year Cost Basis	Present Value Of Remainder Interest (gift)	Created On
\$0	\$0	\$0	Dec 31 2013

Beneficiaries

Return Rates

Enter the income and remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries

Pro-rata

ADD BENEFICIARY

Click the **Add Beneficiary** button to create a new row.

Payment Beneficiaries

Pro-rata

ADD BENEFICIARY

Click the **Add Beneficiary** button to create a new row.

ADD TRUST

Previous Entry

Next Entry

OK

CANCEL

Trust Details dialog box (showing charitable lead trust details)

Enter beneficiary details for a funded trust

You can enter trust income and remainder beneficiaries and allocate a percentage of the trust to each beneficiary. This procedure assumes you are already on the **Trust Details** dialog box – **Beneficiaries** tab, which is accessible from the **Set Goals – Estate Planning – Funded Trusts** page. The fields on the **Beneficiaries** tab may vary slightly depending on the trust type.

Beneficiaries Return Rates

Enter the income and remainder beneficiaries of the trust and the corresponding percentages.

Remainder Beneficiaries

Pro-rata ADD BENEFICIARY ▼

Click the **Add Beneficiary** button to create a new row.

Income Beneficiaries

	Percent
David	0%

Income Beneficiaries Pro-rata ADD BENEFICIARY ▼

Click the **Add Beneficiary** button to create a new row.

Trust Details dialog box – Beneficiaries tab

To enter beneficiary details for a funded trust, follow these steps:

1. To add a remainder beneficiary, under **Remainder Beneficiaries**, click the **Add Beneficiary** button, and then select the beneficiary you are adding. To add all available beneficiaries, select **Add All**.
2. If applicable, specify the income beneficiary of the trust. Depending on the trust type, the client or co-client may already be listed under **Income Beneficiaries**. If the beneficiary is not listed and you want to add this beneficiary, click **Add Beneficiary**, select the beneficiary, and then enter the income percentage to be distributed to the beneficiary. Any income that is not distributed to income beneficiaries is reinvested into the trust.

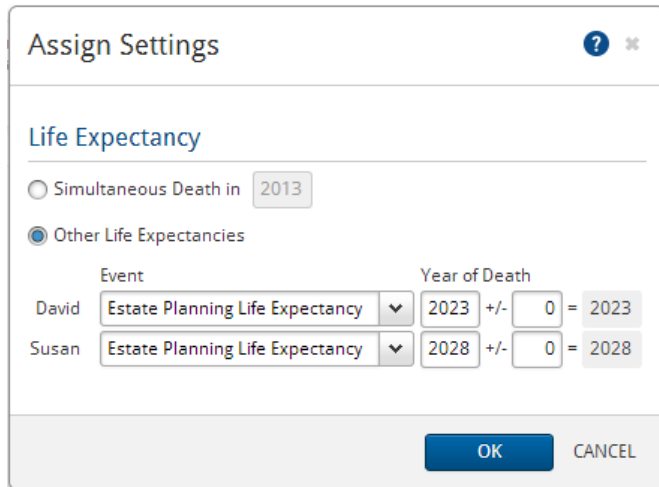
Note: To add all available beneficiaries under **Remainder Beneficiaries** or **Income Beneficiaries**, click **Add Beneficiary**, and then select **Add All**.

3. To delete a beneficiary from the trust, click the button next to the beneficiary you are removing.
4. To assign equal distribution of income or remainder trust proceeds, click **Pro-rata**. Each beneficiary shown receives an equal share.
5. To assign a different distribution percentage for each beneficiary, enter the percentage in the applicable **Percent** field.

Generate trust reports

The **Single Trust** report defines the trust type, provides details of the values you have entered, and lists a cash flow projection of the trust. To generate a **Single Trust** report, follow these steps:

1. Go to the **Set Goals – Estate Planning – Funded Trusts** page. All existing funded trusts in the plan appear under **Funded Trusts**. Click **Report** for the applicable trust.



The dialog box is titled "Assign Settings" and contains a section for "Life Expectancy". It has two radio buttons: "Simultaneous Death in" (with a year input field set to 2013) and "Other Life Expectancies" (which is selected). Under "Other Life Expectancies", there is a table with columns for "Event" and "Year of Death". The table has two rows: one for "David" and one for "Susan". Each row has a dropdown menu for the event (both set to "Estate Planning Life Expectancy"), a year input field (2023 for David, 2028 for Susan), a +/- sign, a small input field (both set to 0), and an equals sign followed by the resulting year (2023 for David, 2028 for Susan). At the bottom of the dialog are "OK" and "CANCEL" buttons.

	Event	Year of Death			
David	Estate Planning Life Expectancy	2023	+/-	0	= 2023
Susan	Estate Planning Life Expectancy	2028	+/-	0	= 2028

Assign Settings dialog box

2. To model simultaneous death, under **Life Expectancy**, select **Simultaneous Death in**, and then enter the year in which the client and co-client are expected to die.
OR
To model other life expectancies, under **Life Expectancy**, select **Other Life Expectancies**, and then enter the year in which the client or co-client is expected to die or select an option for each client.
3. If you selected **Other Life Expectancies**, under **Event**, select the event or year that you want to view.
4. Click **OK**.

Entering gifting growth and history

On the **Gifting Growth & History** page, you can enter the growth and tax rates that apply to gifts given to beneficiaries.

To enter gifting growth and history, follow these steps:

1. Go to the **Set Goals – Estate Planning – Gifting Growth & History** page.

Assumptions Funded Trusts Gifting Growth & History Estate Expenses Estate Strategy < >							
Prior Gifts							
	Prior Gifts		Prior Gifts (with Growth)				
Beneficiary	David	Susan	David	Susan	Growth Rate	Income Tax Rate	
Julia	\$0	\$0	\$0	\$0	3.00%	0.00%	
Matthew	\$0	\$0	\$0	\$0	3.00%	0.00%	
Other	\$0	\$0	\$0	\$0	3.00%	0.00%	
Historical Data							
Member	Taxable Lifetime Gifts	Applicable Credit Used	Gift Taxes Already Paid	Lifetime GSTT Exemption Used	GSTT Already Paid	Unused Spousal Exclusion	
David	\$0	\$0	\$0	\$0	\$0	\$0	
Susan	\$0	\$0	\$0	\$0	\$0	\$0	

Set Goals section – Estate Planning category – Gifting Growth & History page

2. Under **Prior Gifts**, enter the total original value of any gifts that will not grow going forward that each client has given to each beneficiary.
3. Under **Prior Gifts (with Growth)**, enter the total current value of any gifts that will grow going forward at the after-tax rate that each client has given to each beneficiary.
4. Under **Growth Rate**, enter the rate of growth the gift is expected to earn. Under **Income Tax Rate**, enter the rate of taxation applied to the growth rate.
5. Under **Historical Data**, in the **Taxable Lifetime Gifts** field, enter the amount of the taxable gifts made up to December 31 of the previous year. Only the gift amount should be entered here and not the gift or generation-skipping transfer taxes paid.
6. Under **Applicable Credit Used**, enter a credit amount used against gift taxes.
7. Under **Gift Taxes Already Paid**, enter the amount of gift taxes already paid up to December 31 of the previous year.
8. If applicable, under **Lifetime GSTT Exemption Used**, enter the total amount of the lifetime generation-skipping transfer tax exemption that has been used up to December 31 of the previous year.
9. If applicable, under **GSTT Already Paid**, enter the amount of GSTT that has already been paid on prior gifts. Generation-skipping transfers that are above the GSTT exemption amount are taxed.
10. If the client has a deceased spouse who died after January 1, 2011, and the client has filed an estate tax return, under **Unused Spousal Exclusion**, enter the additional exclusion amount to be used in estate planning calculations. NaviPlan assumes that an estate tax return is properly filed following each client's death.

Entering estate expenses

On the **Estate Expenses** page, you can enter estate expenses associated with the clients' deaths. Only those expenses that qualify for a deduction against the gross estate, such as medical expenses in the year of death and burial expenses, should be entered here. Administration and probate fees are calculated separately on the **Assumptions** page.

To enter an estate expense, follow these steps:

1. Go to the **Set Goals – Estate Planning – Estate Expenses** page.

Assumptions Funded Trusts Gifting Growth & History **Estate Expenses** Estate Strategy < >

Estate Expenses * Required **ADD ESTATE EXPENSE**

Expense Name *	Owner	Amount	Infl +/- Add'l	Actions
Estate Expense	David	\$0	<input type="checkbox"/> + 0.00%	X

Set Goals section – Estate Planning category – Estate Expenses page

2. To add a new expense, under **Estate Expenses**, click **Add Estate Expense**.
3. Enter a unique name for the expense that will distinguish it from other similar expenses.
4. Assign the expense to a family member, define the amount, and then if applicable enter the inflation rate.

Entering estate strategies

The **Estate Strategy** page shows the current status of the clients' estate. By default, NaviPlan creates a simple will estate distribution, assuming that all assets will pass to the surviving spouse. On this tab, you can enter any strategies the clients are currently using, such as gifts or trusts. As you add information, the graph at the top of the page updates to show how the changes affect the clients' existing estate plan.

To enter estate strategies that are in the clients' existing estate plan, follow these steps:

1. Go to the **Set Goals – Estate Planning – Estate Strategy** page.

Assumptions Funded Trusts Gifting Growth & History Estate Expenses **Estate Strategy** < >>

Enter the details for the clients' current estate strategy. * Required

Graph area with vertical axis and horizontal lines.

Total Taxes	\$0
Net to Heirs	\$0
Net to Charity	\$0
Net to Heirs and Charity	\$0

Life Expectancy

David	2023 (Estate Planning Life Expectancy + 0)	EDIT LIFE EXPECTANCY...
Susan	2028 (Estate Planning Life Expectancy + 0)	

The life expectancy settings selected here apply to all estate planning scenarios, and are used for comparison purposes only. These settings do not affect life expectancy options in other reports.

Estate Distribution

Asset Estate Details

Gifting

Trusts

Simple Will

By default, NaviPlan creates a simple will estate distribution scenario. In a simple will scenario, upon first death all assets flow through to the surviving spouse under the unlimited marital deduction.

To allow full control of estate distribution (testamentary trusts, general bequests and asset bequests), click one of the following buttons.

[CONVERT TO DETAILED](#)
[CONVERT AND CREATE MARITAL/CST](#)

Set Goals section – Estate Planning category – Estate Strategy page

2. To convert a simple will estate distribution to a detailed estate distribution where you can enter testamentary trusts, general bequests, and asset bequests, click **Convert to Detailed**.

Note: The **Convert to Detailed** button does not appear if the simple will estate distribution has already been converted to a detailed estate distribution.

OR

To convert a simple will estate distribution to a detailed estate distribution and automatically create a marital and a credit shelter trust, click **Convert and Create Marital/QDOT/CST**. The trusts are created automatically.

Note: **Marital** only appears if one or both the clients are US citizens. **QDOT** only appears if one or both of the clients are resident aliens.

Note: Before setting up a general bequest, asset bequest, or testamentary trust, go to the **Assumptions** page and review the estate distribution details.

3. On the **Estate Distribution** tab, you can set up general bequests, asset bequests, and testamentary trusts.
 - Click the type of trust or bequest you want to create, and then click **Add Trust**, **Add General Bequest**, or **Add Asset Bequest**.
 - Select the appropriate type from the menu, and then enter the details of the trust or bequest.
4. To change assumptions about how assets will be disposed of after death, go to the **Asset Estate Details** tab, and then enter the asset estate details.

Estate Distribution
Asset Estate Details
Gifting
Trusts

☐ Living Trust

Non-Qualified and Lifestyle

Asset Name	Market Value	New Owner	Probate Fees	Admin Fees	Not Available For Estate Needs	Primary Beneficiary	Contingent Beneficiary
Residence (Joint/Li...	\$220,000	Joint ▼	✓	✓	✓	Estate ▼	▼

Qualified and Annuities

This plan does not contain any qualified assets or annuities.

Set Goals section – Estate Planning category – Estate Strategy page – Asset Estate Details tab

- To prevent probate from being assessed against all assets in the client's and co-client's gross estate, select the **Living Trust** option.
 - To prevent an asset from being liquidated to cover estate costs, select the **Not Available For Estate Needs** option.
 - To specify the **Contingent Beneficiary** of a non-qualified account at the death of the owner, under **Non-Qualified and Lifestyle**, select a beneficiary from the menu.
 - To specify a beneficiary for a qualified or annuity asset at the death of the owner, under **Qualified and Annuities**, select a beneficiary from the menu.
 - To model a stretch (multi-generational) qualified asset, change the primary beneficiary to someone other than the client or co-client, and then select the **Multi-Generational** option. When the asset owner dies, the asset will pass to the beneficiary and IRD taxes will be avoided.
5. To enter gifting strategies that exist in the clients' existing estate scenario, go to the **Gifting** tab, and then enter the gifting details.

Estate Distribution Asset Estate Details **Gifting** Trusts

Regular Cash Gifts ADD REGULAR CASH GIFT

Description	Gifted By	Gifted To	Split Gift	Max. Annual Gift Exclusion	Annual Amount	Start Date	End Date	Infl +/- Add'l	Actions
Regular Cash Gift	David	Julia	<input type="checkbox"/>	<input type="checkbox"/>	\$0	Jan 1 2013	Death (Owner)	<input type="checkbox"/> + 0.00%	✕

Lump Sum Cash Gifts ADD LUMP SUM CASH GIFT

Click the **Add Lump Sum Cash Gift** button to create a new row.

Asset Gifts ADD ASSET GIFT

Note: Only the portion of each asset that is not allocated to a goal is available for gifting. To see what portion of each asset is unallocated, go to the *Goals* section - *Goal Funding* page.

Click the **Add Asset Gift** button to create a new row.

Set Goals section – Estate Planning category – Estate Strategy page – Gifting tab

- To enter the details of cash gifts that occur on a regular basis, click **Regular Cash Gifts**. Click **Add Regular Cash Gift**, and then enter the gift details.
 - To enter cash gifts that occur on a one-time basis, click **Lump Sum Cash Gifts**. Click **Add Lump Sum Cash Gift**, and then enter the gift details.
 - To enter the details of gifts to be made from specific assets, click **Asset Gifts**. Click **Add Asset Gift**, and then enter the gift details.
6. To enter trusts that exist in the clients' existing estate scenario, go to the **Trusts** tab, click **Add Trust**, and then select the type of trust.

Estate Distribution Asset Estate Details Gifting **Trusts**

Inter Vivos Trusts (Lifetime) ADD TRUST ▼

Description	Type	Actions
ILIT	ILIT - Existing Insurance	

Set Goals section – Estate Planning category – Estate Strategy page – Trusts tab (showing trust selection options)

The appropriate dialog box opens. The fields will vary depending on the type of trust you selected.

Chapter 10: Examining results

After you have entered your clients' financial information and goals into a plan, you can prepare and generate results. When you are satisfied with the results, you can generate professionally designed client reports that you can distribute to your clients.

In this chapter:

Viewing goal coverage progress	176
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Viewing goal coverage progress

NaviPlan allows you to quickly view **Current Results** for clients' projected net worth, cash flow, and goal coverage progress based on the information you have entered in the analysis so far. It also recommends steps that clients could take to achieve 100% goal coverage.

Current Results are available for the following goal types:

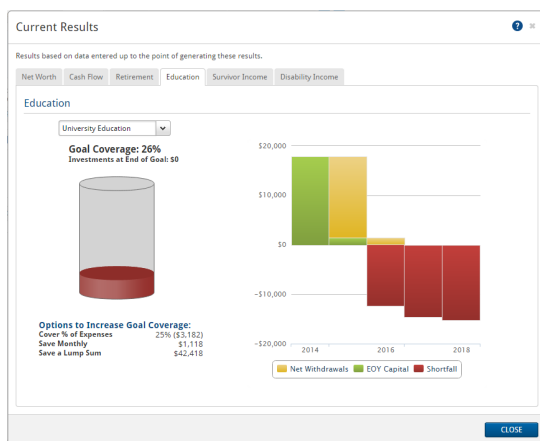
- Retirement
- Education
- Major Purchase
- Survivor Income
- Disability Income

Note: The actual goals that appear your screen will depend on the modules you selected on the **Modules** screen during goal creation.

Tracking net worth and cash flow projections/Viewing goal coverage progress

To track projections of clients' net worth and cash flow or to view their goal coverage progress, follow these steps:

1. Go to the **Quick Actions** menu and select **Current Results**.
2. Select either the **Net Worth** or **Cash Flow** tab to view projections of the clients' financial situation.
3. Select a tab for one of the goals for which you would like to view the coverage.
 - The goal coverage graphs are interactive - hover over a bar to view the details for that particular year.
 - You can click on labels in the graph key to hide or display the associated category from the graph.
4. View suggested methods to achieve 100% goal coverage under **Options to Increase Goal Coverage**.
5. Once you've reviewed your clients' progress and the suggested options to increase coverage, click **Close** to return to where you left off.



Current Results dialog box – Education tab

Using the Planning Assistant

The **Planning Assistant™** displays a broad overview of the potential success of the plan. It summarizes potential problems, opportunities, and questions. You can use the **Planning Assistant** reports to analyze the financial data in your clients' current or recommended plan.

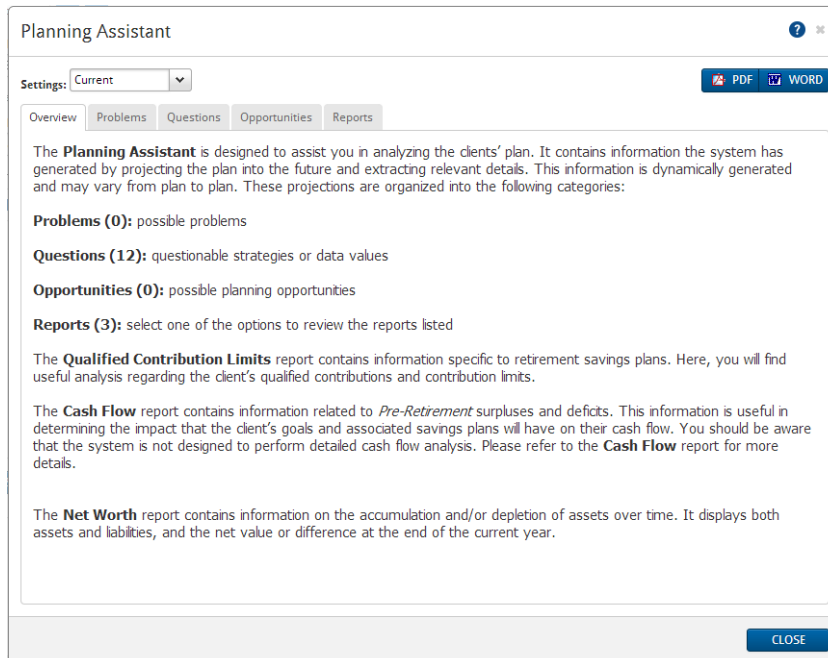
These reports identify the strengths and weaknesses of the plan. In some cases, the reports identify something discretionary that does not apply to the current plan and can be ignored. In other cases, the reports identify an improvement that could be made with a simple data change. Sometimes, following the recommendations requires using one or more financial planning strategies.

You can open the **Planning Assistant** from the **Quick Actions** menu while working in any plan.

Opening the Planning Assistant

To open the **Planning Assistant**, follow these steps:

1. From the **Quick Actions** menu, select **Planning Assistant**.



Planning Assistant dialog box

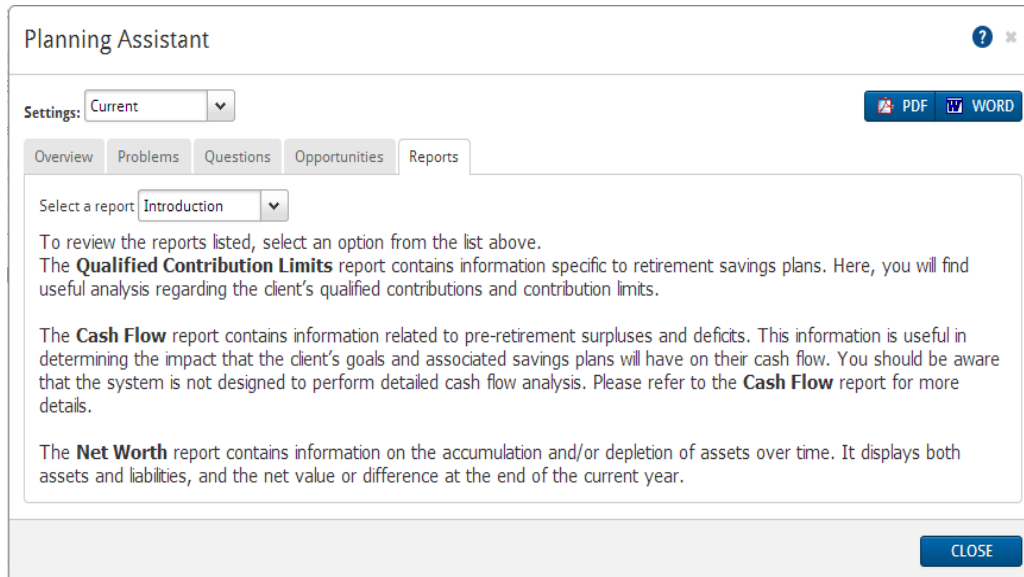
2. From the **Settings** menu, select the plan type you want to analyze. The **Current** option is based on the plan in which you are working. The **Recommended** option represents the **Recommended Plan** scenario, which takes into account additional assumptions and strategies including those selected in the **What Are My Options?** dialog boxes found throughout NaviPlan.
3. Click a tab to view detailed information.

Viewing and/or printing the Planning Assistant reports

The **Reports** tab and the **Overview** tab provide a synopsis of the other **Planning Assistant** reports.

To view or print the **Planning Assistant** reports, follow these steps:

1. Open the **Planning Assistant**, select either **Current** or **Recommended**, and then go to the **Reports** tab.



Planning Assistant dialog box – Reports tab

2. Select one of the following reports:
 - **Introduction** – A summary of each of the reports available to you in the **Planning Assistant**.
 - **Qualified Contribution Limits** – Analysis and recommendations specific to IRAs, 457, 401(k), 403(b), and SARSEP plans including contributions, contribution limits, and unused room. This analysis includes catch-up contribution room when available.
 - **Cash Flow** – Summary of pre-retirement cash flow surpluses and deficits. This information is useful for seeing how the clients' cash flow is affected by their goals and associated savings strategies.
Note: The **Planning Assistant** is not designed to perform a detailed cash flow analysis. For a more detailed report, you can access the **Cash Flow Details** report from the **Reports** menu.
 - **Net Worth** – Summary of all the assets and liabilities entered into the plan for the clients (client, co-client, and joint ownership) and the net value and accumulated surplus/deficit at the end of the plan year.
3. To print the **Planning Assistant** report displayed on the current tab, click **PDF** or **Word**. The report generates in its own window and can be printed from your desktop.

Using reporting options in NaviPlan

NaviPlan offers three primary report types:

- **Standalone Reports** allow you to verify the numbers after you have entered your clients' financial information and goals. These are intended for your use or to review information prior to meeting with your clients. They feature a straight-forward layout and focus on numbers.
- **Next-Gen Reports** summarize a client's plan using a modern, professional design. Their easy-to-understand content and format is intended to be shared with clients. Next-Gen reports are available for each category in the left navigation bar.
- **Client Reports** are traditional, figure-focused reports that summarize a client's plan. Client reports have a simple layout and focus on numbers without the contextual explanations of Next-Gen reports.

Standalone reports and graphs

After you have entered your clients' financial information and goals, you can verify the results by generating standalone reports and graphs. The available options depend on the plan level selected.

To generate a standalone report or graph, follow these steps:


1. From the **Quick Actions** menu – **Reports** menu, select a report category (and if applicable, a subcategory), and then select the report or graph you want to generate.



Reports menu (Level 2 Plan, Detailed Tax method)

Depending on the report or graph type selected, the **Assign Settings** dialog box may open. The contents of this dialog box varies depending on the report selected.

2. If applicable, enter the settings details, and then click **OK**.
3. If a **Report Year** field appears in the **Assign Settings** dialog box (e.g., for the **Cash Flow Details** report) and you want to report on a different year, after you have generated the report in the report window, click **Previous Year** or **Next Year**. NaviPlan redisplay the report based on the applicable year.

4. To redisplay the report settings, click **Report Settings** at the bottom of the report window. To hide the settings again, click **Report Settings**.
5. To generate a report or graph that you can print or distribute, beside the **PDF** or **Word** button, click the  button, and then select **Automatic**, **Portrait**, or **Landscape**. The report or graph generates as a PDF or Word file.

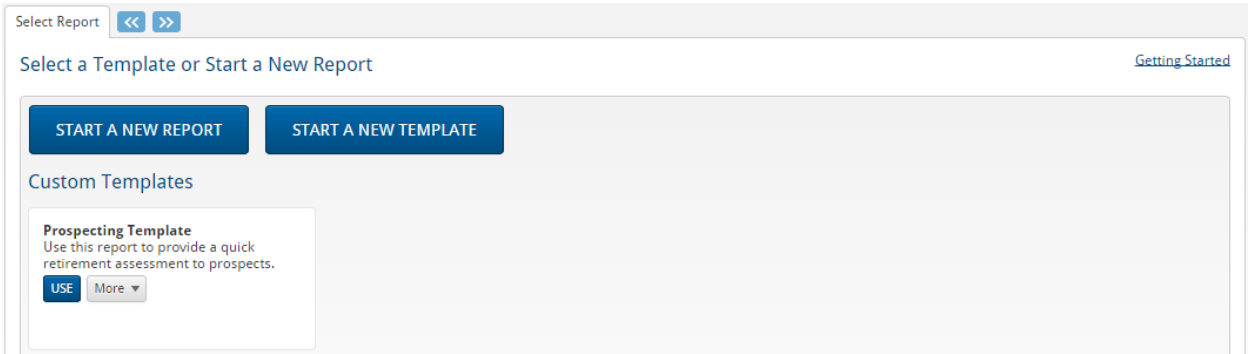
Note: Selecting **Automatic** generates a report or graph using NaviPlan's default printer orientation.
6. If you made changes to the plan and the report window is still open, click **Refresh** to update the report.
7. To duplicate the report or graph, click **Duplicate**. NaviPlan creates a duplicate and displays it next to the original in the same window.
8. To generate a report or graph from within an open stand-alone report or graph window, click **Report**.

Report categories	Examples of the tasks you can perform
<i>Favourite Reports</i>	Keep reports that you use frequently readily available.
<i>Summary</i>	View an action plan for the clients' investments, redemptions, insurance, and debt. View a synopsis of the data entered into the plan. View the results of the Planning Assistant™ report. Compare differences between the current plan and the recommended plan.
<i>Net Worth</i>	View account and holding details. Compare summary or detailed changes in net worth over time. View composition and activity details for the clients' assets and liabilities.
<i>Cash Flow</i>	Monitor changes in cash flow activity. Examine current and projected cash flow on a single or multi-year basis. View the effects of taxes and capital loss carryovers. Monitor changes in projected surpluses and deficits.
<i>Income Tax</i>	Monitor income tax changes and capital loss carryovers. If you are using the Detailed Tax method, additional income tax reports are available.
<i>Goals</i>	View details of goals and goal savings. Compare goal needs with current and projected goal funding. View summaries for each goal.
<i>Asset Allocation</i>	Compare current and suggested asset mixes, asset class weightings, and the efficient frontier. If you are using predefined asset allocation, examine risk score and questionnaire results.
<i>Insurance</i>	Analyze the effects of death, disability, long-term care, and insurance on cash flow. Analyze the effects of asset redemptions at death, during disability, and for long-term care.
<i>Estate Planning</i>	Compare estate planning scenarios. View a synopsis report of estate data entered in the plan. Monitor gift and trust activity. Analyze the effects of taxes on the estate planning scenario. View asset distribution details.
<i>Needs vs. Abilities</i>	Compare goal type needs with abilities to meet those goals (all goals of the same type are grouped together in the same graph).

Report categories	Examples of the tasks you can perform
<i>Capital Accumulation and Redemption</i>	Analyze the accumulation and redemption of capital used to fund a goal type or all goals.
<i>Deficit Coverage</i>	Compare deficit coverage assets to deficit coverage sells (Detailed Tax method only).
<i>Monte Carlo</i>	Analyze the probability of plan success given random asset returns based on the standard deviation assigned to each account and holding.

Next-Gen Client Reports

Client reports can be accessed from the *Results – Client Reports* section.

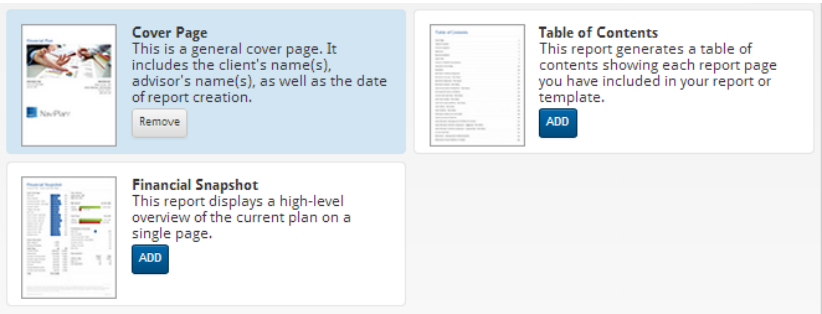


Results category – Client Reports – Select Reports page

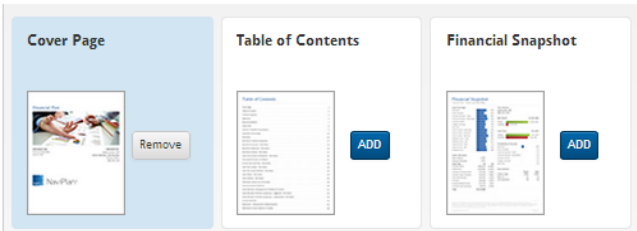
Term	Definition
Report Page	A report page is a single topic. Each tile on the <i>Build Report</i> page adds pages to your report.
Report	A report is a collection of report pages. After you have added each of the report pages you wish to present to your clients on the <i>Build Report</i> page, the output is called a report.
Template	A template is a report that has been saved for multiple uses. By saving reports as a template you can present the same set of report pages to all of your clients saving you time and ensuring consistency.

Report Pages can be viewed as tiles or panels by selecting either or at the top of the page.

Tile View ()



Panel view ()



Creating a new report

For a guided walkthrough to help you get started, on the **Build Report** page, click **Getting Started** above the **Selected Pages** panel. You're also welcome to send us your suggestions by clicking **Feedback**.

[Feedback](#)

[Getting Started](#)

Follow these steps to create a new report:

1. From the **Select Report** page, select **Start a New Report**.
2. Use the **Select a category** menu to display a list of report pages for each category.
3. Report pages are displayed as tiles. Select **Add** for each tile you want to include in your report. To remove a tile, select **Remove**.
 - Report tiles are categorized by the following sections:
 - **Content**: Dataless pages that provide an overview of the financial topic at hand. These provide context to reports and relate plans in a way that clients can understand.
 - **Summary**: Pages that cover clients' progress toward achieving their goal based on their current situation. These contain easy follow graphs and images.
 - **Current Plan**: Pages that summarize data for each goal in the current plan. These pages are numbers-oriented and often contain projection tables.
4. Review the order of report pages in the **Selected Pages** panel. The order displayed here matches the order in which reports will appear when generated.
 - To edit the position of report pages, drag and drop the page titles into the order you would like.

Tip: You can quickly select all report pages on the **Selected Pages** panel by clicking the **Select All** link.

5. When you are satisfied with these options, select **Build Report**.

Tip: If you run out of space on the **Select Pages** panel, you can select **Expand**  to enlarge the panel.

Adding custom content to a report

Follow these steps to add your own supplementary content (e.g. client's wills, other estate planning documents, etc.) in PDF format to a report:

1. From the **Build Report** page, select the **Custom Content** report tile.
2. Use the **Choose File** button to find your custom PDF.
3. Enter a **Title** for the custom content.
4. When you are satisfied with these options, click **OK**.

Note: The following requirements apply:

- Maximum of 1 PDF per report (10MB or less).


Converting reports to Microsoft Word output

Follow these steps to convert any generated report into a Microsoft Word (.docx) export file:

1. Select the pages to include in your report, then click **Build Report**.
2. Once the report is generated a blue bar appears near the top of the page. From this bar, click **Convert to Microsoft Word** to generate the report in Word format.

Creating a new report template

Follow these steps to create a new template:

1. From the **Select Report** page, select **Start a New Template**.
2. Select  to enter a name and description for the template.
3. Use the **Select a category** menu to display a list of report pages for a category.
4. Report pages are displayed as tiles. Select **Add** for each tile you want to include in your template. To remove a tile, select **Remove**.
 - Report tiles are categorized by the following sections
 - **Current Plan:** Pages that summarize data for the current plan. These pages are numbers-oriented and often contain projection tables.
5. Review the order of report pages in the **Selected Pages** panel. The order displayed here matches the order in which reports will appear when generated.
 - To edit the position of report pages, drag and drop the page titles into the order you would like.
6. When you are satisfied with these options, select **Save**.
 - If you have not yet entered a name for your template, you will be prompted to do so now.

Using a template to create a report

Follow these steps to generate a report using an existing template:

1. From the **Select Report** page, find the template you want to use to create a report and select **Use**.
2. When you are satisfied with these options, select **Build Report**.

Traditional client and progress reports

The following client reports are available in NaviPlan for Level 1 and Level 2 Plans and are accessible from the **Results – Client Report** page:

Client report	Description
Financial Needs Assessment	This report provides an overview of the clients' current financial situation and indicates whether the clients' goals are attainable.
Asset Allocation	This report demonstrates the effects that the clients' time horizon, risk tolerance, and asset allocation have on their portfolio returns. The clients' portfolio is calculated based on their existing accounts and related holdings.
Financial Needs Summary	This report provides an overview of your clients' current financial situation with special emphasis on their retirement goal. Typically, this report is used when the recommended plan has been finalized as the final presentation to the clients.
Retirement Distribution Summary	This report is useful to clients who are nearing or at retirement, and provides an in-depth review of the plan retirement period and the distribution of income the clients may expect in retirement. The report focuses on the apparent risks in the clients' current plan and how those risks have been reduced by strategies implemented in the proposed plan. It also shows a review of the fixed and total incomes as well as expenses during retirement.
Financial Needs Analysis	Level 2 This report provides a comprehensive view of the entire plan, including a summary of the clients' needs and objectives, the financial assumptions used in preparing the financial analysis, as well as additional strategies that could be implemented to achieve the objectives. The report includes summaries of the various analyses performed and recommendations and strategies that could be used to meet the clients' objectives. A synopsis of the analysis data is included.

In an update plan (an approved financial plan in **Update Plan** status), you can generate a **Progress** report which compares the updated plan information with the approved plan. This report compares the clients' current and previous net worth, cash flow, and asset allocation mixes, and also tracks the success of each goal. The **Progress** report will help you determine whether your clients are staying on track towards attaining their financial goals.

To generate a client (or progress) report, follow these steps:

1. Go to the **Results – Client Report** page.
OR
If you are generating a progress report, go to the **Results – Progress Report** page.

Client Report << >>

Use this page to generate client reports.

Alternatively, to see the status of or print generated reports, go to the **Workflow** section - **Status** category - **Status** page.

Include Alternatives In Reports...

Reports

Report Name	Template	Action	Status	Submission Time
Financial Needs Assessment ?	(Current Template) ▼	SELECT DOCUMENT SECTIONS... GENERATE		
Asset Allocation ?	(Default Template) ▼	SELECT DOCUMENT SECTIONS... GENERATE		
Financial Needs Summary ?	(Default Template) ▼	SELECT DOCUMENT SECTIONS... GENERATE		
Retirement Distribution Summary ?	(Default Template) ▼	SELECT DOCUMENT SECTIONS... GENERATE		
Financial Needs Analysis ?	(Current Template) ▼	SELECT DOCUMENT SECTIONS... GENERATE		

To view the list of all the generated reports, go to the [Client Report Monitor](#)

Results section – Client Reports category – Client Report page

- To include alternative plans in the client reports, click **Include Alternatives In Reports**, and then select the alternative plans to include.

Note: The current and recommended plans are always included.

Include Alternatives In Reports ? ✕

Select the alternative scenarios to be included in the reports from the lists below.

Scenario	Scenario Name
Current	Current Plan
Recommended (Proposed)	Alternative 1
Alternative A	<input type="text"/> ▼
Alternative B	<input type="text"/> ▼

OK CANCEL

Include Alternatives In Reports dialog box

- If applicable, select a template to use for the report.
- Click **Select Document Sections** for the report you want to generate.

Select Document Sections - (Current Template)
?

Select the sections to be included in the report, and then click **Generate Report** to continue.

The order in which document sections appear in the report can be changed. To change where a section appears, drag it to the preferred location in the list.

☒ Overview
☒ Current Financial Position
☒ Asset Allocation
☒ Retirement
☒ Attainable Retirement
☒ Emergency Fund
☒ Disability Insurance
☒ Life Insurance
☒ Long-Term Care
☒ Estate Planning
☒ Goal Attainability
☒ Conclusion
☐ Appendix
☒ Scenario Probability Assumptions
☐ Tax Considerations
☒ Important Terminology
☒ Disclaimer
☐ Asset Allocation Rate Approval
☐ Delivery Acknowledgement

Save as Template...

Select All

Select None

GENERATE REPORT

OK

CANCEL

Select Document Sections dialog box

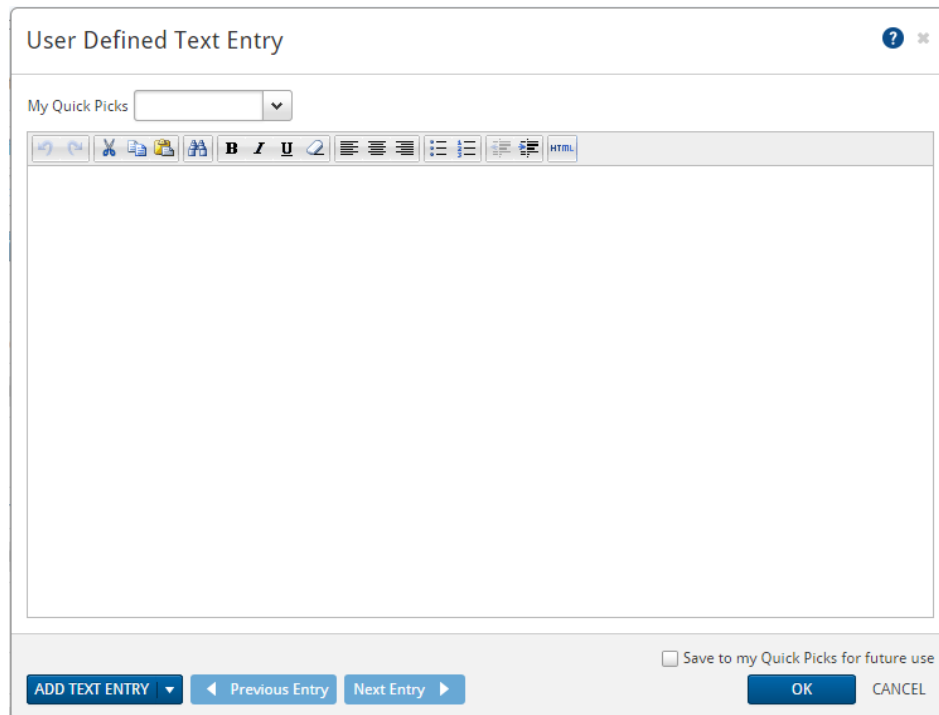
- Select the sections you want included in the report.
- To view the subsections for a section, click the + beside that section. The menu expands and subsections appear. Select or clear the options for the appropriate subsections.
- To reorder report sections, click an applicable section, and then drag it to another location.
- To save your selections as a template for this type of client report, click **Save as Template**. Enter a name for the template, and then click **OK**.
The templates you create can be managed on the **User Preferences - System Settings** dialog box – **Templates** tab (**Settings** menu – **System Settings**).
- Click **OK**. NaviPlan saves your selections.
- To generate the report, click **Generate**. If you generated this report before, this button appears as **Regenerate**. If you are using NaviPlan Online, the **Status** column updates. To view the report or view the status of other reports, see **Using the Client Report Monitor** on page 191.
Note: In NaviPlan Offline, you may have to click **Refresh** to update the **Status** column.

Preparing custom text for reports

In NaviPlan, you can create and customize text that will be included in client and Next-Gen reports. Personalize your plans and presentations by entering text on goal progress, recommendations, and any specific action items you would like clients to pursue.


To enter personalized text for reports, follow these steps:

1. Go to the **Results – User Defined Text** page.
2. Under **User Defined Text Summary**, select the goal or category for the user-defined text.
3. Under **Objectives, Recommendations, or Action Plan**, click **Add**.





The dialog box is titled "User Defined Text Entry" and features a close button (X) and a help button (?) in the top right corner. Below the title bar is a "My Quick Picks" dropdown menu. The main area is a large text editor with a toolbar containing icons for undo, redo, cut, copy, paste, bold, italic, underline, link, unlink, bulleted list, numbered list, decrease indent, increase indent, and a link icon. The text area is currently empty. At the bottom, there is a checkbox labeled "Save to my Quick Picks for future use", a dropdown menu labeled "ADD TEXT ENTRY", and two buttons labeled "Previous Entry" and "Next Entry". On the far right are "OK" and "CANCEL" buttons.

User Defined Text Entry dialog box

4. Enter the text in the dialog box, and then use the formatting buttons where applicable.
Note: A spelling checker is not available. Use your browser's spell-check or copy and paste plain text from Microsoft Word. Graphics are not supported.
5. If you would like to use this text across multiple plans or with multiple clients, select the **Save to my Quick Picks for future use** option.
6. When you are finished, click **OK**.
7. To edit an existing entry, click  to reopen the **User Defined Text Entry** dialog box for that entry.
8. To reorder entries within a category, click **Move Up** or **Move Down**.
9. Repeat steps 2–8 until all your entries are complete.

Managing quick picks for user-defined text





To access and manage any existing quick picks, follow these steps:

1. On the **User-Defined Text** page, select a goal or category from the **User Defined Text Summary** menu.
2. Click **Manage My Quick Picks**.
3. A list of all quick picks saved for the goal or category will appear.
 - To add a new quick pick, click **Add**.
 - To edit the content of an existing quick pick, click .
 - To delete a quick pick, click .
4. Once you've finished managing your quick picks, click **OK**.

Adding user-defined text to Next-Gen reports

To add your user-defined text to Next-Gen reports, follow these steps:

1. Go to the **Results – Next-Gen Reports** page.
2. On the **Select Report** page, select either an existing template or click **Start a New Report**.
3. From the **Select a category** menu, select a goal or category.
4. Depending on the type(s) of user-defined text you entered (Objectives, Recommendations, or Action Plan), a report page will appear under the **Content** section.
5. Click **Add** to include the page(s) containing your user-defined text in the report.

 <p>Objectives This report displays any user-defined text you have provided for your clients' financial goals.</p> <p>ADD</p>	 <p>Recommendations This report displays the recommendations you have entered on the User-Defined Text page.</p> <p>ADD</p>
 <p>Action Plan This report displays the action plans you have entered on the User-Defined Text page.</p> <p>ADD</p>	 <p>Tax Considerations This report displays a list of important and timely changes in tax law.</p> <p>ADD</p>

Using the Client Report Monitor

The **Client Report Monitor** allows you to continue using NaviPlan while generating traditional client reports and progress reports, can take between a few seconds to a few minutes.

Each time you click the **Generate** button for a report, NaviPlan creates a request in the **Client Report Monitor** and generates the report. You can view all requested and generated reports, only those reports with a **Completed** status can be opened. The **Client Report Monitor** is available from all the following areas:

- **Quick Actions** menu - **Reports**
- **Results – Client Report** page
- **Results – Progress Report** page
- **Workflow – Status** page

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

1. Generate a client or progress report
OR
From the **Quick Actions - Reports** menu, select **Client Report Monitor**.
2. Do one of the following:

To...	Do this...
List all reports for which you have access	Clear the Show only reports for this plan option.
View a complete report	Click the link for a report with the Completed status. The report opens in the format specified under System Settings – Report Format .
Delete a report	Click X for the applicable report, or click Delete All to delete all listed reports, and then click OK .

Note: If you close the **Client Report Monitor** while a report is generating the report 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.

Adding notes for your own personal use

In NaviPlan, you can add notes for yourself that are not seen by the clients.

To enter personalized text for reports, follow these steps:

1. On any page within an open plan, go to **Quick Actions** menu - **Notes**, and then select **Add Note**.

Notes menu – Add Note – Notes dialog box

2. Enter the text into the dialog box, and then use the formatting buttons where applicable.
Note: A spelling checker is not available. Use your browser's spellcheck or copy and paste plain text from Microsoft Word. Graphics are not supported.

To view and print all notes that were entered for this plan, follow these steps:

1. On any page within an open plan, go to **Quick Actions** menu - **Notes**, and then select **View All Notes**.

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