

User Guide

Personal Retirement Optimizer & Estate Analysis (PRO & Estate)



With Estate Analysis

Presented by Planist Ltd.

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Introduction

What is the Personal Retirement Optimizer?

The Personal Retirement Optimizer and Estate (PRO & Estate) is a unique tool available only to Planist members who want a tool to quickly illustrate a client's financial situation in order to better provide guidance towards realizing their retirement objectives.

PRO & Estate uses the principle of maintaining one's standard of living through retirement. The analysis is based on gross employment income and other revenue sources and adjusting for expenses that are no longer necessary at retirement such as: RRSP contributions, non-registered savings (including the TFSA) and government plan contributions (employment insurance, QPP/ CPP, QPIP). This is the starting point for the retirement analysis and, once determined, the standard of living objective will vary up or down depending on the client's objectives.

Other elements could influence the standard of living: paying off one's mortgage would be a typical example.

There could be circumstances where the standard of living estimate won't apply to the client's reality in retirement (exp: in cases where clients earn disproportionately high incomes during their active years). As such, PRO & Estate is nimble enough to adjust and modify the standard of living calculation to reflect these nuances.

It is our opinion that the best way to use PRO & Estate is to begin by constructing scenarios using the client's current information. By executing the "results" option, you can easily see if the objective for the standard of living at retirement has been met. If the objective is not met, PRO & Estate allows you to improve the client's situation with a series of optimization tools. Some of the optimisations include: adjustments to RRSP contributions, creation and modelling of non-registered savings plans or modifications to the standard of living itself. PRO & Estate will retain optimizations in the order that they were selected.

You can create as many scenarios as you like.

Our experience shows that advisors who frequently use this type of tool benefited from:

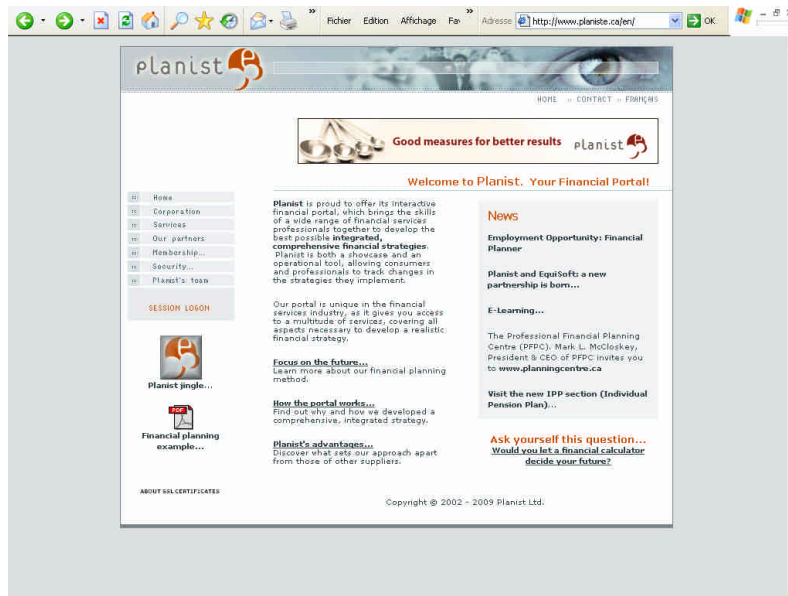
- a rise in asset transfers;
- an increase in product sales;
- consolidation of the client's business;
- Expanding relationships based on trust.

The PRO & Estate is an illustration tool designed for analytical who are interested in a visual presentation of their financial resources. The report will generate intuitive graphs and tables detailing all financial inflows, outflows, and optimisations.

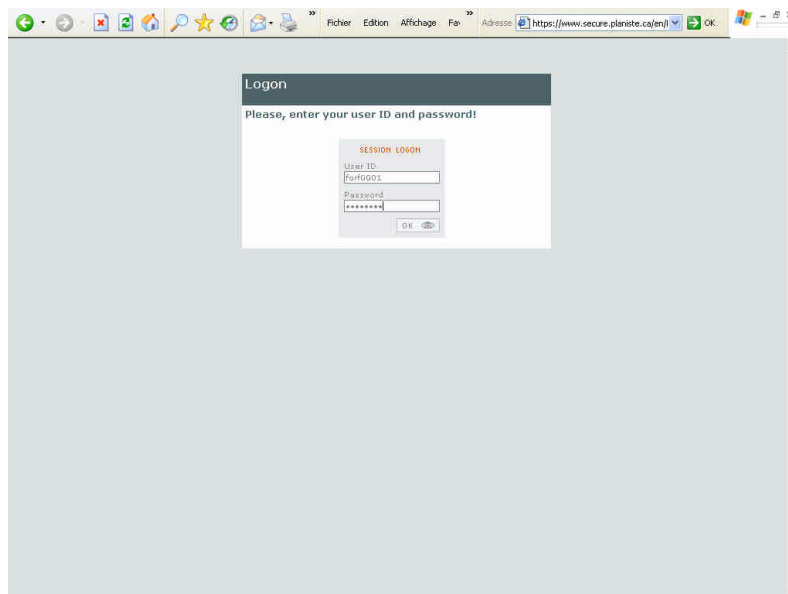
Accessing the Personal Retirement Optimizer (PRO & Estate)

To create a simulation with the PRO & Estate you must first:

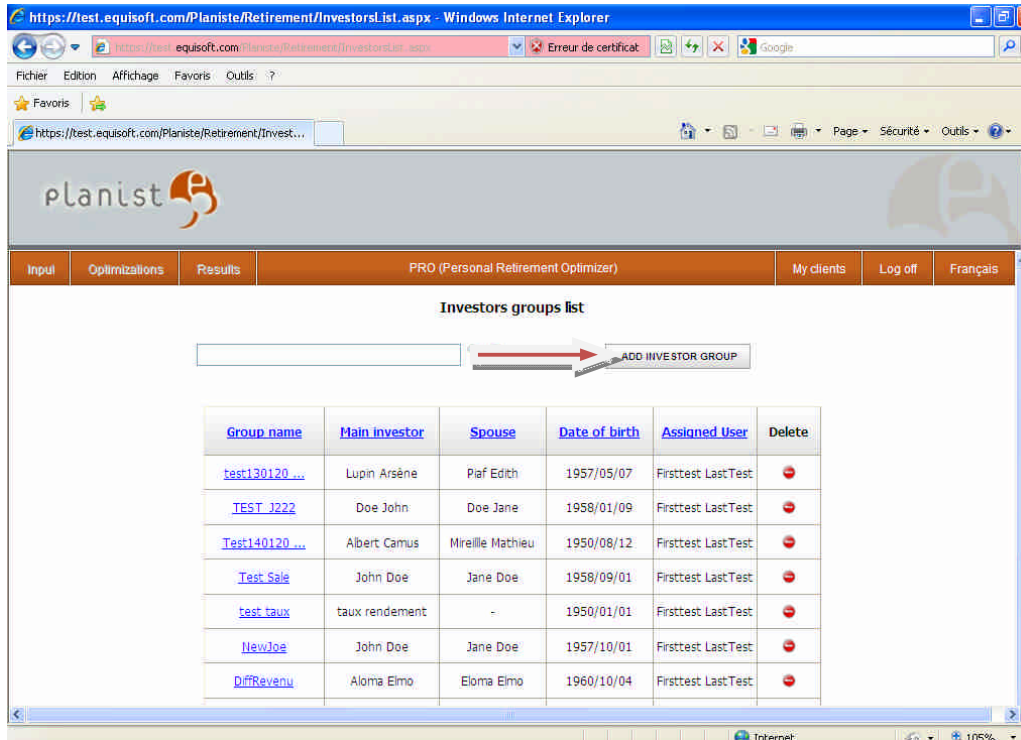
1. Access the application through the following website: <http://www.planiste.ca>.
2. The following screen appears:



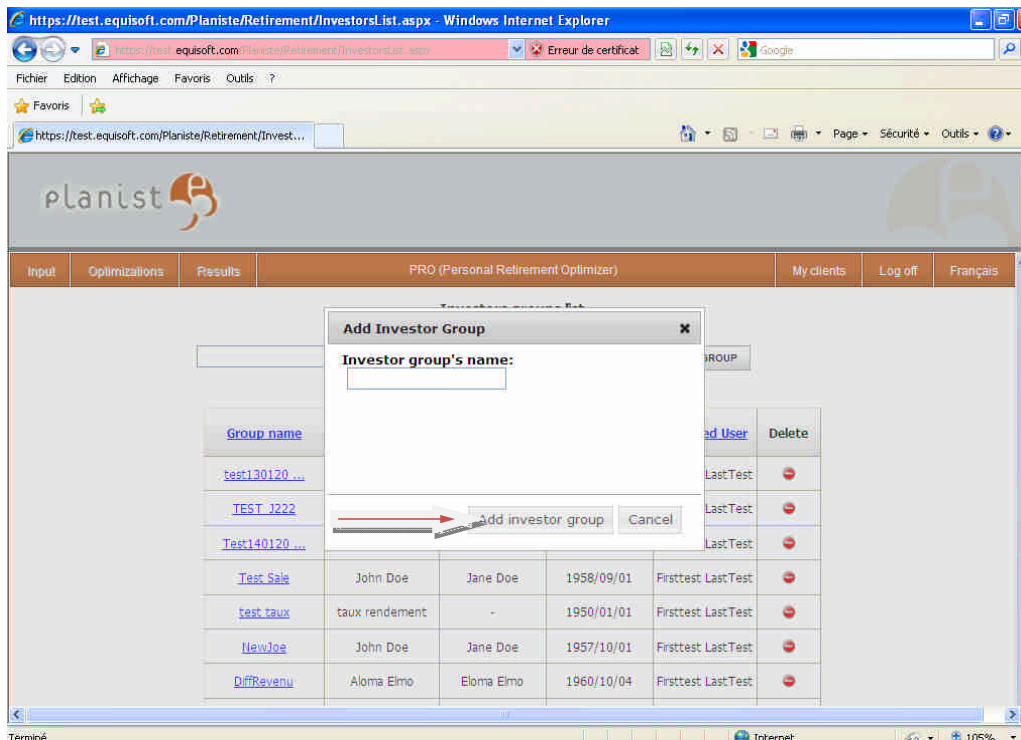
3. Enter the information required to open a session (user name and password).



4. Click on the box “Add Investor Group”



5. A pop up box will appear; enter the client's name, then click “Add”



6. The client will be added to the list of existing clients

The screenshot shows the 'Investors groups list' page in the Planist application. At the top, there is a search bar and an 'ADD INVESTOR GROUP' button. Below this is a table with the following columns: Group name, Main investor, Spouse, Date of birth, Assigned User, and Delete. The table contains the following data:

Group name	Main investor	Spouse	Date of birth	Assigned User	Delete
test130120...	Lupin Arsène	Piaf Edith	1957/05/07	Firsttest LastTest	
TEST_J222	Doe John	Doe Jane	1958/01/09	Firsttest LastTest	
Test140120...	Albert Camus	Mireille Mathieu	1950/08/12	Firsttest LastTest	
Test_Sale	John Doe	Jane Doe	1958/09/01	Firsttest LastTest	
test_taux	taux rendement	-	1950/01/01	Firsttest LastTest	
NewJoe	John Doe	Jane Doe	1957/10/01	Firsttest LastTest	
DiffRevenu	Aloma Elmo	Eloma Elmo	1960/10/04	Firsttest LastTest	

7. Click on the column's title to sort your client list alphabetically or by Date of birth. You also have the possibility to search or delete a client.

The screenshot shows the same 'Investors groups list' page as in the previous image. A red arrow points to the 'Group name' column header, indicating that clicking on it will sort the list alphabetically. The table data is identical to the previous screenshot.

8. Click on the client's name to begin. By default, PRO & Estate will assume that you are working on an *Individual* simulation. As soon as the spouse's name is entered into the system, the *Individual* simulation will be changed to a *Spousal* Simulation.

The screenshot displays the Planist software interface. At the top, the Planist logo is visible. Below it, a navigation bar includes 'Input', 'Optimizations', 'Results', 'PRO (Personal Retirement Optimizer)', 'My clients', 'Log off', and 'Français'. The main content area is titled 'General Information' and is divided into two columns: 'Client' and 'Spouse'. The 'Client' column includes fields for Title (radio buttons for Mr., Mrs., Ms.), First name, Last name, Date of birth (dropdown menu), Age at which you wish to retire (input field with '65'), Are you a smoker? (radio buttons for Yes, No), Use life expectancy + 30% up to 7 more years... (radio buttons for Yes, No, input field with '100'), Province (dropdown menu with 'Quebec'), Language of correspondence (dropdown menu with 'English'), and Average Consumer Price Index rate (input field with '2.00 %'). The 'Spouse' column includes similar fields for Title, First name, Last name, Date of birth, Age at which you wish to retire, Are you a smoker?, Use life expectancy + 30% up to 7 more years..., and Average Consumer Price Index rate. At the bottom of the form, there are buttons for 'HELP AND ASSUMPTIONS', 'QUESTIONNAIRE', 'REPORT HELP', 'PREVIOUS', and 'NEXT'.

Entering the client's information

Entering Personal and Financial Information

The first screen (Information) allows you to enter the client's general information. There are six (7) data entry tabs. There are two ways to navigate between screens: 1. by clicking on the tabs or 2. by clicking on the Previous/Next buttons at the bottom right.

Click to navigate between screens

Click to navigate between screens

Tab: “General Information”

Once all information has been input, go to the next screen.

Ms/Mr/Miss: Choose whether the simulation pertains to a woman or man.

First name: Client and spouse’s first names.

Last name: Client and spouse's last names.

Birth date: Client's birth date (year/month/day). If no information is entered for the spouse in this section, the system will assume that this is an individual analysis.
(Mandatory Input)

Retirement age: Indicate the expected retirement age for client and spouse. If you enter an age that is inferior to the client's actual age, the system will assume the client is already retired.

The effective date of retirement is determined using the client's and/or spouse's birth date. For example, a client born June 1st 1952 and expecting to retire at age 60 will begin retirement June 1st 2012, on their 60th birthday. This implies that the employment income will be illustrated up to May 31st 2012; after which point, retirement income will commence for the remainder of the year.

Are you a smoker?: This input helps determine life expectancy.

Use the life expectancy + 30%, up to 7 additional years: Used to determine the length of the simulation. For example, a 50 year old female non-smoker has a life expectancy of 34 years, 30% of 34 = 10.2 years. In this case, the system will use the life expectancy + 7 additional years. The simulation will be illustrated up to age 91 for this client. The other option allows you to manually enter the ending age for the simulation (maximum 100 years old).

Province: Enter the client's province of residence. The system will adjust for provincial tax rates. **Mandatory**

Language of correspondence: Enter the client's language of correspondence. This option determines the language in which to report will be generated. If you are an English user, the default language of correspondence will be English. (Note: you can be using the English website and produce French reports)

Average consumer price index (CPI): Input the inflation rate forecast for future years. For information purposes, the system defaults to the average rate for the past ten years, or roughly 2%. **(Mandatory Input)**

Tab: Income

The screenshot shows the 'Income Before Retirement' section of the PRO software. It is divided into two main columns: 'Client' and 'Spouse'. Each column has a table for 'Annual gross income' and 'Other gross annual income'. The 'Client' table shows a salary of \$100,000 with a 2.00% growth rate. The 'Spouse' table shows a salary of \$85,000 with a 2.00% growth rate. Below these are sections for 'Annual employee contributions' (totaling \$3,000) and 'Gross Retirement Income' which includes 'Government plans' (CPP/QPP and Old Age Security) and 'Other gross annual income'.

Income before Retirement

(Note: If you entered a current age which is older than the age indicated for retirement, this section will not be available because the system will assume that the client and/or spouse are already retired.)

Gross annual income: In the text box, enter the source of income (ex: employer name). In the second box, enter the gross salary if the client is an employee. The third box will allow you to enter the annual growth expected for this salary. By clicking on the + symbol, you can add multiple incomes (ex: if the client has 2 jobs or if they receive commissions).

Annual contributions; total of QPP/CPP, E-I, union, QPIP and other professional contributions: Contributions to the various government plans must be input in this section. They will help calculate the client's actual standard of living. For information

purposes, below are the the maximum "pensionable" earnings and maximum contributions for each public plan (2010):

2010	MPE	Max contribution	Exemption	Rate
QPP/ CPP	\$47,200	\$2,163.15	\$3,500	4.95 %
E-I (QC)	\$43,200	\$587.52		\$1.38/\$100
E-I (RoC)	\$43,200	\$747.36		\$1.73/\$100
QPIP	\$62,500	\$316.00		0.506 %

An employee earning more than \$62,000 would have a combined \$3,066 of contributions. Union and/or professional membership fees should be added to this amount if they are paid from salary.

Other gross annual income (drop-down list): The drop-down list consists of income from the following sources: corporate dividends (from HOLDCO or other Private corp.)¹, part-time jobs, integrated defined benefit plan², non-integrated defined benefit plan, registered annuity, prescribed life annuity, supplementary RRSP withdrawal, non-registered savings withdrawal, net rental income and other income.

To input a type of income, pick the source from the dropdown list; enter the name, and then the amount. It is possible to add multiple types of income by clicking on the + symbol.

Starting age: Enter the age at which the client will begin receiving the income specified in the previous section.

Ending age: Enter the age at which the client will stop receiving the income specified in the previous section.

Note: If the client will receive an income for only one year, you can enter the same age in both the "starting age" and "ending age" boxes.

% taxable: Here you can specify what proportion of the income is taxable. For example, only a small proportion of income from a prescribed life annuity is taxable (~20%) whereas pension income is fully taxable (100%).

¹ In this section, we identify two sources of dividends. The first one ("from HOLDCO") is withdrawn from the client's holding company. The second source of dividends ("Private corp. other than HOLDCO") is derived from common or preferred shares owned by the client in a corporation.

² The calculation of an integrated retirement plan is not automatic in this version. The reduction of the monthly benefits begins at age 65 and is calculated as follow: reduction = 0,7 % x number of service years x YMPE (5). For example, if the client retires at age 60 with 33 years of service and an annual pension of \$50,000, at age 65 the pension will be reduced by (0.7% x 33 years of service x \$40,500 (5 years average of the YMPE) = \$9,355). When entering the benefits of a client in the system we suggest doing so in two steps; first, the full pension from age 60 to age 65 (\$50,000); and for the second period from age 65 to age 100 (\$40,645).

Gross Retirement Income

Government plans

Quebec pension plan/ Canada pension plan (QPP/CPP): By default, the amount appearing in this box corresponds to the maximum pension. If you know the exact amount you can input it in this field.

Starting age: By default, the age input corresponds to the retirement age specified in the “General Information” section. You can modify the age at which the pension starts. If you do not enter anything, the pension will start at retirement age or 60 years old, whichever is earlier.

Growth: The CPP/QPP pensions are indexed according to the Pension Index which is similar to the CPI. You can change and adjust this rate.

Old age security (OAS) pension: By default, the amount appearing in this box corresponds to the maximum pension applicable to a Canadian citizen who meets the eligibility requirements (anyone aged 65 and over who has lived in Canada for at least 40 years after reaching age 18 is eligible for a full pension). If the client does not meet these requirements, you can specify a reduced amount.

Starting age: By default, the starting age for a pension is 65 years old.

Growth: The OAS pension is indexed according to the Pension Index which is similar to the CPI. You can change and adjust this rate in function of your discussions with the client.

Other gross annual income: The drop-down list consists of income from the following sources: corporate dividends (from “HOLDCO” or “Private corp. other than HOLDCO”), part-time jobs, lump sum payment, integrated defined benefit plan, non-integrated defined benefit plan, registered annuity, prescribed life annuity, supplementary RRSP withdrawal, non-registered savings income withdrawal, net rental income and other income.

If the client receives any one of these sources of income, input the name and the amount. You can add multiple sources of income by clicking on the + symbol.

Starting age: Enter the age at which the client will start receiving “**Other gross annual income**”.

Ending age: Enter the age at which the client will stop receiving “**Other gross annual income**”.

Note: If the client will receive an income for only one year, you can enter the same “starting age” and “ending age”.

% taxable: Here you can specify what proportion of the income is taxable. For example, only a small proportion of income from a prescribed life annuity is taxable (~20%) whereas pension income is fully taxable (100%).

Tab: Liquid Assets

Accounts	Client			Spouse		
	Amount	Return Before retirement	Return After retirement	Amount	Return Before retirement	Return After retirement
TFSA	\$0	5.00 %	5.00 %	\$0	5.00 %	5.00 %
Non-Registered	\$225,000	5.00 %	5.00 %	\$145,000	5.00 %	5.00 %
Holding company	\$250,000	5.00 %	5.00 %	\$0	5.00 %	5.00 %
Total ACB	\$100			\$0		
Registered	\$500,000	5.00 %	5.00 %	\$175,000	5.00 %	5.00 %
Locked-In	\$0	5.00 %	5.00 %	\$0	5.00 %	5.00 %
Defined Contribution plan	\$0	5.00 %	5.00 %	\$0	5.00 %	5.00 %

TFSA: Total amount invested in a TFSA (Tax-free savings account).

Rate of return before retirement: Expected rate of return before retirement for the TFSA.

Rate of return after retirement: Expected rate of return after retirement for the TFSA.

Non-registered: Value of amounts invested in non-registered accounts which will be later used to finance the retirement or special projects.

Rate of return before retirement: Expected rate of return before retirement for the non-registered amounts.

Rate of return after retirement: Expected rate of return after retirement for the non-registered amounts.

Allocation: By clicking on the “pie slice” symbol, you can input the investment income allocation. By default, the system assumes that all investment income is fully taxable interest income.

Holding Company: Total value of amounts in HOLDCO accounts which will be later used to finance the retirement.

Rate of return before retirement: Expected rate of return for future years.

Rate of return after retirement: Expected rate of return for future years.

Registered: Total value of all RRSPs, whether they are individual, group, or spousal.

Rate of return before retirement: Rate of return before retirement for the RRSP account. If the client does not know his or her historical returns, you can estimate the amount based on asset allocation.

For your information:

Typical rates of return for various asset classes within mutual funds (IQPF’s 2009 Projections):

Short term:	3.75 %
Fixed income:	4.75 %
Canadian equity:	7.25 %

Rate of return after retirement: Rate of return after retirement for the RRSP account. If the client does not know his or her historical returns, you can estimate the amount based on asset allocation.

Locked-in (LIRA): Amount that the client has within a Locked in Retirement Account. If the client has changed employers, he could have a LIRA. Since it is not possible to contribute to this plan type, it must be treated separately.

Rate of return before retirement: Rate of return before retirement for LIRA. If the client does not know his or her historical returns, you can estimate the amount based on asset allocation.

Rate of return after retirement: Rate of return after retirement for the LIRA. If the client does not know his or her historical returns, you can estimate the amount based on the asset allocation.

Defined contribution pension plan (DCPP): Input the current value of the DCPP plan. Like the name indicates, a defined contribution pension plan accumulates contributions from the employee and the employer. The contributions made by the client and the employer are income tax deductible.

Rate of return before retirement: Rate of return that the client expects before retirement for the DCP. If the client does not know his or her historical returns, you can estimate the amount based on the asset allocation.

Rate of return after retirement: Rate of return that the client expects after retirement for the DCP. If the client does not know his or her historical returns, you can estimate the amount based on the asset allocation.

Annual Contributions

TFSA: Enter the annual deposit amount to the TFSA. As of 2010, the maximum is limited to \$5,000 per year. This amount is indexed at every 500 dollar increment.
<http://www.cra-arc.gc.ca/E/pub/tg/rc4466/rc4466-08e.pdf>

Max: By clicking on this option, the system will automatically calculate and deposit maximum yearly TFSA deposit.

Indexed: Click this option if you would like the TFSA investment to be indexed to inflation.

Non-registered: Annual amount set aside for non-registered savings such as savings bonds, mutual funds, savings accounts.

Indexed: Click this option if you would like the Non-registered investments to be indexed.

Holding company: Annual amount transferred into HOLDCO.

Indexed: Click this option if you would like the HOLDCO transfers to be indexed.

Registered: Total of all RRSP contributions made by the client. Also include group employer RRSP contribution.

Max: By clicking on this option, the system considers that the client will make the maximum permissible contribution every year. The calculation is based on eligible income for RRSP contribution purposes and is 18% of income or the annual maximum, whichever is lower.

Defined contribution pension plan (DCPP): Current value of the DCPP. Like the name indicates, a defined contribution pension plan accumulates contributions from the employee and the employer. The contributions made by the client and the employer are income tax deductible.

Indexed: Click this option if you would like the DCPP investments to be indexed.

Unused contribution room (RRSP): If the client has not used all his or her RRSP contribution room, enter the total amount available in this box.

Lump sum deposits: Enter any lump sum amounts that the client expects to receive in future years. It could be a single payment or a series of equal payments. If this is the case, enter the starting age and ending. You can add multiple amounts by clicking on the + symbol.

Tab: Fixed Assets

	Client			Spouse		
	Acquisition age	Disposition age	Share	Acquisition age	Disposition age	Share
Residential Properties Résidence principale	0	65	50 %	0	63	50 %
Fair market value: \$400,000						
Total ACB: \$0						
Growth: 2 %						
<input checked="" type="checkbox"/> Principal						
Residential Properties Résidence secondaire	0	110	50 %	0	108	50 %
Fair market value: \$375,000						
Total ACB: \$250,000						
Growth: 2 %						
<input checked="" type="checkbox"/> Future Principal						
Residential Properties			50 %			50 %
Fair market value						
Total ACB						
Growth						
<input type="checkbox"/> Future Principal						
Other Assets			100 %	0	63	0 %
Compagnie						
Goods for personal use						
Fair market value						
Total ACB						
Growth or Depreciation						

Principal residence:

By clicking on this box you are indicating that this property is the principal residence. In this section, indicate the fair market value, each spouse's share of the property, the annual growth (or depreciation) expected and the client's age upon disposition (sale). By entering the client's age at disposition, the system will automatically calculate the spouse's age at the moment of sale. (For the principal residence, the capital gain upon disposition is tax exempt.)

By clicking on the + symbol, you can enter more than one property (secondary, cottage, etc.).

If the client expects to sell the principal residence and replace another property, input it in the appropriate box.

Other assets

Personal use property or Operating Company: Enter the name of the property in the box and choose the right category.

Fair market value (FMV): Enter a realistic approximation of the value of the property. In general, the client should be able to provide the evaluation.

Adjusted cost base (ACB): The adjusted cost base of a property is, in general, the initial purchase price.

Growth: Enter the annual expected growth (percentage). By clicking on the + symbol, you can add more items.

Age at purchase: If the asset is already owned, the system will generate the client's current age. If it consists of an acquisition project, enter the age at which the property will be purchased. If this is joint purchase, the system will calculate the spouse's age at acquisition.

Age at disposition: Enter the age at which the client will sell the property. If the property is held jointly, the spouse's age at disposition will be calculated automatically.

Share: Enter the property share for each spouse (percentage).

Rental Property:

Enter a description of the rental property (ex: address).

Note: If the property is amortized, it is important to separate the land from the building.

(Land) Fair market value: Enter an estimation of the land's FMV.

Adjusted cost base: Enter the land's ACB.

Growth: Enter the expected growth for the value of the land.

(Building)

Fair market value: Enter an estimation of the building's FMV.

Adjusted cost base: Enter the building's ACB.

Growth: Enter the expected growth for the value of the building.

CCA: Enter the capital cost allowance (percentage).

UCC: Enter the un-depreciated capital cost.

By clicking on the **+** symbol, you can add multiple rental properties.

Age at purchase: If it consists of an acquisition project, enter the age at which the property will be purchased. If this is a joint purchase, the system will calculate the spouse's age at acquisition.

Age at disposition: Enter the age at which the client will sell the property. If the property is held jointly, the spouse's age at disposition will be calculated automatically.

Share: Enter each spouse's share (percentage).

Tab: Liabilities

The screenshot shows the Planist web application interface. The browser window title is "Liabilities - Windows Internet Explorer". The URL is "https://test.equisoft.com/planist/retirement/inputs/liabilities.aspx". The page has a navigation menu with tabs: "Input", "Optimizations", "Results", "PRO (Personal Retirement Optimizer)", "My clients", "Log off", and "Français". Below this, there are sub-tabs: "General info", "Income", "Liquid Assets", "Fixed Assets", "Liabilities", "Lifestyle", and "Estate". The "Liabilities" tab is active. The main content area is titled "Liabilities on fixed assets" and contains a table with the following data:

Liability Account Name	Balance	Interest Rate	Monthly Payment
Résidence principale' liability	\$100,000	5 %	\$750
Résidence secondaire' liability	\$0		\$0
Compagnie' liability	\$0		\$0
4plex' liability	\$0		\$0

Below the table, there is a section for "Other Liabilities" with input fields for "Balance", "Interest Rate", and "Monthly Payment". To the right of these fields, there are two columns: "Client" and "Spouse", each with a "50 %" value.

For each item entered as an immovable property, a potential liability will be created on the "liabilities" page. If there is no liability associated with the asset, simply ignore it.

Balance: The balance of the liability associated with each property. You must modify this amount and enter the current balance owing for each item.

Interest rate: Enter the applicable interest rate associated to the liability.

Monthly payment: Enter the monthly payment for the liability.

Other liabilities: Enter the name of the liability (ex: credit card, personal loan).

Interest rate: Enter the interest rate for each “Other Liabilities”.

Monthly payment: Enter the repayment amount for each debt. The repayment must, at least, cover the monthly interest or the debt will grow rather than be paid down.

Share: Enter the spouse’s share of each liability.

Tab: Lifestyle

Special Projects	Client			Spouse		
	Amount	Start Age	End Age	Amount	Start Age	End Age
Occasional Expenditures						
Leisure activities and vacations	\$0	0	0	\$0	0	0
Charitable donations	\$0	0	0	\$0	0	0
Gifts to children	\$0	0	0	\$0	0	0
Other projects	\$0	0	0	\$0	0	0

Calculate retirement standard of living
 Specify standard of living

Desired annual standard of living after retirement before taxes	Minimum taxable amount
\$70,000	\$30,000
\$60,000	\$30,000

Special Projects

Occasional expenses (impacts the standard of living)

Annual vacation and leisure activities: Enter the amount the client wants to budget for leisure activities and vacations. (In addition to current expenses)

Annual charitable donations: Enter the amount that the client wants to budget for donations to charitable organizations. (In addition to current expenses)

Annual gifts to children: Enter the amount that the client wants to earmark budget for annual gifts to the children. (In addition to current expenses)

Other projects: All other elements that could affect the standard of living at retirement.

Desired Standard of Living

Calculate the standard of living at retirement: By choosing this option, the system automatically calculates the standard of living at retirement.

The calculation is as follows:

Total income before retirement

Less (-)

Contributions to different plans (CPP/QPP, RRSP, E-I, QPIP)

Deposits to non-registered savings

Equals (=)

Current Standard of Living

Less (-)

Debt reimbursements + other non-applicable expenses at retirement

Equals (=)

Retirement Standard of Living

Note: The current standard of living is indexed (using CPI) until retirement. It is from this amount that we deduct the debt reimbursements that no longer apply after retirement = Retirement standard of living.

Specify the standard of living: By choosing this option, the box above becomes accessible. Enter the amount desired by the client (before taxes). If the objective is for the couple, share the amount according the each spouse's assets.

Maximum taxable amount: This feature is designed to permit you to indicate the minimum taxable income that the client would like to receive. It is useful in order to avoid superfluous minimum withdrawals from RIF accounts.

Tab: Estate

Assets

Client	Type	Amount	Roll to Spouse
Non-Registered	Liquid Assets	\$225,000	1.00 %
Holding company	Liquid Assets	\$250,000	1.00 %
Registered	Liquid Assets	\$500,000	1.00 %
Résidence principale	Residential Properties	\$200,000	1.00 %
Résidence secondaire	Residential Properties	\$187,500	1.00 %
Compagnie	Other Assets	\$200,000	1.00 %
4plex	Rental Properties	\$375,000	1.00 %

Spouse	Type	Amount	Roll to Spouse
Non-Registered	Liquid Assets	\$145,000	1.00 %
Registered	Liquid Assets	\$175,000	1.00 %
Résidence principale	Residential Properties	\$200,000	1.00 %
Résidence secondaire	Residential Properties	\$187,500	1.00 %
4plex	Rental Properties	\$375,000	1.00 %

Insurances

Description	Insured	Type of Life Insurance	Death Benefits	Start Age	End Age	Recipient Spouse	Succession
Assurance groupe	Client	Individual	\$100,000	59	65	100.00 %	0.00 %
Assurance coll.	Spouse	Individual	\$85,000	57	63	100.00 %	0.00 %
Assurance vie	Couple	First Death	\$150,000	59	64	100.00 %	0.00 %
	Client	First Death	\$0	57	62	100.00 %	0.00 %

Assets

The items on the upper half of the screen pertain to assets which have been input in the previous tabs. They are ordered and categorized by name and type. You cannot modify these items in this section, rather, you must return to the appropriate tab to modify your input.

By default, all assets are rolled to the spouse in case of death. If this is not the case, you can change it. If no assets will be transferred to the spouse, input 0%.

Insurances

Description: Enter the name or description of the coverage. For example, a group policy through an employer can be named "Group Coverage 1". **Note: the system will not accept two identical names when adding multiple coverage/policies**

Insured: Indicate if the “Client”, “Couple”, or “Spouse” are the insured person. You must pick between these three options. **Note: For joint-first or last to die coverage, you must pick “Couple” as the insured. “Client” and “Spouse” are used for individual coverage only.**

Type of Insurance; You can choose between “First Death”, “Individual” coverage, or “Last Death”. First Death and Last Death pertain to joint-first or last to die coverage.

Death Benefit: Indicate the death benefit payment upon death (coverage amount).

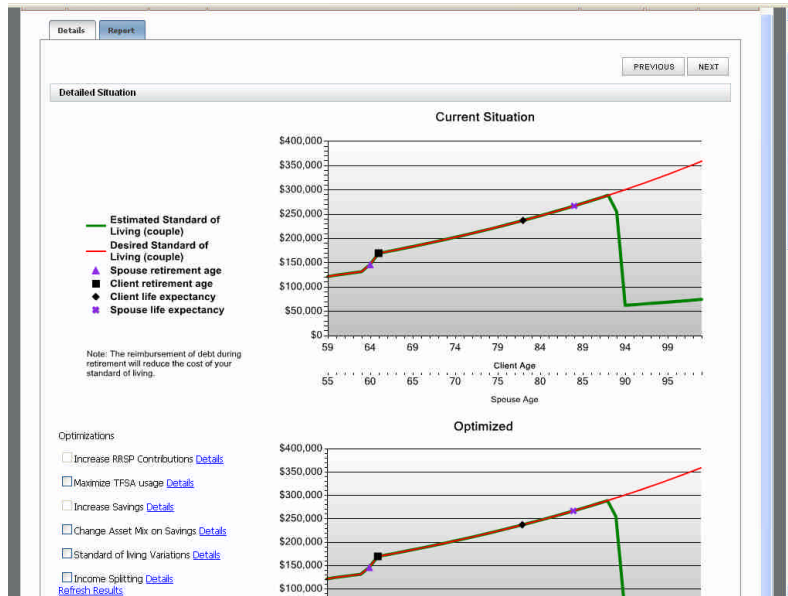
Start Age: Indicate the start age of the coverage. By default, the start age will be the client’s current age. When you choose joint coverage (by indicating that the “Couple” is the insurance party and picking First Death or Last Death), the system will create two additional boxes so that you can enter the start and end age for the spouse.

End Age: Indicate the end age of the coverage. The end age for permanent coverage should be 100. The end age for temporary coverage will likely be lower than the life expectancy.

Recipient/Beneficiary: Indicate who, between the spouse and succession, will be the beneficiary and in what proportion.

Results

After having entered all client data (general and financial information), it will be possible to view the result of the current situation.



Current Situation

How to read the graph:

Using the data, the system projects the estimated standard of living for the couple (**green line**). This line corresponds to client's ability to draw income. The couple's desired standard of living (**red line**) corresponds to the client's objective. If both lines overlap, income and assets are sufficient to maintain the desired standard of living. If the green line is above the red line, the client's financial resources are more than enough to meet the retirement objective.

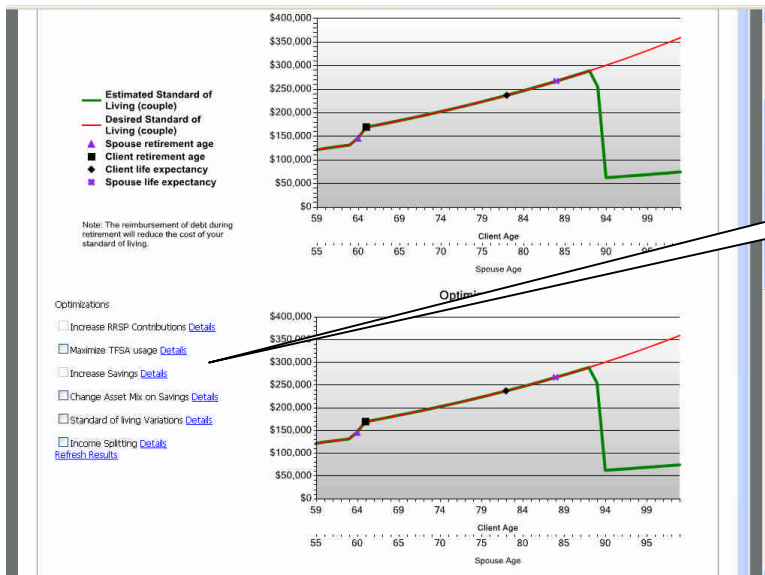
Note: If, on the other hand, the green line is below the red line, the client will not meet the retirement objective and strategies need to be formulated to improve the financial situation.

Optimizations

Tab: Optimizations

Underneath the graph for the current situation, you will find a number of optimizations (or strategies) destined to help the clients to meet their retirement standard of living. You can select one or more optimizations from the menu and immediately see the positive effect that the choice has on the standard of living (**optimized scenario**).

There are two ways to access the optimizations: first, by clicking on “details” next to each optimization; or by clicking on any one of the “Optimization” tabs in the system’s upper most menus.



Description of Optimizations

Increase RRSP Contributions

The screenshot shows the Planist PRO (Personal Retirement Optimizer) interface. The 'Optimizations' tab is selected, and the 'Increase RRSP Contributions' option is active. The interface displays a table for 'Current Situation' comparing Client and Spouse data. The 'Optimizations' section shows the current contribution amounts for both Client and Spouse, with checkboxes for 'max'.

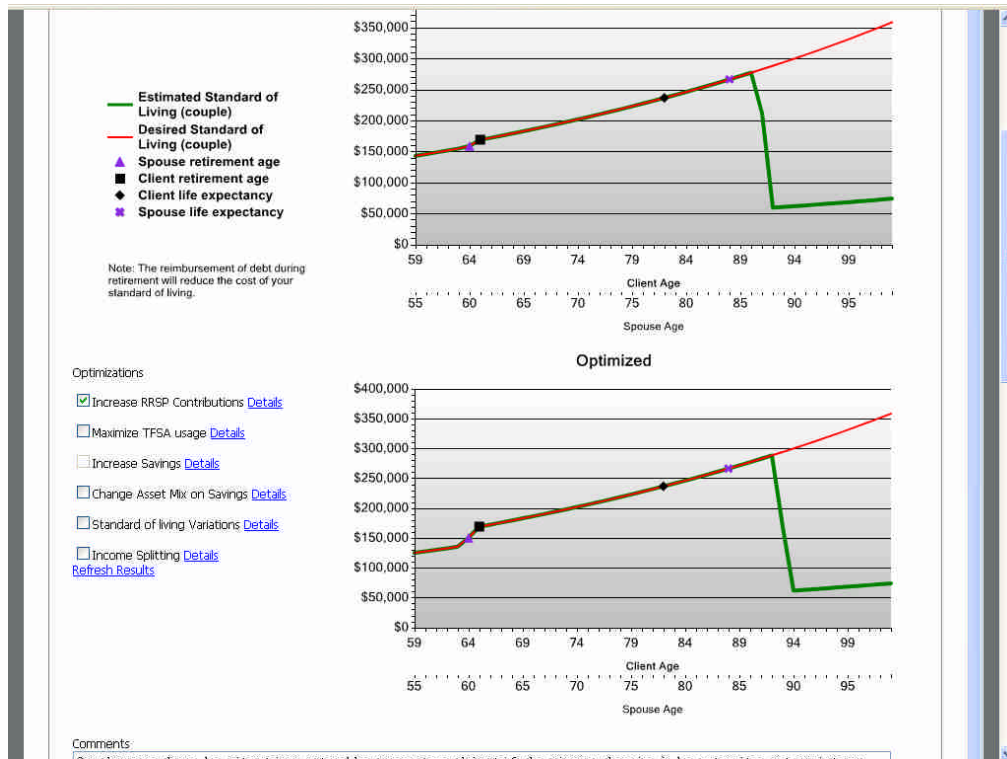
Current Situation	Client	Spouse
Salary	\$100,000	\$85,000
Registered Contributions	\$20,835	\$3,500
Marginal Tax Rate	45.7 %	45.7 %
Unused RRSP Contributions	\$0	\$0
Maximum Additional Contribution	\$0	\$12,250

Optimizations	Client	Spouse
Increase contributions by	\$8,000 <input type="checkbox"/> max	\$10,000 <input type="checkbox"/> max

The RRSP remains one of the most efficient retirement planning tools. Contributions to an RRSP reduce taxable income and income generated within these accounts is tax exempt until withdrawal.

Above, you will find a summary of data from the current situation. On the last line, you can simulate an increase to the current RRSP contributions or choose the maximum (18% of eligible income or the current yearly maximum, whichever is lower).

In the following example, it has been suggested that the clients increase their RRSP contributions to \$8,000 for the client and \$10,000 for the spouse.



The dip in the current situation is pushed further back now that RRSP contributions have been increased.

Maximize TFSA usage

planist

Input Optimizations Results PRO (Personal Retirement Optimizer) My clients Log off Français

Increase RRSP Contributions
 Maximize TFSA usage
 Increase Savings
 Change Asset Mix on Savings
 Standard of living Variations
 Income Splitting
 Estate Optimization

PREVIOUS NEXT

Maximize TFSA usage

A TFSA is a flexible savings tool that Canadian residents can contribute to each year and then withdraw the funds at their discretion in order to meet any need. Individuals can deposit amounts in the TFSA throughout their adult life and are not required to make withdrawals at any given age. It is also possible to contribute to a spouse's TFSA without breaking the income attribution rules.

This optimization allows for an increase in TFSA contributions and the pooling of both spouses' savings, which increases this tool's potential efficiency.

Client		Spouse	
Current TFSA balance	\$0	Current TFSA balance	\$0
Annual TFSA contribution	\$5,000 <input checked="" type="checkbox"/> max	Annual TFSA contribution	\$5,000 <input checked="" type="checkbox"/> max
Use savings account to finance the TFSA	<input checked="" type="checkbox"/> At retirement	Use savings account to finance the TFSA	<input checked="" type="checkbox"/> At retirement
Expected TFSA rate	Before retirement: 5.0% After retirement: 5.0%	Expected TFSA rate	Before retirement: 5.0% After retirement: 5.0%

Pool savings

HELP AND ASSUMPTIONS QUESTIONNAIRE REPORT HELP PREVIOUS NEXT

This optimization allows you to increase TFSA contributions.

A TFSA is a flexible, tax sheltered savings tool that allows Canadian residents to contribute and withdraw funds at their convenience. Individuals can deposit sums in the TFSA throughout their adult life and are not forced to make any withdrawals. It is also possible to contribute to the spouse's TFSA without violating attribution rules.

If the clients' budget does not allow them to contribute to the TFSA, you can select the "Use non-registered accounts" function to finance the TFSAs. Also, by clicking on the "Pool savings" option, the system will automatically use the couple's total savings to finance both TFSAs.

Increase Savings

The screenshot shows the Planist PRO (Personal Retirement Optimizer) software interface. The top navigation bar includes 'Input', 'Optimizations', 'Results', 'PRO (Personal Retirement Optimizer)', 'My clients', 'Log off', and 'Français'. Below this, a row of optimization options is displayed: 'Increase RRSP Contributions', 'Maximize TFSA usage', 'Increase Savings', 'Change Asset Mix on Savings', 'Standard of living Variations', 'Income Splitting', and 'Estate Optimization'. The 'Increase Savings' option is selected and highlighted. The main content area features a 'PREVIOUS' and 'NEXT' button at the top right. Below this, a section titled 'Increase Savings' contains the text: 'At times, a combination of RRSP and government plans is not sufficient to meet retirement objectives. Increasing deposits to non-registered savings plans is a viable optimization solution.' Underneath, an 'Optimizations' section is shown with a table-like structure for 'Client' and 'Spouse'. The 'Client' column has a text input field with '\$0' entered, and the 'Spouse' column has a similar text input field with '\$0' entered. At the bottom of this section, there are three buttons: 'HELP AND ASSUMPTIONS', 'QUESTIONNAIRE', and 'REPORT HELP'. Finally, another 'PREVIOUS' and 'NEXT' button pair is located at the bottom right of the optimization area.

You can also increase non-registered savings deposits if RRSP and government plans are not sufficient to meet retirement objectives.

Non-Registered Accounts Asset Mix

The screenshot shows the 'Change Asset Mix on Savings' screen in the Planist PRO software. The interface includes a navigation bar with 'Input', 'Optimizations', and 'Results' tabs. Below the navigation bar are several optimization options: 'Increase RRSP Contributions', 'Maximize TFSA usage', 'Increase Savings', 'Change Asset Mix on Savings', 'Standard of living Variations', 'Income Splitting', and 'Estate Optimization'. The 'Change Asset Mix on Savings' screen contains the following text and table:

Each type of asset is treated differently for taxation purposes. For example, interest income is 100% taxable whereas only 50% of capital gains are taxable. Following a detailed analysis of the client's investor profile, modifications to the asset allocation in the non registered portfolio can be considered.

The data listed below represents the client's current portfolio allocation. Modify this allocation in order to optimize the client's situation.

	Client	Spouse
Current Situation		
Interest Income	100.00 %	100.00 %
Dividends	0.00 %	0.00 %
Capital Gains	0.00 %	0.00 %
Optimizations		
Interest Income	50.00 %	50.00 %
Dividends	25.00 %	25.00 %
Capital Gains	25.00 %	25.00 %

Buttons for 'HELP AND ASSUMPTIONS', 'QUESTIONNAIRE', 'REPORT HELP', 'PREVIOUS', and 'NEXT' are visible at the bottom of the screen.

Each income type is treated differently by the government. For example, interest income is fully taxable but capital gains are only 50% taxable. After a detailed analysis of the client's investor profile, it is possible to consider changes to the asset mix in the non-registered portfolio.

The information entered below represents the client's current asset allocation. Modify the portfolio to optimize the client's situation.

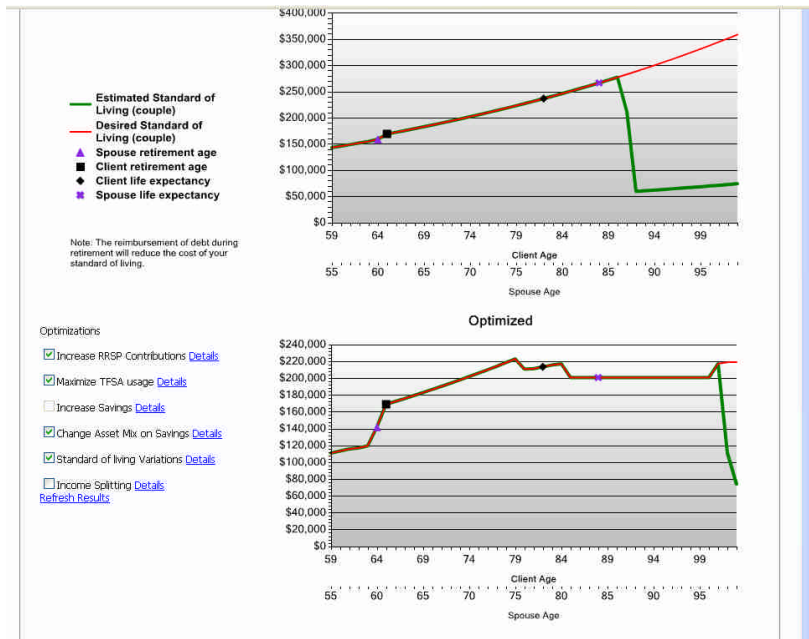
In the example above, the client's non-registered portfolio asset mix has been modified so that there are more dividends and capital gains. In other words there is more equity in the portfolios.

Standard of Living Variations

The screenshot shows the 'Standard of Living Variations' section of the Planist PRO software. It includes a navigation bar with 'Input', 'Optimizations', 'Results', 'PRO (Personal Retirement Optimizer)', 'My clients', 'Log off', and 'Français'. Below the navigation bar are several optimization tabs: 'Increase RRSP Contributions', 'Maximize TFSA usage', 'Increase Savings', 'Change Asset Mix on Savings', 'Standard of Living Variations', 'Income Splitting', and 'Estate Optimization'. The 'Standard of Living Variations' tab is active, showing a 'Standard of living Variations' section with a text box explaining that retirement age and desired standard of living are determined at the beginning of the analysis. Below this is a 'Current Situation' section with input fields for Client and Spouse Retirement Age (65 and 63) and Desired standard of living after retirement (\$70,000 and \$60,000). The 'Optimizations' section includes checkboxes for 'Postpone retirement to age' (65), 'Stop indexation at age' (75), and 'Transfer debt payment to savings accounts'. The 'Standard of living variation' section has a table with columns for Start Age, End Age, and Percent, with values for Client and Spouse. The table shows a 15% decrease in the standard of living from age 80 to 100 for both client and spouse. There are 'PREVIOUS' and 'NEXT' buttons at the top and bottom of the section, and 'HELP AND ASSUMPTIONS', 'QUESTIONNAIRE', and 'REPORT HELP' buttons at the bottom.

At the beginning of the analysis, retirement age and desired standard of living at retirement are specified. In order to attain the initial objective, you can make modifications to the assumptions. Retirement age can be delayed in order to maximize RRSPs, you can stop indexing income or even apply variations to the standard of living for different time period.

In the following example, indexation of the standard of living is stopped at age 75.



We can see that with the addition of this last optimization, combined with the preceding ones, the dip that occurred in the current situation is completely gone.

Income Splitting

The screenshot shows the 'Income Splitting' optimization screen in the PRO software. The interface includes a navigation menu with options like 'Input', 'Optimizations', 'Results', and 'PRO (Personal Retirement Optimizer)'. The 'Income Splitting' section is active, displaying a table for 'Current Situation' comparing 'Client' and 'Spouse' income. The 'Client' has a current income of \$103,165 and an admissible income of \$0. The 'Spouse' has a current income of \$88,250 and an admissible income of \$0. There is a checkbox for 'Pension Income Splitting' which is checked. Navigation buttons for 'PREVIOUS' and 'NEXT' are visible.

	Client	Spouse
Current Income	\$103,165	\$88,250
Admissible Income at this date	\$0	\$0

Since 2007, there are new taxation rules regarding retirement income splitting. Applicable pension amounts can now be split with the spouse.

In some cases, this strategy reduces the total tax burden for the couple by allowing them to get the pension income credit and to recuperate OASP clawback. The split is done each year at the time the income tax returns are produced. If, at the time of the simulation, one or both clients receive income that is eligible to be split, this amount will be entered in the box provided for this use.

By clicking on the box "Pension income splitting", the split will be done so that eligible income will be separated equally. Also, by clicking on this option, the system automatically shares the CPP/QPP amounts.

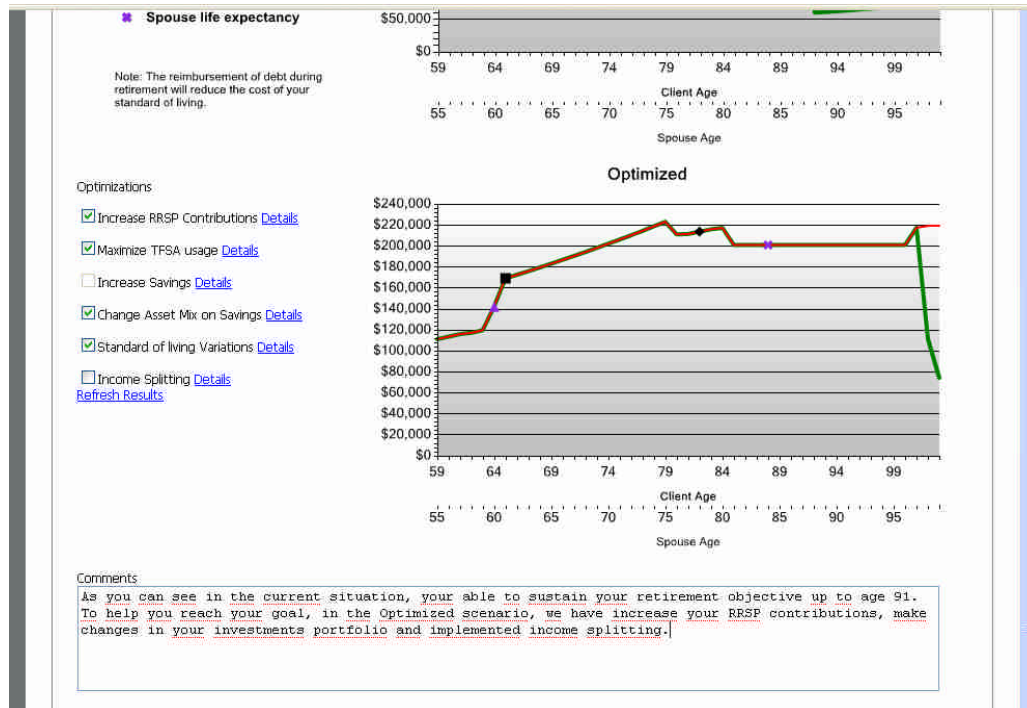
Optimized Scenario - Retirement Details

Once the optimizations have been selected, click on the refresh button to run the calculations. The result of the optimizations will be illustrated on the optimized scenario graph.

Comments

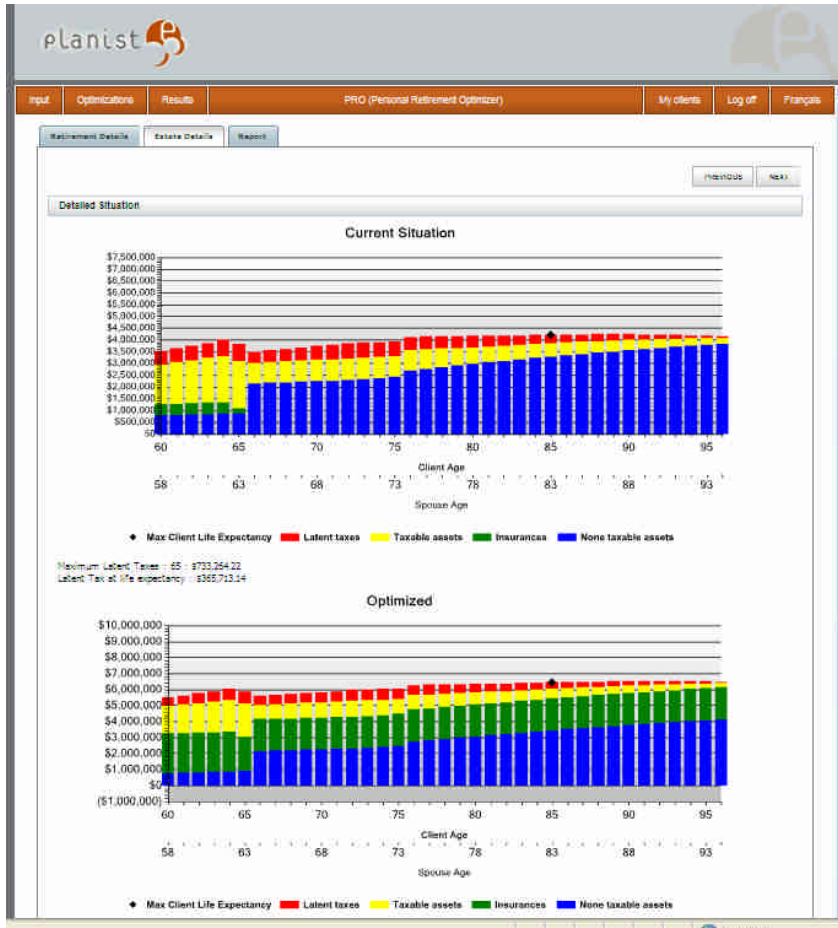
The comments entered in this section will be posted in the printed report.

In the comments section, it is recommended to put a reminder of which optimizations were selected. You can also enter other types of comments and recommendations; the goal being to personalize the report for your client.



Optimized Scenario - Estate Details

This section details the impact of your optimisations on the family estate.

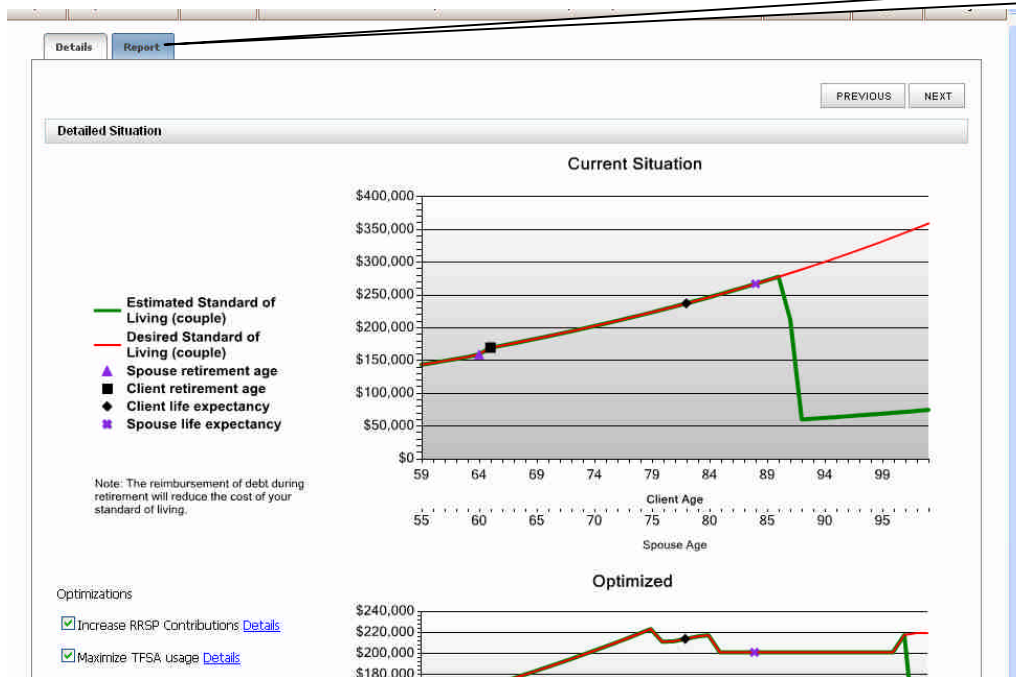


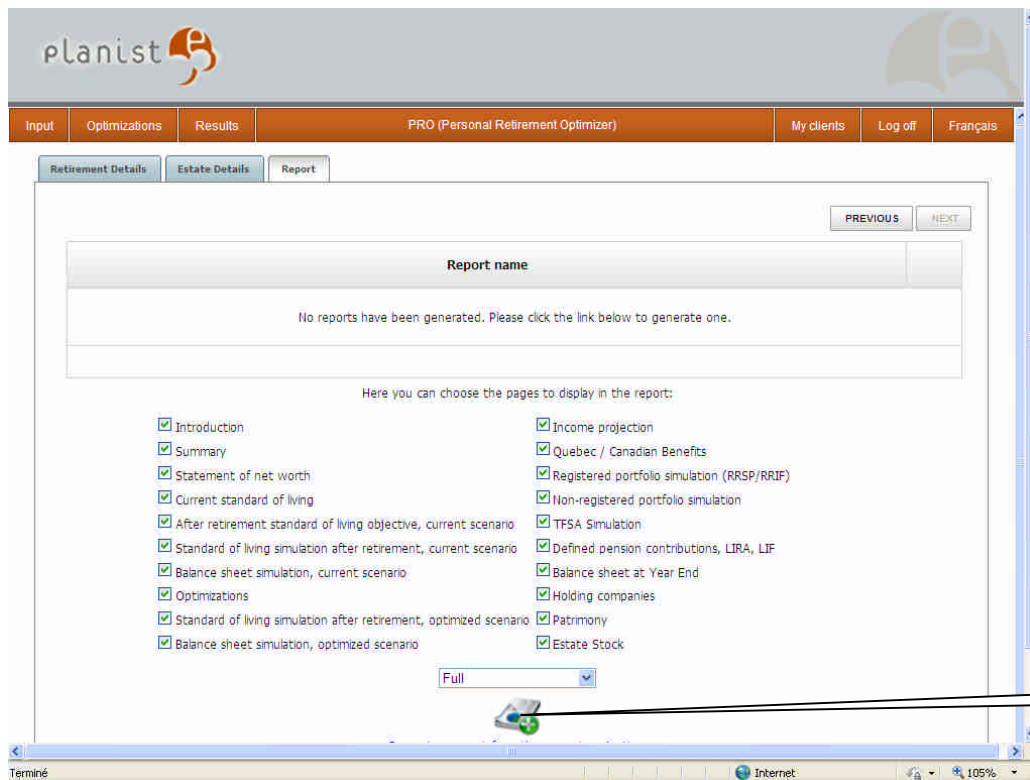
Report

To Access the Report

To view the report, click on the *Report* tab.

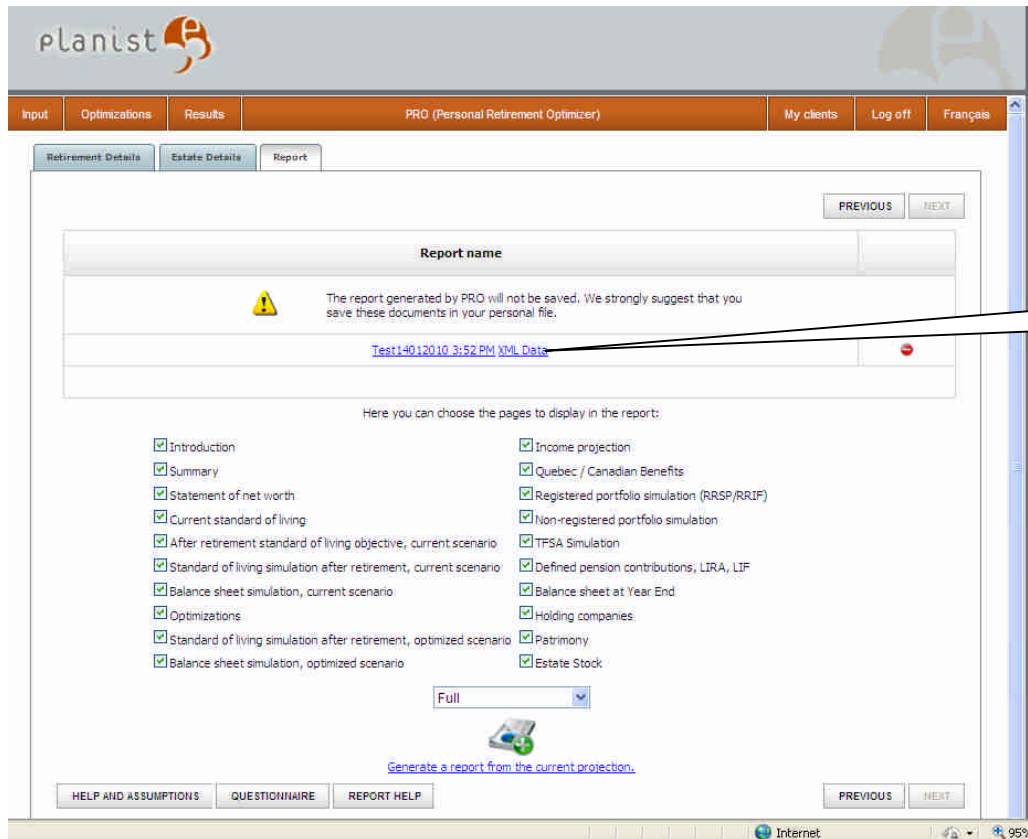
Click





The report generator allows you to choose the pages to illustrate. You have the option of printing the full report (which includes information on the client, the spouse and the couple) or for the couple only.

Once you have chosen the desired pages, click on the green + to generate the pdf report.



The report is displayed in the top section. It is highly recommended to save reports on your hard drive.

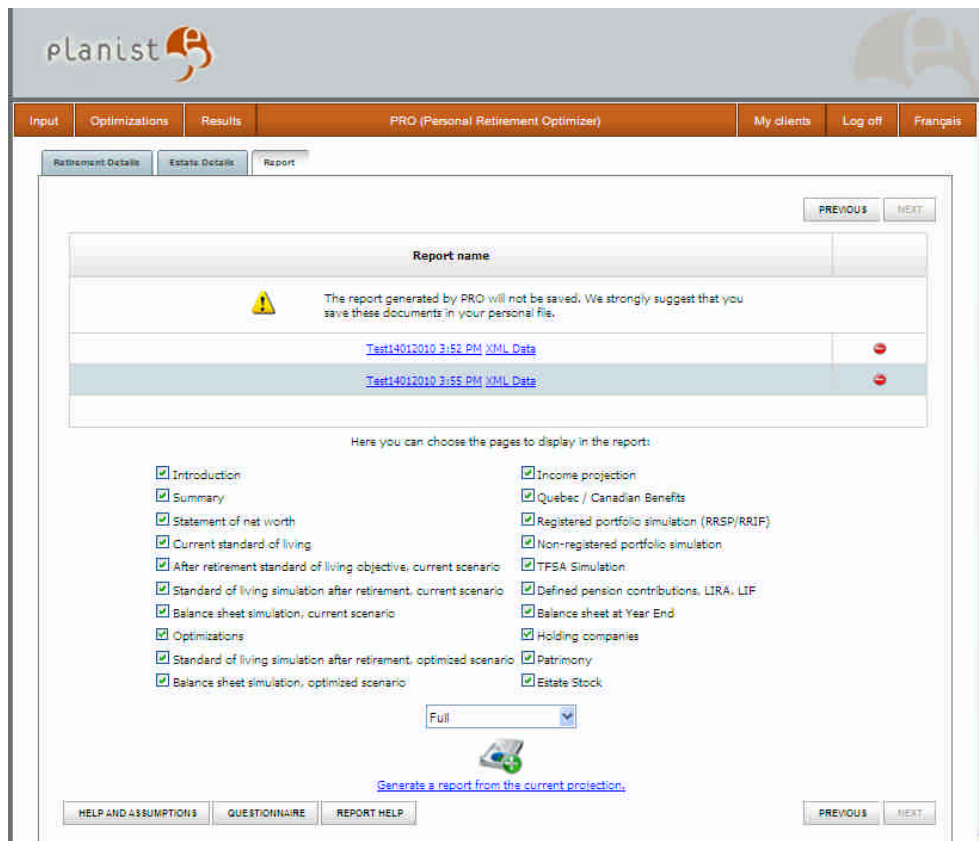
You can open and consult the report by clicking on the name of the report:

Information on the clients is saved in the database. The saved details are always the last ones that were entered.

Note: Although client data is saved, the system will not save any pdf reports once you log off.



If you want to make changes to the simulation, simply go back to the system and make the necessary changes, then regenerate the document. The versions are identified according to the time they were produced.



To quit PRO & Estate, simply click the “Log off” button

planist

Input Optimizations Results PRO (Personal Retirement Optimizer) My clients Log off

Retirement Details Estate Details Report

PREVIOUS NEXT

Report name

The report generated by PRO will not be saved. We strongly suggest that you save these documents in your personal file.

[Test14012010_3:52 PM XML Data](#)

Here you can choose the pages to display in the report:

<input checked="" type="checkbox"/> Introduction	<input checked="" type="checkbox"/> Income projection
<input checked="" type="checkbox"/> Summary	<input checked="" type="checkbox"/> Quebec / Canadian Benefits
<input checked="" type="checkbox"/> Statement of net worth	<input checked="" type="checkbox"/> Registered portfolio simulation (RRSP/RRIF)
<input checked="" type="checkbox"/> Current standard of living	<input checked="" type="checkbox"/> Non-registered portfolio simulation
<input checked="" type="checkbox"/> After retirement standard of living objective, current scenario	<input checked="" type="checkbox"/> TFSA Simulation
<input checked="" type="checkbox"/> Standard of living simulation after retirement, current scenario	<input checked="" type="checkbox"/> Defined pension contributions, LIRA, LIF
<input checked="" type="checkbox"/> Balance sheet simulation, current scenario	<input checked="" type="checkbox"/> Balance sheet at Year End
<input checked="" type="checkbox"/> Optimizations	<input checked="" type="checkbox"/> Holding companies
<input checked="" type="checkbox"/> Standard of living simulation after retirement, optimized scenario	<input checked="" type="checkbox"/> Patrimony
<input checked="" type="checkbox"/> Balance sheet simulation, optimized scenario	<input checked="" type="checkbox"/> Estate Stock

Full

[Generate a report from the current projection.](#)

HELP AND ASSUMPTIONS QUESTIONNAIRE REPORT HELP PREVIOUS NEXT

Internet 95%

Click here to log off

Reference Information

Financial Model Assumptions

Consumer price index

By default, the inflation rate used to calculate the cash flow projections is 2%. The Bank of Canada aims to maintain inflation at the target rate of 2%. Although the [inflation-control target](#) is based on the [total CPI](#), the Bank uses the [core CPI](#) to measure the trend of inflation and guide its decisions. The growth rate of this index provides a more reliable measurement of the fundamental trend of inflation and consists of a better indicator.

Government Income

QPP

QPP/ CPP pension is calculated based on the client's current income. If the client has not earned income above the YMPE during the minimum years required, the calculated pension might not correspond to the actual amount he or she will receive.

We recommend you ask the client to inquire about the status of their participations in the plan. The amounts indicated on the enrolment statement can be entered directly on the "Revenue" data entry screen.

At retirement, the pension amount will be indexed according to the rate that would have been entered in the Average CPI input.

OAS

The default amount assumes that the client's situation corresponds to the minimum criteria to receive the maximum pension. If the client's retirement income surpasses the yearly forecasted claw back threshold (\$66,733 in 2010), the pension will not be included in the retirement income.

RRSP Contributions

The model considers that RRSP contributions are made in the middle of the year.

RRSP rate of return

The RRSP rate of return is calculated at the end of the year based on the balance at the beginning of the year (excluding current year contributions).

Average income tax rate

The average income tax rate is calculated according to the client's total taxable income every year.

Sale of assets

When we simulate the sale of an asset, the model considers that the transaction is processed at the beginning of the year.

Methodology of Withdrawals at Retirement (Individual)

Here is the sequence and priority of withdrawals to finance the retirement standard of living.

- 1- Government plans (QPP/ CPP and OAS)
- 2- Total payments from the defined benefit pension plan
- 3- Mandatory minimum withdrawal from the defined contribution pension plan and LIF.
- 4- Income (retirement income, other taxable income)
- 5- RRIF withdrawal requested by the client (if above minimum required by law)
- 6- RRIF minimum required by law
- 7- Savings withdrawals (to cover desired standard of living)
- 8- Maximum withdrawal from the defined contribution pension plan
- 9- Necessary withdrawals (dividends) from HOLDCO to sustain retirement standard of living.
- 10- RRIF withdrawal (to cover desired standard of living)

If the standard of living has been satisfied before the sequence has ended, there may not be a positive amount in the “**Excess income (deficit)**” column on the **Income** page. In order to have a positive amount in this column, the total of your **mandatory** withdrawals would have to be greater than the standard of living objective. In fact, withdrawals from savings and the RRIF are only processed if there is a shortage to make up.

Any excess amount is reinvested in savings. **Before retirement**, excesses amounts are not reinvested since we presume that they will be used by the client. If this is not the case, you would have to review the data entry to increase the annual deposit to non-registered savings.

Methodology of Withdrawals at Retirement (Couple)

Here is the sequence and priority of withdrawals to finance the retirement standard of living.

First, we calculate all income received by the clients beginning with:

- 1- Government plans (QPP/ CPP and OAS)
 - If the clients qualify for these plans.
- 2- Total payments coming from a defined benefit pension plan

- If the clients are eligible for an employer retirement pension plan.
- 3- Mandatory minimum withdrawals from defined contribution pension plan and LIF.
 - 4- Income (retirement income, other taxable income)
 - If the clients indicate that they want to keep working after retirement or if they receive any other taxable income, you must include the amount for each spouse.
 - 5- RRIF withdrawal desired by the client (if above minimum required by law)
 - Each client could want to withdraw more than the minimum amount or they may want to withdraw amounts from the RRSP or RRIF before the date limit.
 - 6- RRIF minimum required by law
 - During the year that the client turns 72 years old, the minimum RRIF withdrawals must be calculated.

The above list represents income received automatically by the clients. If this income is not sufficient to cover the desired standard of living for the couple, the following sequence will apply.

- 1- There will be a withdrawal from non-registered savings from the spouse with the higher effective tax rate.
- 2- Once these savings are exhausted, withdrawal will begin from the spouse's savings.
- 3- Afterwards, if the standard of living at retirement for the couple is not met, we will make withdrawals from the TFSA account belonging to the spouse with the higher effective tax rate.
- 4- If there is a shortage, we will withdraw from the spouse's TFSA.
- 5- Maximum withdrawal allowable from the defined contribution pension plan (LIF), we start with the spouse with the higher effective tax rate.
- 6- Additional RRIF withdrawal, we begin with the spouse who has the lower effective tax rate then the spouse with the higher effective tax rate.

If the standard of living is satisfied before the sequence has ended, they may not be a positive amount in the **Excess income (deficit)** column on the **Income** page. In order to have a positive amount in this column, the total of your **mandatory** withdrawals would have to be greater than the standard of living objective. In fact, withdrawals from savings and the RRIF are only processed if there is a shortage to make up.

Any excess amount occurring **after retirement** is reinvested in savings. **Before retirement**, excesses are not reinvested since we presume they will be used by the client. If this is not the case, you would have to review the data entry to increase the annual deposit to non-registered savings.

Income Splitting Rules

Rule # 1

The “pensioner”: Canadian resident as of December 31, who receives eligible income.

The “recipient”: Canadian resident as of December 31 who is the person to who receives the income.

The pensioner and the recipient must be considered either married or common law spouses.

No age limit. The pensioner does not have to be retired; he must however, receive eligible pension income.

Rule # 2

The income splitting is always made toward the spouse with the lower tax rate. The basic principal is to trend towards a balance between both effective tax rates.

Rule # 3

The maximum percentage permitted for the income split in favour of the spouse is 50% of eligible income.

Eligible pension income

Type

- Life annuity coming from an employer pension plan (RPP)
- Annuity coming from a registered retirement savings plan (RRSP)
- Payments from a registered retirement income fund (RRIF)
- Payments from a registered defined contribution pension plan which is similar to a RRIF
- Payments from an annuity exceeding the capital already included (taxable portion of a non-registered prescribed annuity)
- Non-prescribed annuities offered by insurers

Step 1

First, we must identify if one of the spouses receives or will receive eligible income.

Step 2

Does the pensioner have a higher effective tax rate than the potential recipient?

If yes, proceed with the income splitting starting with:

- 1- Life annuity from an employer pension plan (RPP)
- 2- Annuity from a registered retirement savings plan (RRSP)
- 3- Payments from a registered retirement income fund (RRIF)
- 4- Payments from a registered defined contribution pension plan similar to a RRIF
- 5- Payments from an annuity in excess of capital already included (taxable portion of a non-registered prescribed annuity)
- 6- Non-prescribed annuities offered by insurers (taxable portion)

Step 3

QPP sharing

Possibility of balancing income from the QPP

Condition – both spouses must be at least 60 years old

Possible effects

- 1- Clawback of the Old Age Security (OAS) pension
- 2- Reduction of the effective tax rates
- 3- Possibility of double credit for pension income

Latent Income Tax Calculation

Latent income taxes are calculated each year on taxable assets. The system simulates the sale of assets and registered funds and adds the capital gains and income proceeds to the year's revenue to estimate the effective tax rate. This effective tax rate is then used to estimate the latent tax liability.