

# NaviPlan Extended

## General Canadian version 8.3i

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### Summary

EISI Release Notes highlight program updates in the latest NaviPlan Extended release.

In this document, you will find information about NPE version 8.3i.

Should you wish to learn more about the program or its individual features, please consult any of our NaviPlan product resources. You can choose to rely on the greater detail presented in the application Help, or in the NaviPlan Extended reference guides or the learning guides available at the following [address](http://support.eisi.com/support_cdn/npe_desktop/index.htm) ([http://support.eisi.com/support\\_cdn/npe\\_desktop/index.htm](http://support.eisi.com/support_cdn/npe_desktop/index.htm)).

The following are the program updates and new features highlighted in this document:

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## v8.3i enhancements

- The latest CrypKey files (copyright CrypKey (Canada) Inc.) are incorporated in this release of NaviPlan to address intermittent authorization issues some users may have had when running the Microsoft® Windows 7 operating system and NaviPlan on the same computer
- In projected plans, the conversion of LIRA accounts to LRIF accounts now occurs correctly according to the applicable provincial legislation

## v8.3h enhancements

This version of NaviPlan Extended features updated tax tables, inflation rate values, and tax credit calculations, incorporating new federal and provincial legislation in effect up to the release date of v8.3h. These updates are incorporated into all applicable concepts, and reports and graphs. Updates include, but are not limited to, the following.

*Note that at the time of this software release, measures announced up to September 1, 2009, are included. EISI endeavours to keep the rates used in this software current; however, these rates are subject to change at any time as per federal and provincial legislation. The rates, figures, and values included in this release are believed to be accurate and reliable, although they cannot be guaranteed as accurate, complete, or reliable in all instances. Details should be considered for information purposes only.*

### Rate updates

- Federal and (where applicable) provincial personal income tax rates for 2009, as well as federal and (where applicable) provincial average and marginal income tax rates for 2009
- Basic personal tax credit
- Marginal tax rate tables
- CESG qualifying net family income amounts
- Spousal/equivalent-to-spouse amount or dependant amount credit
- Age amount credit for clients born in 1943 or earlier
- Home Buyer's Plan (HBP) maximum withdrawal amount increased from \$20,000 to \$25,000 for withdrawals made after January 27, 2009
- General factor percentage for New Brunswick (updated to 9.65% for 2009)
- Dividend tax credit for Ontario, and corporate tax rates for New Brunswick, Ontario, Manitoba, and British Columbia
- Employment insurance premium amounts
- These rate updates include the latest British Columbia budget updates, which take effect January 1, 2010

### Miscellaneous

- The *Asset Allocation* graph now correctly displays the clients' current risk profile
- If a surplus strategy is linked to clients' TFSA accounts, the surplus is now correctly withdrawn from the clients' cash flow surplus
- Issues relating to transfers from one non-registered asset to another, as well as issues relating to transfers between the same account, have been addressed

## v8.3g enhancements

This version of NaviPlan Extended features updated tax tables, inflation rate values, and tax credit calculations, incorporating new federal and provincial legislation in effect up to the release date of version 8.3g. These updates are incorporated into all applicable concepts, reports, and graphs. Updates include, but are not limited to, the following.

*Note that at the time of this software release, measures announced up to December 31, 2008, are included. EISI endeavours to keep the rates used in this software current; however, these rates are subject to change at any time as per federal and provincial legislation. The rates, figures, and values included in this release are believed to be accurate and reliable, although they cannot be guaranteed as accurate, complete, or reliable in all instances. Details should be considered for information purposes only.*

### Rate updates

- Federal and provincial personal income tax rates for 2009
- Federal and provincial average and marginal income tax rates for 2009
- Federal and provincial non-refundable credit rates
- Federal CANSIM rate for applicable accounts
- RRSP contribution limits (updated to \$21,000 for 2009)
- Dividend tax credits – updates to both federal and provincial rates (for British Columbia, Alberta, Manitoba, and Ontario only)
- Average return rates
- General factor percentage for British Columbia (updated to 5.06% for 2009), Manitoba (updated to 10.8% for 2009), and Newfoundland (updated to 7.7% for 2009) only
- Old Age Security (OAS) rates
- Canada Pension Plan/Québec Pension Plan (CPP/QPP) rates
- Yearly maximum pensionable earnings (YMPE)
- Employment insurance premiums
- Consumer Price Index rate (updated to 2.3%); the *History of Inflation Rates* graph has been updated on the *Assumptions* category – *Economic Factors* tab

## Tax-free savings account

In accordance with recent federal legislation changes, NaviPlan Extended v8.3g now supports the tax-free savings account (TFSA).

**Note:** NaviPlan Extended v8.3g does not limit you to entering the current contribution of \$5,000, and it does not calculate the overcontribution penalty tax. To ensure you are aware of any overcontributions entered for your clients, access the *Planning Assistant*<sup>™</sup> to view the total amount of contributions for your clients. For more information on the *Planning Assistant* and TFSAs, see the “Planning Assistant” section of this document on page 5.

- The \$5,000 contribution limit will be adjusted by inflation each year after 2009, rounded to the nearest \$500.
- TFSAs are classified as registered assets (except in certain reports) and appear on the *Assets* category – *Registered* tab.
- You can enter historical data regarding previous years’ TFSA excess contributions and unused contribution room for each client on the *Assumptions* category – *Historical Data* tab – *More* button – *Historical Data* dialog box – *<client>* tab – *TFSA* subtab; this subtab only appears for plan years 2010 and later.

## Taxation of TFSAs and death of owner

- As per federal budget legislation, TFSA earned income and withdrawals are not taxed in NaviPlan.
- Upon the death of the owner of the TFSA, NPE excludes the asset’s value from income taxation.
- Upon the death of the owner of the TFSA, NPE transfers the account to a surviving spouse or common-law partner. **Note:** Transfers only occur in plans where the clients’ marital status is married or common-law.
- Unused contribution room associated with the deceased client is not transferred to the surviving client.
- If no surviving spouse or common-law partner exists, NaviPlan liquidates the TFSA at market value and excludes the liquidation from income taxation.

## TFSA and savings strategies

- Savings strategies can be applied to TFSAs on the *Strategies* category – *Savings* tab – *Regular/Lump Sum/Surplus* subtab.
- Only the owner of the TFSA can contribute savings to the account. **Note:** NaviPlan does not prevent you from creating TFSAs for dependants under the age of 18.

## Asset allocation

- In addition to retirement goals, TFSAs can be used to fund education and major purchase goals.
- TFSAs can be reallocated to the suggested asset mix.

## Transfers and goal funding

- You can create a transfer from a TFSA to another TFSA, but you cannot transfer from a TFSA to any other non-registered or registered account type.
- TFSA to TFSA transfers are treated as true transfers, not as distributions; transfers to TFSAs are treated as redemptions and purchases.
- Transfers are made on the *Strategies* category – *Transfers* tab.
- TFSAs can be linked to liabilities as well as any accumulation goal, regardless of the owner of the goal.

## Deficit coverage

- For deficit coverage in NaviPlan Extended, TFSAs are considered separately from non-registered and registered accounts; the default deficit coverage order of assets is non-registered – TFSA – registered.
- You can change the deficit coverage order by going to the *Edit* menu, and then selecting *Preferences – General*. You can then select one of three deficit coverage options:
  - *Non-registered – TFSA – Registered*
  - *TFSA – Non-registered – Registered*
  - *Non-registered –Registered – TFSA*

You can also change the order by going to the *Strategies* category – *Redemptions* tab – *Deficit Coverage* subtab, clicking *Other Options*, and then selecting one of the three deficit coverage options.

- If users change the deficit coverage order (using the *Edit* menu), only plans created after this change are affected; the deficit coverage order in existing plans is not affected.

## Planning Assistant

The *Planning Assistant* now includes *TFSA Savings* and *TFSA Regulations* categories that account for the following:

- unused contribution room for the client and co-client
- contributions made by a client under the minimum age
- excess contributions

## Concepts

- The *TFSA Savings & Comparison* concept (accessed by going to the *Concepts* menu, and then selecting *Other – TFSA Savings & Comparison*) allows you to do the following:
  - demonstrate the growth of a TFSA over a specific period of time using an initial investment and systematic savings
  - compare the growth of a TFSA investment amount (and savings), for a specific period of time using the same rate of return, to an RRSP asset and/or non-registered asset

## Reports and graphs

- Reports and graphs have been updated to include reference to TFSAs (for registered assets only, except in certain reports)
- In asset reports and graphs, TFSAs are referenced separately from other assets, while in income reports and graphs, income from TFSAs is included under investment income
- For plan years 2010 and later, *Unused TFSA Contribution Room* is shown in the *Financial Assumptions* report (this amount is taken from the *Assumptions* category – *Historical Data* tab – *More* button – *Historical Data* dialog box – *<client>* tab – *TFSA* subtab)