

## Preliminary Analysis report

One of the most important steps in the planning process is to verify the data entered into the Base Plan. Virtually any data-entry error could alter the results of the plan significantly. Ensuring the correct data has been entered is essential to producing a good quality plan.

There are numerous tools available to assist in the data-verification process. One in particular is the *Preliminary Analysis* report. This report provides a comprehensive summary of all aspects of the plan. In particular, all goals are presented along with a summary of whether the goals will be achieved given current financial strategies. A net worth statement and cash flow statement are also included, which makes it easy to review the data for obvious errors.

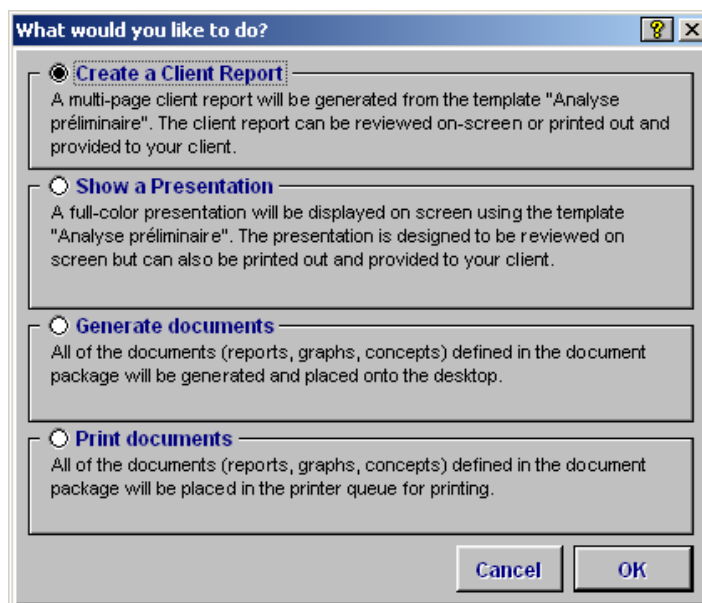
### To generate a Preliminary Analysis Report

1. To generate a *Preliminary Analysis* report, drop the Base Plan icon onto the *Preliminary Analysis* icon on the NaviPlan Extended desktop.

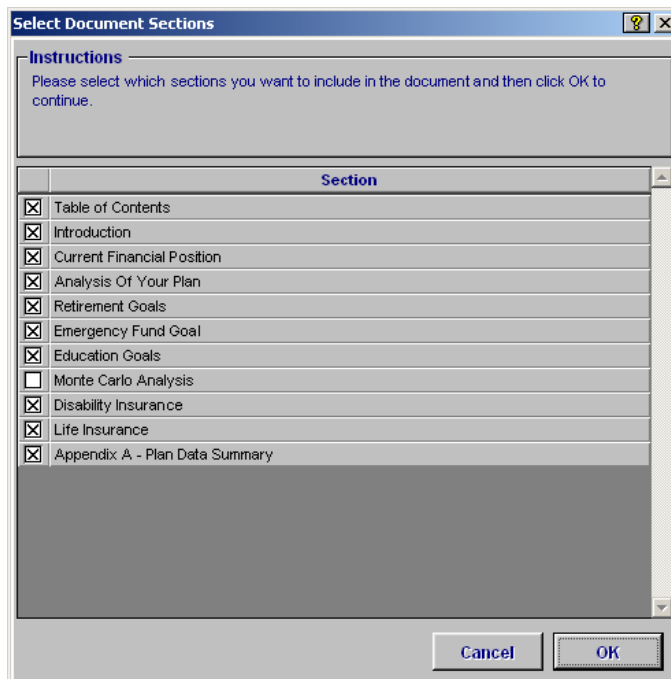
If you don't see this icon on your desktop, it is because you have closed the *Preliminary Analysis* dialog box on a previous occasion, instead of minimizing it. Go to the **File** menu, and then select **Open – Document Package**. In the *Open Document Package* dialog box, select **Preliminary Analysis.ndp**, and then click **OK**. This will restore the *Preliminary Analysis* icon to your desktop.



2. You are prompted to choose what you would like to do next. Select **Create a Client Report**, and then click **OK**.



3. The *Select Document Sections* dialog box opens. For the purposes of verifying plan data, it is not necessary to perform a Monte Carlo analysis. Select the sections you want to include, and then click **OK**. NaviPlan will generate the *Preliminary Analysis* client report.



4. Scroll through the report to the *Current Financial Position* section. Under this section, a *Net Worth Statement*, *Cash Flow Details* (current year), and *Income Tax Details* tables are provided. A review of these items will help to identify data-entry errors. For example, a review of asset values in the *Net Worth Statement* may reveal a market value that has been entered incorrectly.

| <b>Current Financial Position</b>  |                |               |               |                |
|--|----------------|---------------|---------------|----------------|
| Your current financial position is a key factor in your financial plan. You need to know where you are today before you begin your financial journey to where you would like to be.  |                |               |               |                |
| Your net worth statement provides a snapshot that lists the assets you currently own and the debts that you owe. Your net worth is represented by the difference between these two values. In theory, if you sold all your assets and paid off your debts, this is the amount you would have left over before taxes. |                |               |               |                |
| Please review these numbers to ensure that we have all of your assets and debts accurately and completely represented.   |                |               |               |                |
| <b>Net Worth Statement</b>   |                |               |               |                |
| As of March 30, 2005   |                |               |               |                |
|  | Husband        | Wife          | Joint         | Total          |
| <b>Non-Registered Assets</b>   |                |               |               |                |
| Mutual Fund  | 15,200         |               |               | 15,200         |
| Investment Portfolio   | 25,333         |               |               | 25,333         |
| <b>Total Non-Registered Assets</b>   | 40,533         |               |               | 40,533         |
| <b>Registered Assets</b>   |                |               |               |                |
| Bond Portfolio   | 557,587        |               |               | 557,587        |
| Johnny's university Education  | 253,333        |               |               | 253,333        |
| Stock Portfolio  |                | 36,480        |               | 36,480         |
| <b>Total Registered Assets</b>   | 810,920        | 36,480        |               | 847,400        |
| <b>Lifestyle Assets</b>  |                |               |               |                |
| Husband & Wife's House   |                |               | 326,083       | 326,083        |
| <b>Total Lifestyle Assets</b>  |                |               | 326,083       | 326,083        |
| <b>Total Assets</b>  | 851,453        | 36,480        | 326,083       | 1,214,017      |
| <b>Liabilities</b>   |                |               |               |                |
| Mortgage   |                |               | (234,342)     | (234,342)      |
| <b>Total Liabilities</b>   |                |               | (234,342)     | (234,342)      |
| <b>Total Net Worth</b>   | <b>851,453</b> | <b>36,480</b> | <b>91,742</b> | <b>979,675</b> |

An examination of the *Cash Flow Details* section can also reveal an error in income or expense entries. If your clients usually don't have cash surpluses, yet this report shows a significant cash surplus, this could be an indication that an income or expense was omitted or entered incorrectly. Conversely, if deficits are reported but your client usually has a surplus, this could indicate that an expense was erroneously inflated or that an income was omitted or entered incorrectly. The *Cash Flow Details* section provides itemized entries, so it is easy to determine the data item that is incorrect.

The *Asset Allocation for your Entire Portfolio* section provides the opportunity to compare the current asset mix to the recommended model portfolio to ensure this information is correct.

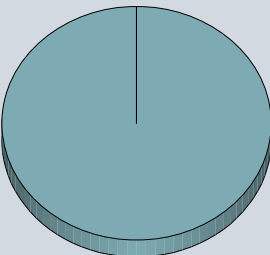
### Asset Allocation for your Entire Portfolio

The following graphs outline your current and suggested asset allocations. The graph on the left illustrates your current asset allocation. The graph on the right illustrates the suggested asset allocation based on your investment and risk profile.

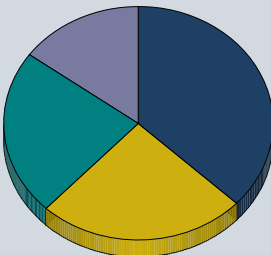
The table below the graph illustrates the changes that are required to reach the suggested asset mix.

**Recommendations for Complete Portfolio**  
 Profile: Moderate  
 Time Horizon: Blended between all goals

**Current Asset Mix**



**Suggested Asset Mix**



|                           | Current Asset Mix |       | Suggested Asset Mix |       |
|---------------------------|-------------------|-------|---------------------|-------|
| Expected Rate of Return   |                   | 0.00% |                     | 6.20% |
| Standard Deviation (Risk) |                   | 0.00% |                     | 0.00% |

| Asset Class      | Current Asset Mix |         | Change |          | Suggested Asset Mix |         |
|------------------|-------------------|---------|--------|----------|---------------------|---------|
|                  | (%)               | (\$)    | (%)    | (\$)     | (%)                 | (\$)    |
| ■ cash           |                   |         | +37.0  | +324,213 | 37.0                | 324,213 |
| ■ cdn equity     |                   |         | +25.0  | +219,063 | 25.0                | 219,063 |
| ■ foreign equity |                   |         | +23.0  | +201,538 | 23.0                | 201,538 |
| ■ fixed income   |                   |         | +15.0  | +131,438 | 15.0                | 131,438 |
| ■ Unclassified   | 100.0             | 876,250 | -100.0 | -876,250 |                     |         |
| Total            | 100.0             | 876,250 | +0.0   | +0       | 100.0               | 876,250 |

In the following goals sections of the report, all goals identified in the plan are presented in terms of goal objectives and how the clients' financial needs compare against their ability to meet those goals. Goals include retirement, education, major purchase, emergency fund, and life and disability insurance. Below is an example of the information presented for the retirement goal of a plan.

### Retirement Goals

Husband would like to retire on March 1, 2028 at the age of 65. Wife would like to retire on March 1, 2028 at the age of 65.

Prior to analyzing your retirement needs, you should ensure your expenses are properly defined for retirement. Your expense need in retirement will determine if any additional savings are required based on your current savings.

The graph below illustrates your income needs and your ability to meet those needs throughout your projected retirement period.

#### Retirement: Needs vs. Abilities

#### Retirement: Goal Summary

| Retirement Income Needs <sup>1</sup> | Current Retirement Assets | Amount (Under Funded) Over Funded <sup>2</sup> | Current Monthly Savings | Additional Monthly Savings <sup>3</sup> |
|--------------------------------------|---------------------------|--|-------------------------|---|
| \$49,950                             | \$626,250                 | \$3,442,152                                    | \$0                     | \$0                                     |

<sup>1</sup> Projected annual needs (in today's dollars) in the first full year of retirement, after tax.  
<sup>2</sup> Amount represents the ending retirement surplus/deficit.  
<sup>3</sup> Estimated amount based on saving to Suggested Asset Mix. This field will be empty for goals that don't have a Suggested Asset Mix.

The average expected rate of return for assets linked to your retirement goal is **8.00%**.

The *Preliminary Analysis* report also provides a review of stock options and the clients' current estate plan. The *Preliminary Analysis* report can be used for purposes other than data verification. In addition to providing a brief analysis of the Base Plan, it also contains general financial planning information and strategic alternatives. Thus, it can be used to present the current plan to the clients, to present available opportunities, and to suggest areas in need of improvement.