



Are we on track?

NaviPlan Standard CDN v11.0 Case Study

Client profile: John and Mary Gibson are in their early 40s and want to ensure they have a plan that puts them on the right path to meet their retirement, education, and major purchase goals.

Plan type selection: Financial Assessment

Financial planning focus:

- ✓ Retirement assessment
- ✓ Education assessment
- ✓ Major purchase assessment

This document is the exclusive property of Emerging Information Systems Incorporated and (or) its affiliates (collectively, "EISI"), and is protected by copyright laws. The information contained in this document is proprietary and confidential to EISI. Copying or otherwise reproducing, modifying, revising, or extracting portions of this document for use in other documents is strictly prohibited without the express written consent of EISI. EISI shall not be liable for any loss or damage suffered by you or your customers as a result of any modifications, revisions, or extractions of portions of these materials and the insertion thereof into other documents made by you. NaviPlan is a registered trademark of EISI. NaviPlan is licensed with the understanding that EISI is not engaged in rendering legal, accounting, or other professional advice and, if any such advice is required, the services of a competent professional person should be obtained.

Table of contents

Recommended training..... 4

Getting started 5

Know your client 7

Financial concerns..... 7

Addressing financial concerns..... 12

Answer key: Recommended data entry 14

Answer key: Addressing financial concerns..... 17

Recommended training

The purpose of this case study is for you to practice what you learned from the training modules listed below. It is recommended that you access the online training program from <http://support.eisi.com> for these modules before completing the case study.

Start Planning module

Start Planning

Core modules

Net Worth

Cash Flow

Asset Allocation

Retirement Goal Analysis

Elective modules

Financial Assessment

Education and Major Purchase Goal Analysis

Insurance Planning

Monte Carlo and Scenario Probability Sensitivity Analyses

Getting started

During your client meeting, you gathered financial information to analyze the Gibsons' current situation and address their financial planning concerns.

Using the financial information from the "Know your client" section and the Fact Finder of this document, do the following:

- Create the Gibson client file in NaviPlan
- Enter their information into a Financial Assessment
- Select modules: **Retirement (Detailed)**, **Education**, and **Major Purchase**

Know your client

The Gibsons have been referred to you by one of your other clients, and you are meeting with them for the first time.

John and Mary Gibson are in their early 40s, ambitious, and have successful careers. John is a partner at Roche and Associates law firm, and Mary is the lead software engineer at Keese Inc. They have a ten-year-old son, Devon. John and Mary are high income earners, but they also like to spend. For example, expanding Devon's worldview through as much travel as they can manage is important to them.

Despite their spending habits, the Gibsons have managed to earmark various investments for retirement and Devon's education, but they have never had a financial plan in place. They would like you to review their retirement and education savings to see if they are on track to meet their education and retirement needs.

You realize the Gibsons could really benefit from a full financial plan, but at this point they are only concerned with assessing how they are doing right now. Your initial meeting with them was short and informal, and you used the Fact Finder to help guide the conversation. You don't have a lot of information yet, but you should have enough to at least get a general picture of their current situation, and to start reviewing some of their financial concerns.

Financial concerns

1. The first financial concern the Gibsons want to address is Devon's education. They would like him to follow family tradition and attend law school at the University of Toronto. They have been putting money aside each month into a basic savings account, but are not sure if it is enough. If they need to save more, they don't know if they can afford to do so.
2. The Gibsons view travel as an important educational activity, and want it to be included as part of their financial plan. In 2015, John and Mary want to take Devon to Uganda for three months (May–July). They have not done any financial planning for this adventure, and want you to show them options to fund it.
3. Lastly, but perhaps most importantly, John and Mary would both like to retire at age 60. They want to know if they are on track to meet this objective.

Fact Finder

Fact Finders are an easy and convenient way to collect client data because the forms directly correspond to fields in your NaviPlan Standard software.



Consult the “Answer key: Recommended data entry” section of this document to understand how to enter the information included in the “Know your client” section and the Fact Finder into NaviPlan. If you require assistance entering the financial data from the Fact Finder, access the NaviPlan Help for step-by-step instructions.

Note: Your answers may differ based on the NaviPlan Standard version you are using.



Fact Finder — Financial Assessment

Client Information			
Client	First Name	Date of Birth (mm/dd/yy)	Marital Status <small>(Single, Single Parent, Married, Common Law, Divorced, Widowed, Separated)</small>
Co-client	Last Name	Date of Birth (mm/dd/yy)	Gender M <input type="checkbox"/> F <input type="checkbox"/>
	John	01/31/1968	Married
	Mary	07/06/1969	M <input type="checkbox"/> F <input checked="" type="checkbox"/>
	Street	City	Province
	31 Sunbury Place	Halifax	NS
	Home Phone Number	Business Phone Number	Postal Code
			B3N 2J7
	E-mail Address		
Family Members			
First Name	Last Name	Date of Birth (mm/dd/yy)	Relationship <small>(Son, Daughter, Grandchild, etc.)</small>
Devon	Gibson	07/08/2004	son
			Dependent of
			both
RRSP Historical Data			
Client	Prior Year's Earned Income	RRSP Overcontribution Balance	Unused RRSP deduction limit
Co-client	119,000		8,000
	72,000		2,000
Net Worth			
Lifestyle Assets	Current Value (\$)	Liabilities	Outstanding Amount (\$)
Residence (i.e. home)	480,000	Mortgages	200,000
2nd Residence (i.e. vacation home)		Car Loans	20,000
Personal Use Property (i.e. car, boat)	70,000	Personal Loans	
Other Personal Assets	5,000	Other Debt	
			Interest Rate (%)
			4.5
			3.0
			Monthly Payments
			1,525
			500
Cash Flow			
Gross Annual Income	Client	Co-client	Note: Expenses can be entered as one total amount to simplify data entry.
	120,000	75,000	
Monthly Expenses Amount	Housing <small>(i.e. utilities, repairs)</small>	Food	Entertainment <small>(i.e. restaurants, movies)</small>
	1,000	675	600
		550	800
			Personal <small>(i.e. clothing, hobbies)</small>
			Other <small>(i.e. child care, travel)</small>
			600

Retirement Goal

Desired Annual Retirement Income (today's \$)	Index at (%)
\$5,000 (after tax \$)	3

Retirement Age	Client	Co-client
Life Expectancy	60	60
CPP/QPP Eligibility (Eligible % or Est. in today's \$)	90	90
OAS Benefits (Eligible % or Est. in today's \$)	100%	100%
Annual Defined Pension Income (today's \$)	100%	100%

Non-Registered

Current Value	Client	Co-client	Joint
Monthly Savings (\$ or % of Salary)	20,000	20,000	8,000
Assumed Return Rate (%)	300	200	150
Pre-retirement Retirement	7.5%	7.5%	3%
	6%	6%	3%

RRSP Spousal

Current Value	Client	Co-client
Monthly Savings (\$ or % of Salary, or MAX)		
Assumed Return Rate (%)		
Pre-retirement Retirement		

RRSP

Current Value	Client	Co-client
Monthly Savings (\$ or % of Salary, or MAX)	40,000	55,000
Assumed Return Rate (%)	500	900
Pre-retirement Retirement	7.5%	7.5%
	6%	6%

Defined Contribution

Current Value	Client	Co-client
Employee Monthly Savings (\$ or % of Salary)	70,000	
Employer Monthly Savings (\$ or % of Salary)	650	
Assumed Return Rate (%)	600	
Pre-retirement Retirement	6.5%	
	6.5%	

NOTES:

TFSA

Current Value	Client	Co-client
Monthly Savings (\$ or % of Salary)	5,000	5,000
Assumed Return Rate (%)		
Pre-retirement Retirement	6%	6%
	6%	6%

Major Purchase Goal

	Goal 1	Goal 2	Goal 3
Description	Uganda Trip		
Purchase Date	May 1, 2015		
Cost (today's \$)	20,000		
Index Costs by (%)	0%		
Current Amount Saved (\$)	—		
Current Monthly Savings (\$)	—		
Assumed Return Rate (%)	—		

Disability Insurance

	Client	Co-client
Short-Term Coverage		
Monthly Benefits (\$)		
Duration (months)		
Monthly Premium (\$)		
Long-Term Coverage		
Monthly Benefits (\$)		
Benefits End at Age		
Monthly Premium (\$)		

Education Goal

	Goal 1	Goal 2	Goal 3
Family Member	Devon		
Annual Education Costs (today's \$)	20,000		
Index Costs by (%)	5%		
Education Start Age	18		
Number of Years	6		
Current Amount Saved (\$)	15,000		
Current Monthly Savings (\$)	400		
Assumed Return Rate (%)	6%		

Life Insurance

	Client	Co-client
Existing Coverage (\$)		
Monthly Premium (\$)		
Total Lump Sum Expenses on Death (\$)		
Annual Ongoing Expenses (\$)		
Number of Years		If Both Die

Addressing financial concerns

Once the financial data entry is complete, the next step is to address the clients' financial concerns. For each question below, use NaviPlan to help you analyze the assessment and answer the following components for each question (when applicable):

- **Short answer:** Provide a brief answer to your clients' concerns
- **Solution:** Explain where you found your answer in NaviPlan and why you chose this solution
- **Client presentation:** Describe the client report you would generate to present your analysis



After addressing the clients' financial concerns, consult the "Answer key: Addressing financial concerns" section of this document to assist you in understanding how to use NaviPlan to perform an analysis of the plan.

Note: Your answers may differ based on the NaviPlan Standard version you are using.

1. **The first financial concern the Gibsons want to address is Devon's education. They would like him to follow family tradition and attend law school at the University of Toronto. They have been putting money aside each month into a basic savings account, but are not sure if it is enough. If they need to save more, they don't know if they can afford to do so.**

➤ **Short answer:**

➤ **Solution:**

➤ **Client presentation:**

2. **The Gibsons view travel as an important educational activity, and want it to be included as part of their financial plan. In 2015, John and Mary want to take Devon to Uganda for three months (May–July). They have not done any financial planning for this adventure, and want you to show them options to fund it.**

- **Short answer:**

- **Solution:**

- **Client presentation:**

3. **Lastly, but perhaps most importantly, John and Mary would both like to retire at age 60. They want to know if they are on track to meet this objective.**

- **Short answer:**

- **Solution:**

- **Client presentation:**

Answer key: Recommended data entry

Use this section to understand how the information included in the “Know your client” (KYC) section and the Fact Finder can be entered into NaviPlan.

NaviPlan: *Client Management* section – *Client List* category – *Clients* page

Fact Finder: Client Information and Family Members sections

KYC: The Gibsons have one son, Devon, who is a dependant of both John and Mary.

- **Data entry:** Click the **Create New Client** button, and then complete all stages in the *Client & Plan Creation* dialog box. Use the *Next* button to ensure you don't miss any stages.
 - *Client Information* stage – see Fact Finder
 - *Family Members* stage – enter Devon as a dependant of **Both**
 - *Advisor Information* stage – enter your information, and then select the **Cover Page** check box to add your name to the cover page of client reports
 - *Plan Selection* stage – select **Financial Assessment**
 - *Modules* stage – select **Retirement (Detailed)**, and then clear **Insurance**
 - *Summary* stage – review information

Note: Once all stages are complete, click **Finish** to save the client file.

- **Key point:** The Financial Assessment is being used because, at this point, you have limited information about the Gibsons, and right now they are only concerned about their current financial situation. If your financial relationship with the Gibsons grows, you can promote the Financial Assessment to a Level 1 or 2 Plan, and be able to enter more details.

NaviPlan: *Financial Assessment* section – *Financial Assessment* category – *Assumptions* page

- **Fact Finder:** RRSP Historical Data
- **Data entry:** Enter the *previous* year's income. This information will be used to determine RRSP contribution room for the current year.
- **Key point:** You can specify each client's income tax brackets during different time periods. The default tax rates are approximations that combine federal and provincial rates. Ensure that you adjust the tax rates to reflect the Gibsons' income levels.

Fact Finder: Net Worth and Cash Flow sections

- **Key point:** When liabilities are entered, the monthly payments on these liabilities will automatically carry over to the clients' monthly expenses. When entering monthly expenses, be cautious not to double-count expenses related to liability payments. NaviPlan will calculate the loan amortization based on the outstanding amount, interest rate, and monthly payments entered.
- **Key point:** The *Annual Income* field represents a gross value.
- **Key point:** Entries made under *Monthly Expenses* are considered to be applicable during the pre-retirement period, starting in the plan year and ending when the first client retires. During the retirement period, the desired annual income amount entered on the *Retirement* page will be considered the retirement goal expense.

Fact Finder: Retirement Goal section

- **Data entry:** If the clients are not eligible for CPP/QPP and/or OAS benefits, clear the **CPP/QPP Eligibility** and/or the **OAS Eligibility** check boxes. If they are eligible, leave these check boxes selected. You can adjust the eligible percentage, and the age when the benefits start, by clicking the *Details* button beside the appropriate check boxes.
- **Key point:** *Savings Preferences* indicates where the clients are likely to direct any recommended savings strategies. The *What are my options?* calculations are based on the selections made here to determine any additional savings the clients need to make to meet their retirement goal.

Fact Finder: Education Goal section

- **Key point:** The default start age for education goals is 18, and the default number of years is four. Devon will be attending law school for six years.
- **Key point:** If there are multiple education goals (e.g., multiple children), then each education goal should be entered separately.
- **Key point:** Education goals are meant to be long term (more than a year away). If the clients have children attending private school, those tuition expenses should be entered under *Monthly Expenses* on the *Financial Picture* page.

Fact Finder: Major Purchase section

- **Data entry:** The Gibson family's one major purchase goal right now is the three-month trip to Uganda. Under *Goal One*, enter **Uganda trip** in the *Description* field. They expect the cost to be \$20,000 in 2015, therefore change the *Index Costs by* value to **0%**. The *Assumed Return Rate* can be left at the default of 5%.

- **Key point:** The Gibsons currently do not have any savings or savings strategies for this goal. They want you to come up with a strategy for them, so for the time being, no further data needs to be entered here.

Answer key: Addressing financial concerns

Once you have completed the data entry and your own analysis of the Gibsons' financial concerns, use this section to compare your responses in the "Case analysis" section to those provided below.

Note: Your answers may differ based on the NaviPlan Standard version you are using.

The information under "Troubleshooting potential errors" will help you identify where you may have gone off track if your results are different from the solutions provided here.

- 1. The first financial concern the Gibsons want to address is Devon's education. They would like him to follow family tradition and attend law school at the University of Toronto. They have been putting money aside each month into a basic savings account, but are not sure if it is enough. If they need to save more, they don't know if they can afford to do so.**
 - **Short answer:** No, they cannot meet this goal. To meet Devon's education goal the Gibsons need to reduce the goal value, or increase their current savings amount.
 - **Solution:** In the Financial Assessment there are four ways to determine if the Gibsons are saving enough, how much more they need to save, and if they can afford to save more.
 - The goal coverage graph on the *Financial Assessment* section – *Financial Assessment* category – *Education* page should indicate that approximately 50% of the education goal is covered.
 - Click the **What are my options?** button on the *Education* page to see three savings alternatives calculated by NaviPlan:
 - Expect to support lower education costs
 - Save an additional monthly amount to a non-registered account
 - Invest a lump-sum amount today to a joint non-registered account**Note:** A combination of these options may help your clients achieve this goal; however you cannot create What-if scenarios in Financial Assessments.
 - Go to the **Summary** page to see the percentage of each of the Gibsons' goals that may be covered to help them gain perspective as to whether the education goal is affordable or not, and to present them with available options to pay for Devon's education.

- Generate the **Financial Needs Assessment** client report from the *Client Report* page to assess the Gibsons' education goal.
 - The details in the Devon's Education Goal section show the same results as those listed when the *What are my options?* button is clicked.
 - The Goal Attainability section shows how much needs to be saved towards the other goals, and how much average monthly surplus is available. The average monthly surplus is approximately \$2,400, which is not enough to cover the savings requirements for all goals.
 - If the Gibsons' intention is to fully fund their other goals, then they cannot afford the full amount of the additional savings needed to fund Devon's education goal.
 - This client report will help you establish your clients' priorities. If the Gibsons can see they do not have enough surplus cash to fund all of their goals, they need to either reassess some of their goals, or establish a better financial plan and strategies to achieve them.

➤ **Troubleshooting potential errors:**

Is Devon's education goal funded to more than 50%?

- Did you enter the correct number of years for the goal? NaviPlan's default is four; Devon's education goal will last for six years.
- Is the cost indexed by 5%?

Is the education goal funded to less than 50%?

- Did you enter a current monthly savings strategy?
 - The Gibsons are saving \$400/month.
- Did you enter the current amount saved?
 - They currently have saved \$15,000.

➤ **Client presentation:**

- **Financial Needs Assessment client report:**
 - Go to the **Financial Assessment** category – **Client Report** page, and then generate the **Financial Needs Assessment** client report.
 - This report is an analysis of the clients' current financial situation (net worth and cash flow), and provides an analysis of goal attainability.
 - This report can act as a wake-up call for clients, clearly showing them where they are now, and what they need to do.
 - You can see where the Gibsons are falling short of their goals, how much more they need to save, and how much surplus cash (if any) they have to work with.
 - Go to the Assumptions report section to review the assumptions used in the Financial Assessment. These assumptions can be overridden by promoting the Financial Assessment to a Level 1 or 2 Plan.

2. **The Gibsons view travel as an important educational activity, and want it to be included as part of their financial plan. In 2015, John and Mary want to take Devon to Uganda for three months (May–July). They have not done any financial planning for this adventure, and want you to show them options to fund it.**

- **Short answer:** The Gibsons will need to begin saving approximately \$300/month or invest a lump sum of approximately \$16,300. These strategies could affect the Gibsons' ability to meet their two other stated goals (retirement and education).
- **Solution:** In the Financial Assessment there are four ways to determine how much the Gibsons need to save, and if they can afford to save more.
 - The goal coverage graph on the *Financial Assessment* section – *Financial Assessment* category – *Major Purchase* page should appear in red and indicate that 0% of the major purchase goal is covered.
 - Click the **What are my options?** button on the *Major Purchase* page to see three savings alternatives calculated by NaviPlan:
 - Expect to support lower major purchase costs
 - Save an additional monthly amount to a joint non-registered account
 - Invest a lump-sum amount to a joint non-registered account**Note:** A combination of these options may help your clients achieve this goal; however you cannot create What-if scenarios in Financial Assessments.
 - Go to the **Summary** page to see the percentage of each of the Gibsons' goals that may be covered to help them gain perspective as to whether the major purchase is affordable or not, and to present them with available options to pay for the major purchase.
 - Generate the **Financial Needs Assessment** client report from the *Client Report* page to assess the Gibsons' major purchase goal.
 - The Uganda Trip section shows the same results as when the *What are my options?* button is clicked.
 - The Goal Attainability section shows how much needs to be saved towards the other goals, and how much average monthly surplus is available. The average monthly surplus is approximately \$2,400, which is not enough to cover the savings requirements for all goals.
 - If the Gibsons' intention is to fully fund their other goals, then they cannot afford the full amount of the additional savings needed to fund the Uganda trip goal.
 - This client report will help you establish your clients' priorities. If the Gibsons can see they do not have enough surplus cash to fund all of their goals, they need to either reassess some of their goals, or establish a better financial plan and strategies to achieve all of them.

➤ **Troubleshooting potential errors:**

There is no *Major Purchase* page.

- Did you select the *Major Purchase* module on the *Financial Assessment* section – *Financial Assessment* category – *Select Modules* page?

The Uganda Trip section is not appearing in the *Financial Needs Assessment* client report.

- Before generating the *Financial Needs Assessment* client report, click the **Select Document Sections** button, and then ensure the *Major Purchase* report section is selected.

➤ **Client presentation:**

- ***Financial Needs Assessment* client report:**

- Go to the **Financial Assessment** category – **Client Report** page, and then generate the **Financial Needs Assessment** client report.
- This report is an analysis of the clients' current financial situation (net worth and cash flow), and provides an analysis of goal attainability.
- This report can be used as a wake-up call for clients, clearly showing them their current financial situation, and what they might need to do to achieve their goals.
- You can see where the Gibsons were falling short of their goals, how much more they need to save, and how much surplus cash (if any) they have to work with.
- Go to the Assumptions report section to review the assumptions used in the Financial Assessment. These assumptions can be overridden by promoting the Financial Assessment to a Level 1 or 2 Plan.

3. **Lastly, but perhaps most importantly, John and Mary would both like to retire at age 60. They want to know if they are on track to meet this objective.**

- **Short answer:** No, they cannot meet this retirement goal. To meet it, the Gibsons need to reduce the goal value, save more, or delay retirement.
- **Solution:** In the Financial Assessment there are four ways to determine if the Gibsons are saving enough, how much more they need to save, and if they can afford to save more.
 - The goal coverage graph on the *Financial Assessment* section – *Financial Assessment* category – *Retirement* page should appear in yellow and indicate that approximately 70% of the retirement goal is covered.

- Click the **What are my options?** button on the *Retirement* page to see four savings alternatives calculated by NaviPlan. These values are approximate; your results should be close, but may not be exactly the same:
 - Expect to cover lower retirement expenses
 - Save an additional monthly amount to a joint non-registered account
 - Invest a lump-sum amount to a joint non-registered account
 - Retire later

Note: A combination of these options may help your clients achieve this goal; however, you cannot create What-if scenarios in Financial Assessments.
- Go to the **Summary** page to see the percentage of each of the Gibsons' goals that may be covered to help them gain perspective as to whether the retirement goal is affordable or not, and to present them with available options to pay for the retirement goal.
- Generate the **Financial Needs Assessment** client report from the *Client Report* page to assess the Gibsons' retirement goal.
 - The Retirement section will show the same results as when the *What are my options?* button is clicked.
 - The Goal Attainability section shows how much needs to be saved towards the other goals and how much average monthly surplus is available. The average monthly surplus is approximately \$2,400, which is not enough to cover the savings requirements for all goals.
 - If the Gibsons' intention is to fully fund their other goals, then they cannot afford the full amount of the additional savings needed to fund the retirement goal.
 - This report will help you establish your clients' priorities. If the Gibsons can see they do not have enough surplus cash to fund all of their goals, they need to either reassess some of their goals, or establish a better financial plan and strategies to achieve them.

➤ **Troubleshooting potential errors:**

The goal coverage graph should display between 65%–75%.

- Is the goal coverage graph showing less than 65% or over 75%?
 - Did you enter a retirement age of 60 for *both* John and Mary?
 - Did you enter the current account values and monthly savings correctly?
 - Did you enter the correct value (3%) in the *Assumed Return Rate* field for their joint account?

➤ **Client presentation:**

- **Financial Needs Assessment client report:**
 - Go to the **Financial Assessment** category – **Client Report** page, and then generate the **Financial Needs Assessment** client report.
 - This report is an analysis of the clients’ current financial situation (net worth and cash flow), and provides an analysis of goal attainability.
 - This report can be used as a wake-up call for clients, clearly showing them their current financial situation, and what they might need to do to achieve their goals.
 - You can see where the Gibsons were falling short of their goals, how much more they needed to save, and how much surplus cash (if any) they have to work with.
 - Go to the Assumptions report section to review the assumptions used in the Financial Assessment. These assumptions can be overridden by promoting the Financial Assessment to a Level 1 or 2 Plan.



Promoting the Financial Assessment to create a financial plan

- Promoting an assessment allows for more detailed analysis, reduces time spent re-entering data as well as the likelihood of making errors, and creates a copy of the data so that the original information is retained.
- Financial Assessments can be promoted to either Level 1 or 2 Plans, allowing you to incorporate multiple planning strategies to recommend to the clients to help them achieve their goals.
 - Step 1: Open the client file from the *Client Management* section – *Client List* category – *Clients* page.
 - Step 2: On the *Plan Management* section – *Plan List* category – *Plans* page, select the Financial Assessment, and then click the **Promote** button.
 - Step 3: In the *Promote Plan* dialog box, select the desired planning level.
- For more information on how to work in planning levels, access one of the Core training modules as described in the “Recommended training” section of this document.