



NaviPlan Standard Learning Guide

Net Worth

Canadian version 11.0

EISI, Winnipeg

Disclaimer

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Using the Learning Guide

The NaviPlan Standard Learning Guide is intended to help you learn how to use NaviPlan. To use this learning guide effectively, go through each page from start to finish.

Conventions

The NaviPlan Standard Learning Guide includes the following conventions:

- The names of items that are labelled on the screen are italicized. For example,
The *Clients* page opens.
- Within instructions, the names of items that you must select, click, or enter appear in bold. For example,
Select **Recommended**, and then click **OK**.
- To help you navigate through the application, locations are separated by en dashes. For example,
Financial Picture section – *Net Worth* category – *Accounts* page

Essential Windows skills

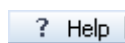
This learning guide assumes that you know how to perform the following tasks:

- Use the mouse (click, double-click, right-click, drag, and point)
- Move, resize, and close a window
- Navigate through a dialog box and use scroll bars
- Choose menu commands and select options from windows and submenus

If you are unsure about any of these Windows essentials, refer to Microsoft Windows user documentation.

Using Help

The quickest way to get information about any command, dialog box, or item within NaviPlan Standard is to use the application Help.



To access the Help, click the **Help** button at the top of the NaviPlan window.

Net Worth module

The NaviPlan Standard Net Worth Learning Guide was created using NaviPlan Standard version 11 and a joint analysis Level 2 Plan.

Purpose

The purpose of this learning guide module is to enter your clients' net worth data and to analyze your clients' current net worth.

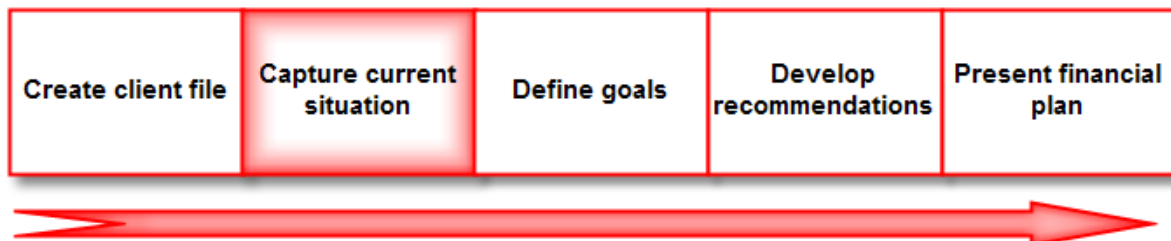
Learning objectives

Upon successful completion of this module, you will be able to

- Enter existing lifestyle assets
- Examine the cash flow implications of selling a home
- Enter existing liabilities
- Model detailed investment accounts and holdings
- Analyze your clients' net worth position using related reports

The following diagram shows the planning stages for creating a financial plan, and the planning stage or stages involved in this learning guide module. The Net Worth module is part of the *Capture current situation* stage.

NaviPlan planning stages



After you complete the client and plan creation process, go to the **Financial Picture** section – **Net Worth** category to enter your clients' current net worth position data. The *Net Worth* category is where you can model all assets, liabilities, and investment accounts.

Learning objective: Enter existing lifestyle assets

After gathering key documents and information from your clients, you are ready to enter lifestyle asset details into the plan on the *Financial Picture* section – *Net Worth* category – *Assets/Liabilities* page.

The screenshot displays the 'Net Worth' section of the software interface. It features a sidebar on the left with navigation options: Client Management, Plan Management, Financial Picture (highlighted), Goals, and Results. The main content area is divided into two primary sections: 'Lifestyle Assets' and 'Liabilities'. The 'Lifestyle Assets' table lists two entries: '520 Thomas Street' with a market value of \$300,000 and 'Recreational Vehicle' with a market value of \$75,000. The 'Liabilities' table lists two entries: '520 Thomas St' with a balance of \$175,000, an interest rate of 5.00%, and a payment of \$1,000/mo; and 'Credit Card Loan' with a balance of \$12,480 and an interest rate of 9.00%. A third section, 'Asset / Liability Links', is also visible. Three red callouts with numbered circles (1, 2, 3) provide instructions: (1) points to the 'Lifestyle Assets' table with text about entering non-investment assets; (2) points to the 'Liabilities' table with text about entering loan details; (3) points to the 'Assets/Liabilities Report' button with text about generating a summary report.

Description	Market Value	Details	Delete
520 Thomas Street	\$300,000		
Recreational Vehicle	\$75,000		

Description	Balance	Interest Rate	Payment	Details	Report	Delete
520 Thomas St	\$175,000	5.00%	\$1,000/mo			
Credit Card Loan	\$12,480	9.00%	\$250/mo			

1 Enter non-investment and income-producing lifestyle assets. For a rental property, enter the asset details on this page, and then enter income details in the *Cash Flow* category.





2 Enter details of loans, mortgages, and other debt. Payments are calculated and included in your clients' cash flow.

3 When assets are sold, liabilities linked to the assets will be paid off.

Quickly generate a report that summarizes all of the assets and liabilities entered in the plan.

Figure 1: Financial Picture section – Net Worth category – Assets/Liabilities page

Lifestyle Assets details

Lifestyle Assets			
Description	Market Value	Details	Delete
520 Thomas Street	\$300,000		
Recreational Vehicle	\$75,000		

You can add an unlimited amount of lifestyle assets.

Open the details for each asset to capture additional information such as cost base.

Add Lifestyle Asset ▼

Figure 2: Financial Picture section – Net Worth category – Assets/Liabilities page (showing Lifestyle Assets details)

Clicking the **Details** button opens the *Lifestyle Asset Details* dialog box where you can enter further information about lifestyle assets.

Lifestyle Asset Details dialog box

1 Details

Description*	Type*	Owner*	Purchase Date*
520 Thomas Street	Residence	Joint	Dec 31 2007
Purchase Amount*	Market Value*	Valuation Date*	
\$200,000	\$300,000	Jan 1 2008	

2 Sale Information
Return Rates

Override

	Deferred Growth	Standard Deviation
Pre-Retirement	2.00%	0.00%
Retirement	2.00%	0.00%

Add Lifestyle Asset Previous Entry Next Entry OK Cancel

Figure 3: Financial Picture section – Net Worth category – Assets/Liabilities page – Details button – Lifestyle Asset Details dialog box

1 Details component

Type list

- Residence assets will not be taxed if sold.
- Capital growth on Cottage, Personal Use Property (e.g., depreciating property, boats, cars) and Listed Personal Property (e.g., appreciating tangible property, real estate, business, paintings, jewellery, coins, stamps) is subject to capital gains tax upon disposition.
- Capital gains are calculated as the difference between the Market Value as of the sale date and the Purchase Amount.
- Half of any realized gains will be taxed at the marginal tax rate.

Purchase Date field

- Existing lifestyle assets – Ensure the date is modelled as December 31 of the previous year or earlier so that the Purchase Amount will not be treated as a cash outflow.
- Future lifestyle assets – Enter any date in the current year or later. The dollar value entered in the Purchase Amount field will become a cash outflow as of the date specified.

Purchase Amount field

- The purchase amount value is used to determine tax implications, if applicable, on the sale of the asset (assets can only be sold in Level 2 Plans).
- Keep in mind that the purchase of a future asset entered here will be funded by available cash flow in that specific year.
- If you want to redeem existing accounts or savings to fund the future purchase of a lifestyle asset, create a major purchase goal and allocate the investment assets to the goal.

2 **Return Rates component**

To modify the default deferred growth rate of 2%, click **Override**.

- Enter a negative growth rate for depreciating assets, such as vehicles
- The *Standard Deviation* value defaults to 0%

Learning objective: Examine the cash flow implications of selling a home

After you have entered the lifestyle asset details, you can then model the sale of that lifestyle asset for some point in the future, if applicable. Lifestyle assets can only be sold in Level 2 Plans.

Lifestyle Asset Details dialog box

Details			
Description*	Type*	Owner*	Purchase Date*
520 Thomas Street	Residence	Joint	Dec 31 2007
Purchase Amount*	Market Value*	Valuation Date*	
\$200,000	\$300,000	Jan 1 2008	
1 Sale Information			
<input checked="" type="checkbox"/> Override			
Sale Date	Direct After Tax Proceeds To		
Jun 1 2015	Cash Flow		
Projected Value as of Sale Dates		Projected Buying Power	
Before Tax	After Tax	Before Tax	After Tax
\$347,477	\$347,477	\$282,531	\$282,531
Return Rates			

Figure 4: Financial Picture section – Net Worth category – Assets/Liabilities page – Details button – Lifestyle Asset Details dialog box (Sale Information link expanded)

1 Sale Information component

To model the sale of a lifestyle asset, click **Override**, and then enter the *Sale Information* details.

After entering a sale date, you have the option to direct after-tax proceeds of the sale to any of the following:

- *Cash Flow* – Select this option to control how the proceeds will be used. For example, you can use a portion of the proceeds to purchase another lifestyle asset, spend a portion by modelling an expense, or save a portion to an account.
- *New Non-Registered account* – When selected, NaviPlan will create a new non-registered asset named *Savings from <lifestyle asset name>*,

earning a 0% rate of return; this account will be editable on the *Financial Picture* section – *Net Worth* category – *Accounts* page.

- Any existing non-registered account you have entered in the plan.

If a loan has been linked to the sold asset, any remaining balance will automatically be paid off, reducing the net proceeds from the sale.

Once you have completed entering the *Sale Information* details for the lifestyle asset, to ensure accuracy analyze the cash flow implication of the sale. Cash flow reports can be used to view the details of the proceeds from the sale of the house. The *Cash Flow Details* report displays two key items: received capital and the paid-off liability.

Cash Flow Details report

Cash Flow Details				
	Robert	Sarah	Marc	Family
Cash Inflows				
Employment Inflows				
Salary	\$122,987	\$110,689	\$0	\$233,676
Bonus	\$8,609	\$0	\$0	\$8,609
Total	\$131,597	\$110,689	\$0	\$242,285
Investment Inflows				
From Assets				
Interest			\$0	\$1,081
Dividends			\$0	\$3,668
Capital Gains			\$0	\$5,665
RESP Payments			\$29	\$4,129
Total	\$4,314	\$3,900	\$4,129	\$14,542
Received Capital				
Cost Base	\$182,179	\$182,179	\$0	\$364,358
Total Cash Inflows	\$318,289	\$298,767	\$4,129	\$621,186
Cash Outflows				
Lifestyle Expenses				
Regular	\$61,248	\$61,248	\$0	\$122,495
Liability Interest-Deductible	\$1,552	\$1,552	\$0	\$3,104
Liability Principal-Investment	\$73,914	\$73,914	\$0	\$147,828
Total	\$136,713	\$136,713	\$0	\$273,427
Taxes				
Total			\$30	\$68,478
Employment/Business Expenses				
El Premiums			\$0	\$1,749
Miscellaneous Expenses				
Life Insurance Premiums			\$0	\$600
Disability Insurance Premiums			\$0	\$4,500
Critical Illness Insurance Premiums			\$0	\$814
Total			\$0	\$5,914
Education Expenses				
Tuition Fees			\$23,921	\$23,921

Proceeds from the sale of the house are listed as *Cost Base* so that the proceeds are not calculated as taxable income.

If a loan is linked to the asset, the loan will automatically be paid off, reducing the net proceeds.

The difference between the house proceeds and paid-off liability will be surplus cash for the year. You can model the purchase of additional assets, expenses, as well as savings to investments to use up the surplus.

Figure 5: Reports menu – Cash Flow category – Cash Flow Details report

Learning objective: Enter existing liabilities

Enter the details of loans, mortgages, and other debts into the plan on the *Financial Picture* section – *Net Worth* category – *Assets/Liabilities* page.



Do not re-enter liability payments on the *Financial Picture* section – *Cash Flow* category – *Cash Flow* page, as this would double-count the expense in your clients' cash flow.

Enter lifestyle items that do not affect your clients' net worth, such as auto-lease payments or rental expenses, on the *Financial Picture* section – *Cash Flow* category – *Cash Flow* page, and not as liabilities.

Liabilities component

Description	Balance	Interest Rate	Payment	Details	Report	Delete
520 Thomas St	\$175,000	5.00%	\$1,000/mo			
Credit Card Loan	\$12,480	9.00%	\$250/mo			

Asset / Liability Links

Asset / Liability Links

Figure 6: *Financial Picture* section – *Net Worth* category – *Assets/Liabilities* page (showing *Liabilities* details and *Asset / Liability Links*)

Liability Details dialog box – Details tab

Figure 7: Financial Picture section – Net Worth category – Assets/Liabilities page – Details button – Liability Details dialog box – Details tab

1 Details component

Balance As of Date field

- For existing loans – Enter the most recent date available (the default date is Jan 1 of the current year)
- For future loans – Enter the *Other Options* information; The *Loan Date* field and the *Balance As of Date* field will update automatically

Compound Frequency – Depending on the selected option, the *Payment Type* options may differ.

Payment Type – Different payment types can be modelled:

- *Interest Only* – Only the interest due will be paid monthly; The outstanding principal will be paid in full on the *End Date* (e.g., credit cards or lines of credit)
- *Principal and Interest* – A fixed payment is split between reducing the principal and paying for the interest (e.g., house mortgage, car loan)

- *Last Period Payment* – No regular payments are made on the liability until the last payment period; at that time, one payment is made to pay off the original balance and the accumulated interest
- *Interest is Tax Deductible* – Select this check box when the liability is for investment purposes.

② Calculation Options component

Calculation options allow you to solve unknown liability variables.

Once you select an option from the *Field to Calculate* list, the corresponding data-entry field(s) become inaccessible and NaviPlan calculates them. For example, often clients only know their monthly payment amount and original loan value; in this case, select *Amortization* so that NaviPlan will calculate it.

③ Other Options component

Insured for Disability – This check box indicates that the liability will be paid off by an insurance policy if the owner becomes disabled.

- Select this check box to model a disability insurance rider attached to the liability
- If applicable, enter the cost of the disability insurance premium as an expense on the *Financial Picture* section – *Cash Flow* category – *Cash Flow* page



Do not enter the insurance rider on the *Financial Picture* section – *Insurance Coverage* category – *Insurance Coverage* page, as this will overstate insurance coverage.

If the *Insured for Disability* check box is selected, the outstanding liability is forgiven (paid in full) at the date of disability.

Loan Date – Date of the original loan.

- The *Balance As of Date* field under *Details* takes precedence for existing loans
- If you are modelling an existing loan, it's not mandatory to have the actual *Loan Date*

Original Principal – Amount of the original loan.

- The *Balance* field under *Calculation Options* takes precedence over the *Original Principal* field for existing loans
- If you are modelling an existing loan, it's not mandatory to have the actual *Original Principal* amount

If the loan is in the future, you have two options affect cash flow differently:

- *Bring into cash flow* – Use this option when the proceeds of the loan will be used to offset cash outflows like the purchase of an asset, major expense, or pay off of an old loan
 - Effect on cash inflows on the loan date – The original principal amount creates a cash inflow
 - Ongoing effects on cash flow – Regular loan payments, based on the *Payment Type*, begin as of the loan date
- *Refinanced* – Use this option when only the ongoing loan payments should affect cash flow
 - Effect on cash inflows on the loan date – None
 - Ongoing effects on cash flow – Regular loan payments, based on the *Payment Type*, begin as of the loan date

Payoff Options at Death – Controls the treatment of the loan at the death of the owner.

- *Transfer to survivor* – Indicates that the unpaid balance of the liability will be transferred to the surviving client or co-client and payments will continue
- *Payoff at first death (from estate)* – Indicates that the unpaid balance of the liability will be paid from the deceased client's estate and payments will cease
- *Insured for life* – Indicates that the liability is to be paid off by an outside insurance policy if the liability's owner dies before the liability is paid in full

If applicable, enter the cost of the policy premium as an expense item on the *Financial Picture* section – *Cash Flow* category – *Cash Flow* page.



Do not include the insurance rider on the *Financial Picture* section – *Insurance Coverage* category – *Insurance Coverage* page as this will overstate insurance coverage.

Liability Type – For reporting purposes, enter the type of liability (personal, business, credit card, mortgage, or vehicle)

Liability Details dialog box – Debt Modification tab

Enter only debt modification strategies that your clients are currently making. You may revisit these strategies when completing the recommended plan.

1

Amount	Frequency	Start Date	End Date	Increase Principal	Infl +/-	Add'l	Delete
\$1,000	Annual	Jan 1 2008	Retirement	<input type="checkbox"/>	<input type="checkbox"/> +	0.00%	X

Add Debt Modification Strategy

Add Liability | Previous Entry | Next Entry | OK | Cancel

Figure 8: Financial Picture section – Net Worth category – Assets/Liabilities page – Details button – Liability Details dialog box – Debt Modification tab

Enter a debt modification strategy on this tab when your clients are making adding additional payments or, for *Interest Only* or *Last Period Payment* type loans, if your clients are planning on increasing the liability principal.

1 Debt Modification Strategies component

Amount – The value of extra funds paid against the liability, over and above the regular payment. The regular payment is calculated based on the data entered on the *Details* tab.

For example, each year your clients use their tax refund to pay down additional principal on their house mortgage above and beyond the regular amortization schedule.

Increase Principal – This check box is only available for liability payment types that are modelled as *Interest Only* or *Last Period Payment*.

For example, your clients currently have a \$10,000 outstanding balance on their line of credit on which they are only paying interest each month. If they wanted to borrow more money for home renovations, you would enter the additional dollar amount here and select the *Increase Principal* check box.

NaviPlan recognizes that when the loan has been completely paid off, any debt modification strategies modelled and calculated payments

will cease automatically, even if the end date for the strategy is in the future.

Once you have entered your clients' lifestyle assets and liabilities, use the *Asset / Liability Links* feature to link an asset to a liability. Linking an asset to a liability ensures that the liability is automatically paid off if the asset is ever sold. The following rules apply:

- One asset can be linked to multiple liabilities, if applicable
- One liability can only be linked to a single asset

Asset / Liability Links dialog box

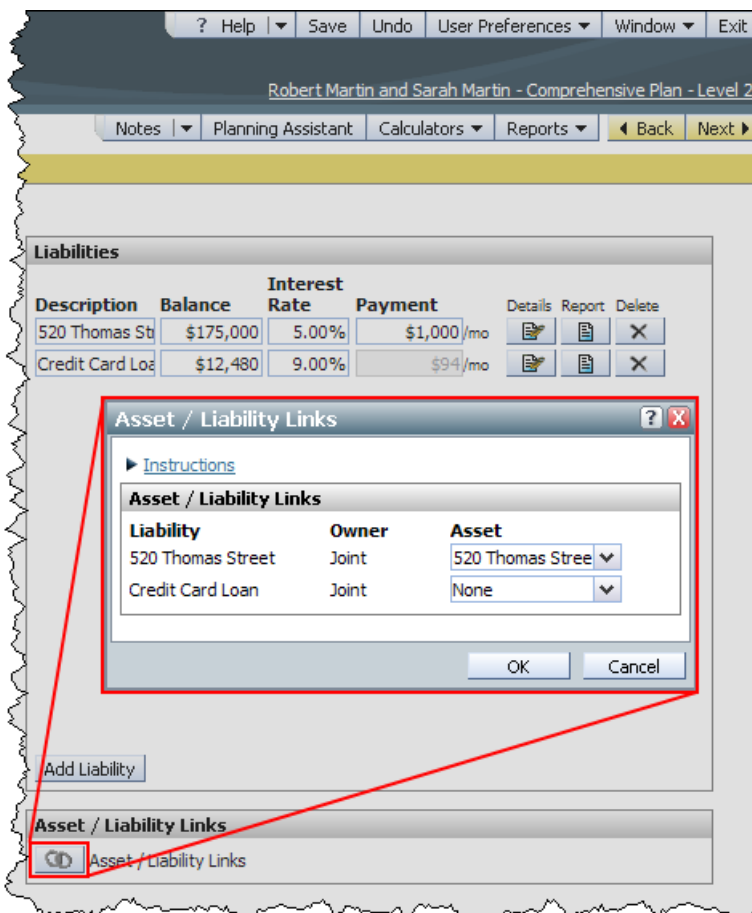


Figure 9: Financial Picture section – Net Worth category – Assets/Liabilities page – Asset / Liability Links button – Asset / Liability Links dialog box

Liability Schedule report

520 Thomas Street (Principal & Interest)					
Payment Date	Total Money Owning Before Payment	Principal & Interest Payment	Interest Payment	Principal Payment	New Principal Outstanding
Jan 30 2008	175,000.00	2,000.00	729.17	1,270.83	173,729.17
Feb 29 2008	173,729.17	1,000.00	723.87	276.13	173,453.04
Mar 30 2008	173,453.04	1,000.00	722.72	277.28	173,175.76
Apr 30 2008	173,175.76	1,000.00	721.57	278.43	172,897.32
May 30 2008	172,897.32	1,000.00	720.41	279.59	172,617.73
Jun 30 2008	172,617.73	1,000.00	719.24	280.76	172,336.97
Jul 30 2008	172,336.97	1,000.00	718.07	281.93	172,055.04
Aug 30 2008	172,055.04	1,000.00	716.90	283.10	171,771.94
Sep 30 2008	171,771.94	1,000.00	715.72	284.28	171,487.65
Oct 30 2008	171,487.65	1,000.00	714.53	285.47	171,202.19
Nov 30 2008	171,202.19	1,000.00	713.34	286.66	170,915.53
Dec 30 2008	170,915.53	1,000.00	712.15	287.85	170,627.68
Jan 30 2009	170,627.68	2,000.00	710.95	1,289.05	169,338.63
Sep 30 2014	140,935.83	1,000.00	587.23	412.77	140,523.06
Oct 30 2014	140,523.06	1,000.00	585.51	414.49	140,108.57
Nov 30 2014	140,108.57	1,000.00	583.79	416.21	139,692.36
Dec 30 2014	139,692.36	1,000.00	582.05	417.95	139,274.41
Jan 30 2015	139,274.41	2,000.00	580.29	1,419.71	137,854.72
Feb 28 2015	137,854.72	1,000.00	578.51	421.49	137,429.12
Mar 30 2015	137,429.12	1,000.00	576.72	423.28	137,001.74
Apr 30 2015	137,001.74	1,000.00	574.91	425.09	136,572.58
May 30 2015	136,572.58	1,000.00	569.05	430.95	136,141.63
Jun 1 2015	136,141.63	136,178.93	37.30	136,141.63	0.00

Principal payments include regular payments and, if applicable, debt modification strategies.

The liability is paid in full upon the sale date of the linked asset.

Figure 10: Reports menu – Net Worth – Liabilities category – Liability Schedule OR Financial Picture section – Net Worth category – Assets/Liabilities page – Report button

The *Liability Schedule* report provides a detailed analysis of principal and interest related to a selected liability.

Learning objective: Model detailed investment accounts and holdings

Enter data for various types of investment accounts into the plan on the *Financial Picture* section – *Net Worth* category – *Accounts* page. You can use this information to help calculate and analyze the client’s and co-client’s current and future net worth.

Net Worth

Assets/Liabilities Accounts Asset Class Weightings

Instructions

Accrued Investment Income...

Registered and Non-Registered Accounts

Description*	Plan Type*	Owner*	Market Value*	Cost Base*	Asset Class Weightings	Return Rates	Savings Strategies	Holdings	Details	Delete
Robert RRSP	RRSP	Robert	\$50,000		\$0 50% Large Cap Equ...	6.03%	1	1		X
Joint Savings	Non-Registered	Joint	\$50,000	\$50,000	Cash	2.10%	1	Add...		X
Sarah RPP	RPP - money purchase	Sarah	\$25,000		\$0 50% Large Cap Equ...	5.15%	1	1		X
Marc RESP	RESP	Robert	\$12,000		\$0 25% Large Cap Equ...	4.52%	1	1		X
Robert Brokerage	Non-Registered	Robert	\$61,000		\$47,500 100% Large Cap Equ...	8.20%	0	1		X
Sarah Brokerage	Non-Registered	Sarah	\$55,000		\$46,000 100% Small Cap Equ...	10.90%	0	1		X

Add Account

To view or edit account distribution for all plan goals, click **Goal Funding**.

Goal Funding...

Figure 11: Financial Picture section – Net Worth category – Accounts page

Creating investment accounts

You can enter accounts either as simple accounts without any holdings, or as detailed accounts with multiple holdings.

To add a simple account, click the **Add Account** button.


Registered and Non-Registered Accounts

Description*	Plan Type*	Owner*	Market Value*	Cost Base*	Asset Class Weightings	Return Rates	Savings Strategies	Holdings	Details	Delete
Joint Savings	Non-Registered	Joint	\$15,000	\$14,000	Cash	2.50%	0	Add...		X

Add Account

Figure 12: Financial Picture section – Net Worth category – Accounts page – (showing a simple account under Registered and Non-Registered Accounts)

For example, a simple account might model an entire RRSP account based on one set of asset class weightings, such as 86% large cap, 14% cash, or any other combination.

To add a detailed account, click  beside the *Add Account* button, and then select one of the following account types: *Investment Portfolio*, *Mutual Fund*, or *Cash Account*.




Registered and Non-Registered Accounts										
Description*	Plan Type*	Owner*	Market Value*	Cost Base*	Asset Class Weightings	Return Rates	Savings Strategies	Holdings	Details	Delete
Joint Savings Accou	Non-Registered	Joint	\$15,000	\$11,750	33% Cash; 33% Bon...	5.17%	0	3		
<div style="border: 1px solid gray; padding: 2px;"> Add Account  </div> <div style="border: 1px solid gray; padding: 2px; margin-top: 2px;"> Simple Account </div> <div style="border: 1px solid gray; padding: 2px; margin-top: 2px; background-color: #e0e0e0;"> Investment Portfolio </div> <div style="border: 1px solid gray; padding: 2px; margin-top: 2px;"> Mutual Fund </div> <div style="border: 1px solid gray; padding: 2px; margin-top: 2px;"> Cash Account </div>										

Figure 13: Financial Picture section – Net Worth category – Accounts page – (showing options for Add Account)

For example, a detailed account can be used to model an RRSP account that is made up of an investment portfolio of multiple holdings:

- Holding 1 = Cash savings (\$10,000)
- Holding 2 = ABC stock (\$25,000)
- Holding 3 = XYZ stock (\$35,000)

Clicking the *Details* button opens the *Account Details* dialog box, where you can enter individual holdings.

Account Details dialog box – Holdings tab



Figure 14: Financial Picture section – Net Worth category – Accounts page – Account Details dialog box – Holdings tab

1 Account Details component

Plan Type – This field includes different plan types, such as *DPSP* or *RPP - money purchase* that have different tax treatments applied to the asset. See the Help Glossary in NaviPlan for a detailed description of each type.

When using detailed accounts with holdings, some of the fields under *Account Details* are inaccessible because they will be automatically calculated based on data you enter on the *Holdings* tab.

2 Holdings tab

On this tab, you can enter the multiple holdings that make up one account.

- *Hold %/\$* – This field is specific to asset reallocation. It allows you to indicate that a portion of the asset should be held in its original asset class weightings and not reallocated.
- *Valuation Date* – If your clients provide you with account values for dates other than January 1, accrued investment income will automatically be calculated by NaviPlan.
 - Accrued income is used to calculate projected start-of-year market values for the assets in the plan based on their respective rates of return.

- This ensures that accurate taxation occurs in the current year. For example, if an asset is valued at \$300,000 as of June 30 and earns 10% annually, the \$15,000 of investment income earned since January is recognized and taxed accordingly by NaviPlan.
- In cash flow reports, offsetting system-generated cash outflows are included to ensure that the system-generated accrued income (cash inflow) is not reinvested again at the end of the year, since the growth will have been factored into the midyear valuation amount. This ensures accurate asset valuations. These offsetting inflows and outflows will have no net effect on cash flow and will only appear in current year cash flow reports.
- *Asset Class Weightings* – Defines the underlying asset class of the account which is used for asset allocation and defining return rates. The *Asset Allocation* module must be included in the plan if you want to access this list or link.

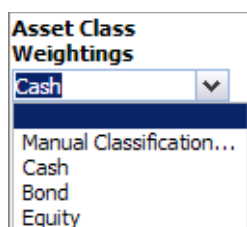


Figure 15: Account Details dialog box – Holdings tab – Asset Class Weightings list

- *Manual Classification* – Opens the *Asset Class Weightings Details* dialog box where you can manually classify the investment holding across one or more asset classes.
- *<all asset classes (listed separately)>* – Sets the classification to 100% of the selected asset class.

Account Details dialog box – Saving Strategies tab


Figure 16: Financial Picture section – Net Worth category – Accounts page – Account Details dialog box – Saving Strategies tab

1 Saving Strategies tab

You can enter one or more savings strategies to an account to model varying contributions over time.

- *Owner \$ or % of Salary* – Model contribution amounts in dollars or a percentage of salary. If the clients are currently maximizing their RRSP contributions, you can enter the keyword **max**
 - In the *Owner \$ or % Salary* field
 - OR
 - On the *Financial Picture* section – *Strategies* category – *RRSP Maximizer* page
- *Start Date* and *End Date* – Use actual dates or keywords such as **retirement** and plus (+) or minus (–) number of years for offsetting start and end dates.
 - For example, if you enter **retirement – 5** as the *End Date*, savings will end five years before the client reaches his or her retirement year.
 - If the savings contribution is in effect at the beginning of the plan year, the start date should be January 1 of the current year to reflect the contributions for the entire year in cash flow.
 - If the *Start Date* occurs later in the year, contributions will only begin at that time.

You can also model savings strategies in the *Financial Picture* section – *Strategies* category.



Do not re-enter the same savings strategy on multiple pages. Regardless of where you model savings strategies, these different locations update automatically with the information.

RRSP Maximizer page

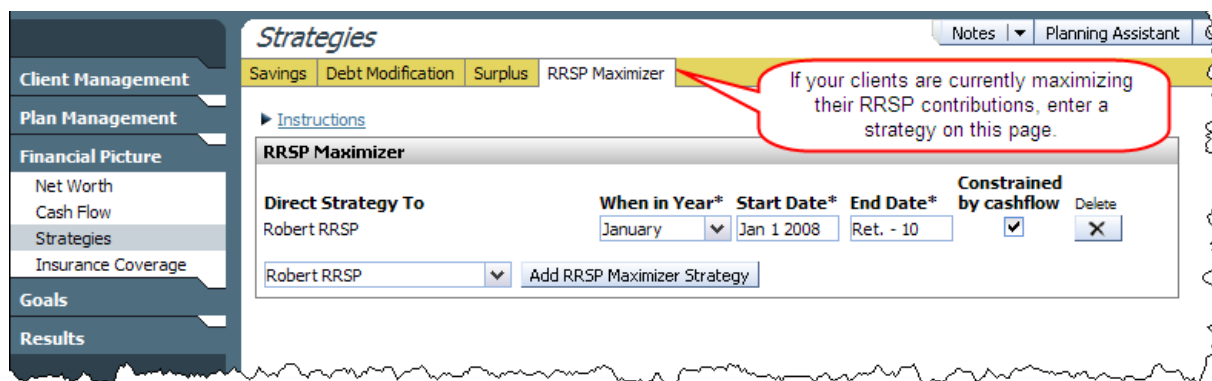


Figure 17: Financial Picture section – Strategies category – RRSP Maximizer page

The *RRSP Maximizer* is a special savings plan that calculates the RRSP contribution room that each client has available annually. It then automatically applies the maximum amount of savings allowed to the specified registered account on behalf of each client. You can select whether or not the maximum savings will be limited by available cash flow or not.

If the client has RRSP carryforward room, this amount will be contributed as a lump sum in the first applicable year of the strategy.

Account Details dialog box

Account Details (Investment Portfolio)

Description*: Sarah RPP Plan Type*: RPP - money purchase Owner*: Sarah

Market Value*: \$25,000 Cost Base*: \$0

1 **Return Rates** | Holdings | Saving Strategies | Account Setup

Override

	Pre-Retirement	Retirement
Interest	1.05%	1.05%
Dividends	1.00%	1.00%
Capital Gains	1.00%	1.00%
Deferred Growth	2.10%	2.10%
Total	5.15%	5.15%
Standard Deviations	8.30%	8.30%

Add Account | Previous Entry | Next Entry | OK | Cancel

Figure 18: Financial Picture section – Net Worth category – Accounts page – Account Details dialog box – Return Rates tab

1 Return Rates tab

By default, NaviPlan automatically calculates return rates as a weighted average of the asset class weightings specified for the account.

If there are multiple holdings within the account, the weighted average is calculated based on all holdings using their respective market values as weightings.

You can manually modify the rate of return by selecting *Override*, and then modifying returns.

For non-registered accounts, interest, dividends, and capital gains returns will appear as cash inflows, be taxed at the appropriate rate(s), and then appear as after-tax cash outflows reinvested back into the account.

- *Interest* – Portion of the return rate calculated as interest and taxed annually at the marginal tax rate.
- *Dividends* – Anticipated rate of return that will be classified as dividends; All dividend income in the plan is subject to a reduced rate of tax. Dividend income that does not qualify for the rate reduction should be entered as interest income.

- *Capital Gains* – Portion of the return rate calculated as capital gains; Fifty percent of the income will be taxed annually at the marginal rate.
- *Deferred Growth* – Portion of the return rate calculated as deferred growth; Fifty percent of the income received upon redemption will be taxed upon at the marginal rate.
- *Standard Deviation* – Statistical measure of the investment’s performance volatility used in *Monte Carlo Sensitivity Analysis* and in the *Scenario Probability* analysis.

Account Details dialog box

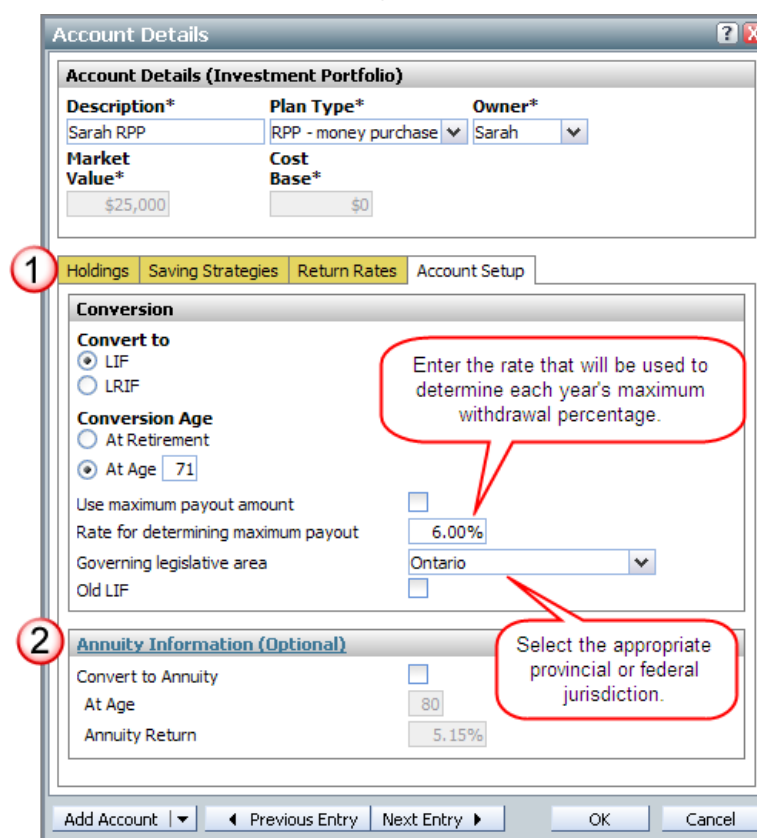


Figure 19: Financial Picture section – Net Worth category – Accounts page – Account Details dialog box – Account Setup tab

1 Account Setup tab – Conversion component

This tab is available only for registered accounts.

For *DPSP, LIRA/Locked-in RRSP, or RPP money purchase* plan types, use this tab to convert the investment to a life income fund (LIF) or a locked-in retirement income fund (LRIF). Other plan types have different options. Please see the Help for more details.

- *Rate for determining maximum payment* – Enter the rate that will be used to determine each year's maximum withdrawal percentage
 - For provincial LIF payout calculations, if you enter a rate of less than 6%, 6% is used to calculate the maximum withdrawal percentage
 - For federal LIF payout calculations, the rate is used as entered

2 Annuity Information (Optional) component:

- *Convert to Annuity* – Selecting this check box indicates that the associated plan type will be converted to an annuity at some point in the future



Accounts converted to a life annuity do not carry over to the spouse should the owner die. NaviPlan assumes a single life annuity.

Learning objective: Analyze your clients' net worth position using related reports

After you have entered data into your clients' plan, it is important to ensure that the data has been captured accurately. This learning objective will help you to ensure the data is accurate.

Accessing reports

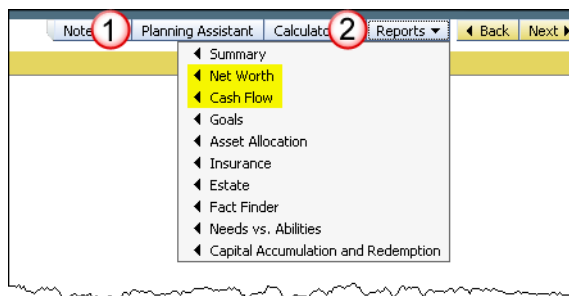


Figure 20: Reports menu

1 Planning Assistant button

The *Planning Assistant*TM is designed to assist you in analyzing the clients' plan.

It contains information compiled by NaviPlan by projecting the plan into the future and extracting the relevant details.

This information is dynamically generated by NaviPlan and may vary from plan to plan.

Planning Assistant

Planning Assistant - Comprehensive Plan

Settings: Current Recommended PDF

Overview Problems Questions Opportunities Reports

Introduction
 RRSP Contribution Limits
 Cash Flow
 Net Worth
 Action Plan

Net Worth End of Year

	Robert	Sarah	Joint	Total
Non-Registered Assets				
Joint Savings			52,396	52,396
Robert Brokerage	63,567			63,567
Sarah Brokerage		60,330		60,330
Total Non-Registered Assets	63,567	60,330	52,396	176,293
Registered Assets				
Robert RRSP	68,139			68,139
Marc RESP	14,122			14,122
Sarah RPP		31,220		31,220
Total Registered Assets	82,261	31,220		113,481
Lifestyle Assets				
520 Thomas Street			306,000	306,000
Recreational Vehicle			71,250	71,250
Total Lifestyle Assets			377,250	377,250
Total Assets	145,828	91,550	429,646	667,023
Liabilities				
520 Thomas Street			(170,628)	(170,628)
Credit Card Loan			(11,480)	(11,480)
Total Liabilities			(182,108)	(182,108)
Accumulated Surplus/Deficit		785		785
Total Net Worth	145,828	92,334	247,538	485,700

Use the Reports tab and select Net Worth to help verify the accuracy of the asset and liability details in the plan.

Close

Figure 21: Planning Assistant dialog box – Reports tab – Net Worth option selected

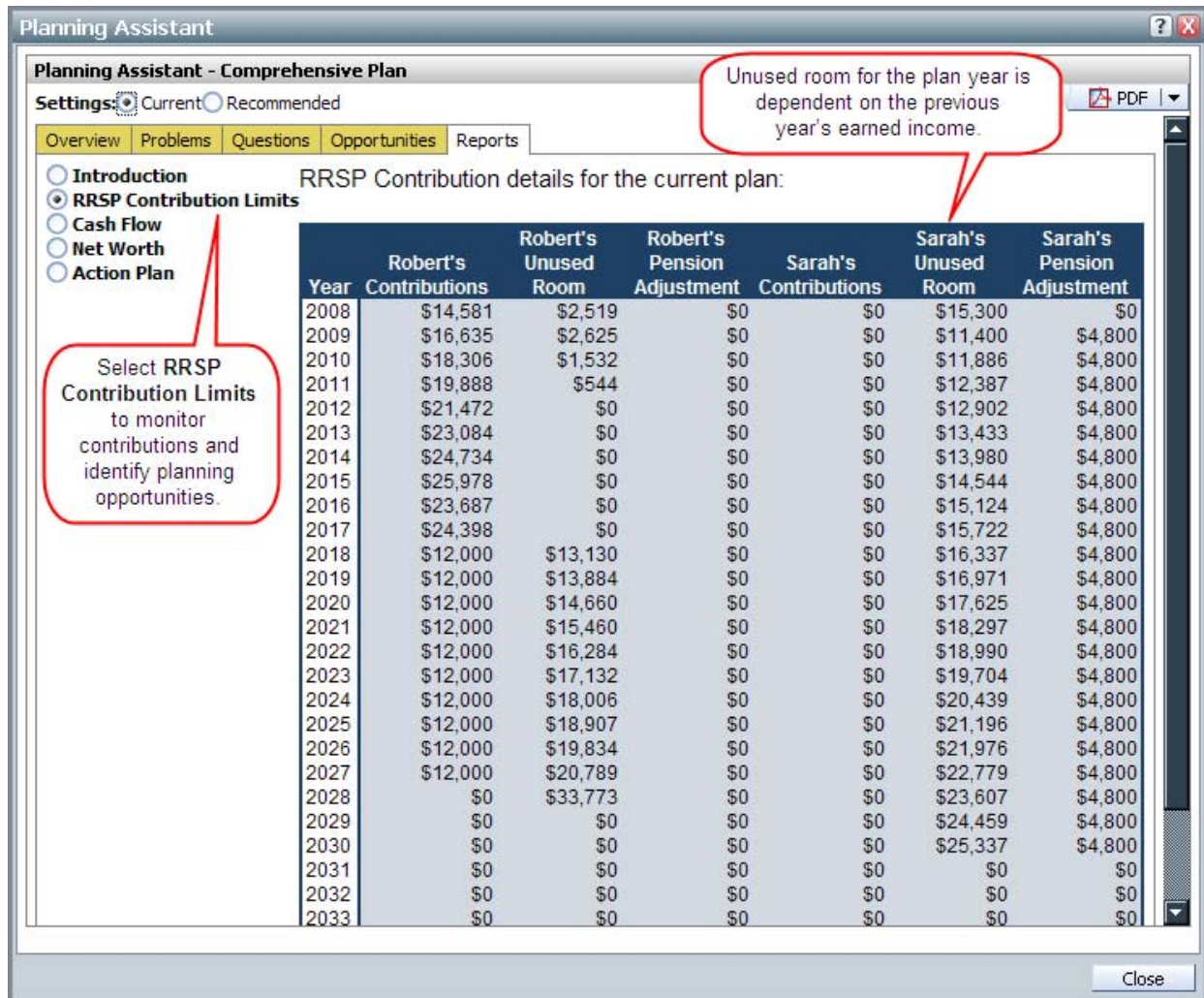


Figure 22: Planning Assistant dialog box – Reports tab – RRSP Contribution Limits option selected

② Reports menu

Use the *Reports* menu to generate any stand-alone report or graph within NaviPlan to help analyze the data.

When you select a report or graph from the *Reports* menu, an *Assign Settings* dialog box appears so that you can select the settings you want to use to generate a report or graph. The contents of the dialog box vary depending on the report or graph you selected.

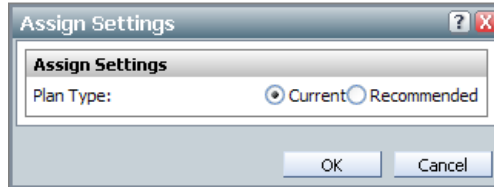


Figure 23: Assign Settings dialog box

Before you generate a report or graph, two *Plan Type* options are available:

- *Current* – The report or graph generates based on the data entered in the plan that you have open, except for data in the *Recommended* scenario on the *Goals* section – <goal> category – *Scenarios* page
- *Recommended* – The report or graph generates based on all data in the plan that you have open, including the data in the *Recommended* scenario on the *Goals* section – <goal> category – *Scenarios* page



When verifying data for your clients' existing financial situation, always select the *Current* plan type. It's generally a good strategy to start with current year reporting.

Net Worth Summary as of <month> report

Net Worth Summary as of January			
	Robert	Sarah	Total
Non-Registered Investments			
Investment Portfolios	86,000	80,000	166,000
Registered Investments			
RRSPs / Spousal RRSPs			50,000
RPP - money purchase		25,000	25,000
RESPs			12,000
Lifestyle Assets (residences, etc.)	187,500	187,500	375,000
Life Insurance Cash Value			
Liabilities	(93,740)	(93,740)	(187,480)
Total Net Worth	241,760	198,760	440,520

Summary reports combine multiple assets into a single item.

Use Summary reports to verify the overall accuracy of your clients' financial situation.

Figure 24: Reports menu – Net Worth – Summary category – Net Worth Summary as of January report

Use this report to assess your clients' net worth in any month or year. For a further breakdown of the individual numbers, use the *Single Asset Summary/Detailed* reports or *Net Worth Detailed* report for in-depth, year-over-year analyses.

After verifying current year results, moving to a multi-year report will give you insight into how your data entry flows through the entire plan.

Multi-Year Net Worth Summary report

Multi-Year Net Worth Summary							
Year	Ages	Non-Registered Assets	Registered Assets	Total Lifestyle Assets	Total Liabilities	Accumulated Surplus/(Deficit)	Total Net Worth
2008	42/40	176,293	113,481	377,250	182,108	785	485,700
2009	43/41	189,148	143,545	379,808	176,512	1,409	537,399
2010	44/42	202,930	177,106	382,666	170,680	1,917	593,938
2011	45/43	217,716	214,273	385,818	164,602	2,398	655,603
2012	46/44	233,593	255,262	389,258	158,264	2,879	722,729
2013	47/45	250,655	300,329	392,981	151,653	3,369	795,682
2014	48/46	269,004	325,456	396,981	144,754	3,871	850,558
2015	49/47	271,673	373,406	49,757	4,480	218,919	909,275
2016	50/48	292,282	424,821	47,269	3,480	210,231	971,123
2017	51/49	314,535	478,884	44,905	2,480	202,244	1,038,088
2018	52/50	339,034	524,167	42,660	1,480	229,070	1,133,451
2019	53/51	365,484	572,090	40,527	480	257,325	1,234,946
2020	54/52	394,055	622,808	38,501	0	287,525	1,342,889
2021	55/53	424,935	676,484	36,576	0	319,629	1,457,623
2022	56/54	458,326	733,291	34,747	0	353,194	1,579,558
		494,451	793,414	33,010	0	388,266	1,709,140
		533,552	857,046	31,359	0	424,888	1,846,845
		575,893	924,392	29,791	0	463,108	1,993,185
		621,762	995,671	28,302	0	502,974	2,148,709
2027	61/59	671,473	1,071,113	26,886	0	544,535	2,314,008
2028	*62/60	668,350	1,138,575	25,542	0	0	1,832,467
2029	63/61	665,912	1,209,955	24,265	0	0	1,900,132
2030	64/62*	551,547	1,280,550	23,052	0	0	1,855,149
2031	65/63	427,668	1,355,280	21,899	0	0	1,804,847
2032	66/64	290,140	1,434,388	20,804	0	0	1,745,332
2033	67/65	142,684	1,518,131	19,764	0	0	1,680,579
2034	68/66	0	1,578,561	18,776	0	0	1,597,336
2035	69/67	0	1,438,846	17,837	0	0	1,456,683
2036	70/68	0	1,283,594	0	0	0	1,300,539
2037		0	1,111,651	0	0	0	1,127,749
2038		0	928,627	0	0	(2)	943,918
2039		0	726,960	0	0	(2)	741,486
2040	74/72	0	504,977	13,802	0	(2)	518,776
2041	75/73	0	412,406	13,112	0	(108,932)	316,586
2042	76/74	0	395,647	12,456	0	(299,364)	108,739
2043	77/75	0	378,246	11,833	0	(510,581)	(120,502)
2044	78/76	0	360,165	11,242	0	(729,128)	(357,722)
2045	79/77	0	341,364	10,680	0	(955,215)	(603,172)
2046	80/78	0	321,798	10,146	0	(1,189,057)	(857,114)
2047	81/79	0	301,419	9,638	0	(1,430,875)	(1,119,817)
2052	86/84	0	185,377	7,458	0	(2,712,645)	(2,519,810)
2057	--/89	0	37,739	5,771	0	(3,980,237)	(3,936,727)

* = Year of retirement

The * indicates your clients' retirement ages.

Non-registered assets have been depleted.

Accumulated deficits suggest that available assets have been depleted.

Figure 25: Reports menu – Net Worth – Summary category – Multi-Year Net Worth Summary

Multi-Year Net Worth Summary report

This report shows the clients' projected net worth for each year until death.

Total values are listed by asset type or liability.

If you see any unexpected values in multi-year reports you can generate an activity report for the year in question to help isolate all the related transactions in that year.

Asset Activity report

Asset Name	Market Value (Start)	Total Buys	Total Sells	Total Reinvested	Deferred Growth (Loss) †	Market Value (End)
Non-Registered						
25% of Joint Savings(Non-Reg.)	12,500	446	0	153	0	13,099
75% of Joint Savings(Non-Reg.)	37,500	1,337	0	460	0	39,297
Robert Brokerage(Non-Reg.)	61,000	0	0	1,839	2,562	65,401
Sarah Brokerage(Non-Reg.)	55,000	0	0	2,140	3,190	60,330
Registered						
Robert RRSP	50,000	11,822	0	2,069	1,511	65,402
Marc RESP (Robert)	12,000	1,540	0	0	582	14,122
Sarah RPP(RPP - money purchase)	25,000	4,735	0	906	579	31,220
Lifestyle						
520 Thomas Street (Joint/Lifestyle)	300,000	0	0	0	6,000	306,000
Recreational Vehicle (Joint/Lifestyle)	75,000	0	0	0	(3,750)	71,250
Life Insurance						
Robert Group Life (Other/Life Insurance)	0	300	0	0	(300)	0
Sarah Group Life (Other/Life Insurance)	0	300	0	0	(300)	0
Total	628,000	20,479	0	7,567	10,073	666,120

† Taxes due upon sale or redemption

Figure 26: Reports menu – Net Worth – Assets category – Asset Activity

Using the *Asset Activity* report, you can track each account's transactions from start-of-year market value, asset purchases, reinvested and deferred growth, to end-of-year market value.

If one account is linked to multiple goals, each portion of the account will be itemized so that you can verify how much the clients are savings towards each goal.

See the *Retirement Goal Analysis* learning guide module for more information about assigning assets to multiple goals.

Use single asset reports to isolate the details of a specific asset over time. *Single Asset Summary* reports show year-over-year results. *Single Asset Details* reports show month-by-month results.

Single Asset Summary report

Any asset modelled in the plan can be used to generate the *Single Asset Summary* report.

Asset Summary

Year	Start of Year Market Value	Buys	Sells	Total Reinvested	Deferred Growth	End of Year Market Value	End of Year Market Value (Buying Power)
2008	50,000	11,822	0	2,069	1,511	65,402	65,402
2009	65,402	11,822	0	2,585	1,924	81,733	79,352
2010	81,733	11,822	0	3,132	2,362	99,049	93,363
2011	99,049	11,822	0	3,712	2,826	117,408	107,445
2012	117,408	11,822	0	4,328	3,318	136,875	121,612
2013			0	4,995			135,875
2014			0	5,700			150,246
2015			0	6,445			164,737
2016			0	7,229			179,362
2017			0	8,052			194,132
2018	233,238	11,822	0	8,914			209,060
2019	280,959	11,822	0	9,826			224,159
2020	310,288	11,822	0	10,789	8,487	341,386	239,441
2021	341,386	11,822	0	11,831	9,320	374,358	254,920
2022	374,358	11,822	0	12,935	10,204	409,319	270,608
2023	409,319	11,822	0	14,107	11,141	446,388	286,520
2024	446,388	11,822	0	15,348	12,134	485,693	302,668
2025	485,693	11,822	0	16,665	13,188	527,367	319,066
2026	527,367	11,822	0	18,061	14,305	571,554	335,728
2027	571,554	11,822	0	19,541	15,489	618,406	352,668
2028	618,406	0	0	20,717	16,573	655,696	363,043
2029		0	0	21,966	17,573	695,235	373,723
2030		0	0	23,290	18,632	737,157	384,717
2031		0	0	24,695	19,756	781,608	396,034
2032		0	0	26,184	20,947	828,739	407,685
2033		0	0	27,763	22,210	878,712	419,678
2034	878,712	0	14,274	29,437	23,549	917,424	425,404
2035	917,424	0	231,861	30,734	24,587	740,883	333,537
2036	740,883	0	238,817	24,820	19,856	546,741	238,968
2037	546,741	0	245,982	18,316	14,653	333,727	141,616

Values in the *Buys* column reflect annual savings amounts made towards the account.

The *Total Reinvested* column illustrates the balance of interest, dividends, and annually realized capital gains that are reinvested after taxes.

Values in the *Sells* column reflect annual redemption amounts from the account.

Figure 27: Reports menu – Net Worth – Assets category – Single Asset Summary

Use this report on a regular basis to verify the accuracy of asset an individual asset you have entered in the plan.

Based on the type of asset you selected, the layout of the columns will change accordingly.

Cash flow reports list inflows and outflows of a particular asset and can be useful in identifying unexpected results, and then you can return to the data-entry screens to update values as needed.

Itemized Cash Flow Projection for Family report

Itemized Cash Flow Projection for Family				
	2008	2009	2010	2011
Cash Inflows				
Employment Inflows				
Robert Salary (Robert)	100,000	103,000	106,090	109,273
Robert Bonus (Robert)	7,000	7,210	7,426	7,649
Sarah Salary (Sarah)	90,000	92,700	95,481	98,345
Total Employment Inflows	197,000	202,910	208,997	215,267
Investment Inflows				
Robert Brokerage (Non-Reg.)	2,440	2,631	2,836	3,058
Sarah Brokerage (Non-Reg.)	2,475	2,694	2,932	3,190
Joint Savings (Non-Reg.)	1,070	1,121	1,172	1,223
Total Investment Inflows	5,985	6,445	6,939	7,472
Total Cash Inflows	202,985	209,355	215,937	222,739
Cash Outflows				
Non-Registered Contributions and Reinvestments				
Robert Brokerage (Non-Reg.)	1,839	1,982	2,137	2,304
Sarah Brokerage (Non-Reg.)	1,888	2,055	2,237	2,434
Joint Savings (Non-Reg.)	2,396	2,424	2,452	2,481
Total Non-Registered Contributions and Reinvestments	6,123	6,461	6,826	7,219
Registered Contributions				
CPP/QPP contrib. - employment (Robert)		2,116	2,185	2,255
New account (Robert/RRSP)		9,630	9,919	10,216
Marc RESP (Robert)		1,200	1,200	1,200
Robert RRSP		9,630	9,919	10,216
CPP/QPP contrib. - employment (Sarah)		2,116	2,185	2,255
Sarah RPP(RPP - money purchase)		2,400	2,472	2,546
Total Registered Contributions	54,799	27,164	27,953	28,766
Miscellaneous Expenses				
Robert Disability (Robert)	2,400	2,400	2,400	2,400
Robert Critical Illness (Robert)	662	681	702	723
Sarah Disability (Sarah)	2,100	2,100	2,100	2,100
Robert Group Life (Other/Life Insurance)	300	300	300	300
Sarah Group Life (Other/Life Insurance)	300	300	300	300
Total Miscellaneous Expenses	5,762	5,781	5,802	5,823
Taxes				
Total Taxes	44,356	54,651	56,367	58,139
Total Cash Outflows	227,062	213,111	219,123	225,337
Current Surplus/(Deficit)	(24,076)	(3,756)	(3,186)	(2,599)
Previous Surplus/(Deficit)	0	(24,076)	(27,832)	(31,018)
Ending Surplus/(Deficit)	(24,076)	(27,832)	(31,018)	(33,616)

Figure 28: Reports menu – Cash Flow – Itemized Cash Flow Projection for Family

You can include up to ten different years of activity in this cash flow report.

Track detailed cash flow patterns to verify activity in the plan.

Exercises

The exercises have been designed specifically for this module and assume that you are working with the original data in the plan named *Comprehensive Plan* in the *Martin (English), Robert, Sarah* client file. Before starting the exercises, duplicate the **Comprehensive Plan**, rename the duplicate with a meaningful name (e.g., *Net Worth training*), and then use it to complete the following exercises.

Hint: All copies of plans are managed in the *Plan Management* section – *Plan List* category.

Exercise 1: Enter existing lifestyle assets

To find the answers, see “Answers to Net Worth exercises” on page 43.

1. In reviewing your clients’ plan, you realized that you forgot to include their cottage.

Enter this lifestyle asset into the plan using the details in the following table. This cottage was funded through an inheritance so there is no loan associated with it.

Hint: You can add or modify lifestyle asset information by clicking the *Details* button.

Asset name	Purchase date	Purchase amount	Market value date	Market value	Growth rate	Standard deviation
Cottage (Joint/Life-style)	April 1, 2002	\$85,000	Jan. 1, 2010	\$125,000	5%	0.0%

2. Which of the following reports can you use to help verify that you entered the cottage details accurately?
 - a) *Asset/Liabilities* report – accessible from the *Assets/Liabilities* page
 - b) *Reports* menu – *Net Worth – Detailed* category – *Net Worth Detailed as of <Month>*
 - c) *Reports* menu – *Summary* category – *Synopsis Report*
 - d) All of the above
 - e) None of the above

3. When you enter an automobile as a lifestyle asset in a plan, you can override the return rate and enter a negative return rate to model depreciation. Is this statement true or false?
 - a) True
 - b) False

Exercise 2: Examine the cash flow implications of selling a home

1. Your clients prefer to spend their vacation time travelling in their RV. As such, they plan to sell their cottage in the spring of 2014.
Enter the sale details into the plan and ensure that you select *Cash Flow* from the *Direct After Tax Proceeds To* list so that you can control how the proceeds will be used.
Make note of the *After Tax Projected Values as of Sale Date* so that you know how much cash is available to work with.
Hint: You may need to click the *Sale Information* link to access the *Sale Date* field.
2. From the *Reports* menu, generate the *Itemized Cash Flow Projection for Family* report to verify the transaction and amount of cash flow available after the sale.
Hint: Use the *Assign Settings* dialog box to ensure that the report includes the year of sale.
3. Your clients would like to spend a portion of the proceeds from the cottage sale on a \$20,000 family summer vacation in 2014 and invest the remainder into their joint savings account.
Enter these details into the plan and then refresh or regenerate the *Itemized Cash Flow Projection for Family* report to confirm the details.
Hint: You can model the family vacation as a lump-sum expense in the *Cash Flow* category and enter a lump-sum savings strategy in the *Strategies* category.

Exercise 3: Enter existing liabilities

1. Your clients took out a loan in January 2009 to purchase new furniture for their home. The loan was for \$4,500 over a 5-year term with an interest rate of 5%. Enter this loan in NaviPlan.

What is the monthly payment?

Hint: Enter **Jan 2009** in the *Loan Date* field, accessible by clicking the *Other Options* link, and then update the *Balance As Of Date* field to match.

- a) \$0-\$24
 - b) \$25-\$49
 - c) \$50-\$74
 - d) \$75 or more
-
2. Your clients asked if you can tell them the outstanding balance remaining on the loan this year.
Which of the following reports will not help you answer this question?
 - a) *Asset/Liabilities* report – Accessible from the *Assets/Liabilities* page
 - b) *Liability Schedule* – Accessible by clicking the *Report* button to the right of the liability on the *Assets/Liabilities* page
 - c) *Reports* menu – *Summary* category – *Synopsis Report*
 - d) *Reports* menu – *Net Worth* category – *Net Worth Summary as of <month>*
-
3. What are the benefits of linking a loan to an asset?
 - a) Ensures that if the lifestyle asset is sold, the mortgage/loan associated with it will be paid off automatically
 - b) For reporting purposes only
 - c) Interest will be treated as tax deductible
 - d) All of the above

Exercise 4: Model detailed investment accounts and holdings

1. Your clients have asked you what the projected value of their joint savings account will be when their retirement goal begins at the start of 2028.

Which of the following reports will help you to answer this question?

- a) *Reports* menu – *Net worth* – *Assets* category – *Single Asset Summary*
 - b) *Reports* menu – *Net Worth* – *Accounts* category – *Account Holding Report*
 - c) *Reports* menu – *Goals* – *Savings* category – *Retirement Savings Report*
 - d) None of the above
2. While reviewing the *Single Asset Summary* report, you noticed that the account is growing relatively slowly and suspect a mistake in the data entry. Looking at the *Accounts* page you noticed that the *Joint Savings* account is held in cash only, which is incorrect.

Update the account information to reflect the following details by creating three separate holdings within the *Joint Savings* account.

Holding name	Market value	Cost basis	Valuation date	Asset classes
Cash savings	\$15,000	\$15,000	Jan. 1, 2010	Cash
Bonds	\$15,000	\$15,000	Jan. 1, 2010	Intermediate bonds
Stocks	\$20,000	\$20,000	Jan. 1, 2010	Large cap equity

3. In the *Account Details* dialog box for your clients' *Joint Savings* account, the *Account Setup* tab is not available. Why?

Hint: Use the *Previous Entry* and *Next Entry* buttons to scroll through the rest of the accounts and identify any differences between accounts with and without the *Account Setup* tab.

- a) NaviPlan uses default values for account setup in the *Plan Management* section – *Assumptions* category
- b) The *Account Setup* tab is only available when you enter a simple account
- c) The *Account Setup* fields are under *Account Details* for the *Joint Savings* account
- d) This tab is only available for registered accounts

Exercise 5: Analyze your clients' net worth position using related reports

1. On the *Reports* tab in the *Planning Assistant*, you can view a projection of your clients' net worth from now until the end of the plan. Is this statement true or false?
 - a) True
 - b) False

2. When generating reports and graphs to verify that you have captured your clients' current financial situation accurately, which option should you select in the *Assign Settings* dialog box?
 - a) *Current*
 - b) *Revised*
 - c) *Recommended*
 - d) *Plan Type*

3. If your clients wanted to know how much they are saving to their assets, which of the following reports would you use to help answer this question?
- a) *Reports menu – Net Worth – Detailed category – Net Worth Detailed as of <Month>*
 - b) *Reports menu – Net Worth – Assets category – Single Asset Details*
 - c) *Reports menu – Net Worth – Assets category – Asset Activity*
 - d) *Reports menu – Capital Accumulation and Redemption category – All Goals graph*

Conclusion

Upon successful completion of this module, you are now able to

- Enter existing lifestyle assets
- Examine the cash flow implications of selling a home
- Enter existing liabilities
- Model detailed investment accounts and holdings
- Analyze your clients' net worth position using related reports

Answers to Net Worth exercises

Exercise 1: Enter existing lifestyle assets

2. d) All of the listed reports can be used to verify that you entered the cottage details accurately.
3. a) This statement is true. When you enter an automobile as an lifestyle asset in a plan, you can override the return rate and enter a negative return rate to model depreciation.

Exercise 2: Examine the cash flow implications of selling a home

(None of the questions for exercise 2 have specific answers.)

Exercise 3: Enter existing liabilities

1. b) The monthly payment for the new furniture loan is between \$75 or more.
2. d) The *Reports* menu – *Net Worth* category – *Net Worth Summary as of <month>* report will not help you answer the question about the outstanding balance remaining on the loan this year.
3. a) Linking a loan to an asset ensures that if the lifestyle asset is sold, the mortgage/loan associated with it will be paid off automatically.

Exercise 4: Model detailed investment accounts and holdings

1. a) The *Reports* menu – *Net Worth – Assets* category – *Single Asset Summary* report will help you to answer your clients' question about the projected value of their *Joint Savings* account when their retirement goal begins at the start of 2028.
3. d) The *Account Setup* tab is only available for registered accounts.

Exercise 5: Analyze your clients' net worth position using related reports

1. b) The statement is false. On the *Reports* tab in the *Planning Assistant*, you cannot view a projection of your clients' net worth from now until the end of the plan.
2. a) When generating reports and graphs to verify that you have captured your clients' current financial situation accurately, select the **Current** option in the *Assign Settings* dialog box.

3. c) The *Reports* menu – *Net Worth – Assets* category – *Asset Activity* report will help you to answer your clients' question about how much they are saving to their assets.