



NaviPlan Standard Learning Guide

Retirement Goal Analysis

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.

Retirement Goal Analysis module

The NaviPlan Standard Retirement Goal Analysis 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 assess your clients' retirement needs and perform a retirement goal analysis.

Learning objectives

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

- Define the retirement goal
- Allocate assets to the retirement goal
- Analyze the current situation for problems and opportunities
- Model goal-solving strategies in alternative scenarios
- Compare the current and recommended scenarios in a client report

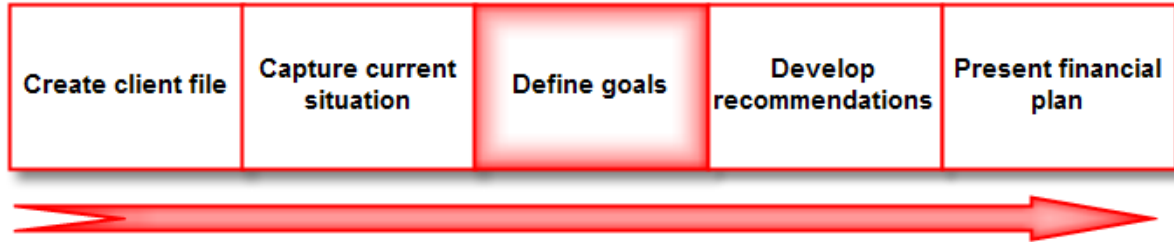
NaviPlan planning stages

The following diagram shows the planning stages you can follow in NaviPlan Standard, from creating a client file to presenting a financial plan. The learning objectives in this module are part of the following stages: *Define goals*, *Develop recommendations*, and *Present financial plan*.



Learning objective: Define the retirement goal

NaviPlan planning stages



After you capture the clients' current financial situation in the *Financial Picture* section, go to the **Goals** section – **Retirement** category to define and solve your clients' retirement goal. This is where you will define the retirement objective and create recommendations.

Objectives page

	Robert		Sarah	
	Age	Year	Age	Year
Retire At	62	2028	62	2030
Life Expectancy	90	2056	90	2058

Figure 1: Goals section – Retirement category – Objectives page

On the *Goals* section – *Retirement* category – *Objectives* page, you can define when retirement begins, the length of the retirement period, and retirement incomes and expenses. NaviPlan treats retirement as a separate goal, rather than just a time period.

1 Objectives

Time horizon, goal expenses, and goal funding sources are variables used to define each goal.

	Robert		Sarah	
	Age	Year	Age	Year
Retire At	62	2028	62	2030
Life Expectancy	90	2056	90	2058

To view or edit additional asset allocation details, click **Asset Allocation**.

2 Calculate Retirement Expenses

Enter the annual retirement expenses as a

- percentage of the current estimated after-tax income
- percentage of the current lifestyle expenses
- specific amount

When clients are unsure of what their retirement expenses will be, you can use a formula to help estimate their needs (e.g., 75% of current lifestyle expenses).

3 Retirement Expenses

Description	Member	Amount	Frequency	Infl +/- Add'l	Start Age	End Age	Tfr to Survivor	Fixed Expense	Delete
Retirement Travel (End at)	Joint	\$10,000	Annual	<input checked="" type="checkbox"/> + 0.00%	Retirement	75	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Retirement Travel (Start at)	Joint	\$15,000	Annual	<input checked="" type="checkbox"/> + 0.00%	76	85	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Retirement	Joint	\$105,000	Annual	<input checked="" type="checkbox"/> + 0.00%	Retirement	Death	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

If your clients have specific retirement expenses to include, you can add each one separately.

4 Retirement Incomes

If CPP/QPP, OAS, or defined benefit pensions are entered on the *Financial Picture* section - *Cash Flow* category - *Cash Flow* page, do not enter them in this section. Only enter additional retirement incomes in this section.

Description	Income Type	Member	Amount	Frequency	Infl +/- Add'l	Start Age	End Age	Delete
Woodworking Hobby	Tax Free or Inheritance	Robert	\$5,000	Annual	<input checked="" type="checkbox"/> + 0.00%	Retirement	Ret. + 15	<input checked="" type="checkbox"/>

Figure 2: Goals section – Retirement category – Objectives page

1 Objectives component

Use this section of the page to define the time horizon for the retirement goal.

The *Objectives* component is synchronized with the data you may have entered on the *Plan Management* section – *Assumptions* category – *Milestones* page. When changes are made on one page, the other is automatically updated.

- The retirement period starts on January 1 of the year the first client reaches his or her retirement age
- The retirement period ends on December 31 of the year the last client reaches his or her life expectancy age
- There are no restrictions on who retires first or which year each client retires
- Clicking the *Asset Allocation* button opens the *Asset Allocation Details* dialog box where you can view or edit the asset allocation details of the retirement goal's suggested asset mix for registered and non-registered retirement accounts

Asset Allocation Details dialog box

It is important to select the investor profile that best describes your clients' risk tolerance and time horizon. Since all goals do not have the same time horizon, the risk tolerance is likely to vary from goal to goal.

- On the *Goals* section – *Retirement* category – *Objectives* page, click the **Asset Allocation** button to view or edit the asset allocation details for the retirement goal
- The *Asset Allocation Details* dialog box allows you to override the investor profiles for the *Pre-Retirement* and/or the *Retirement* periods

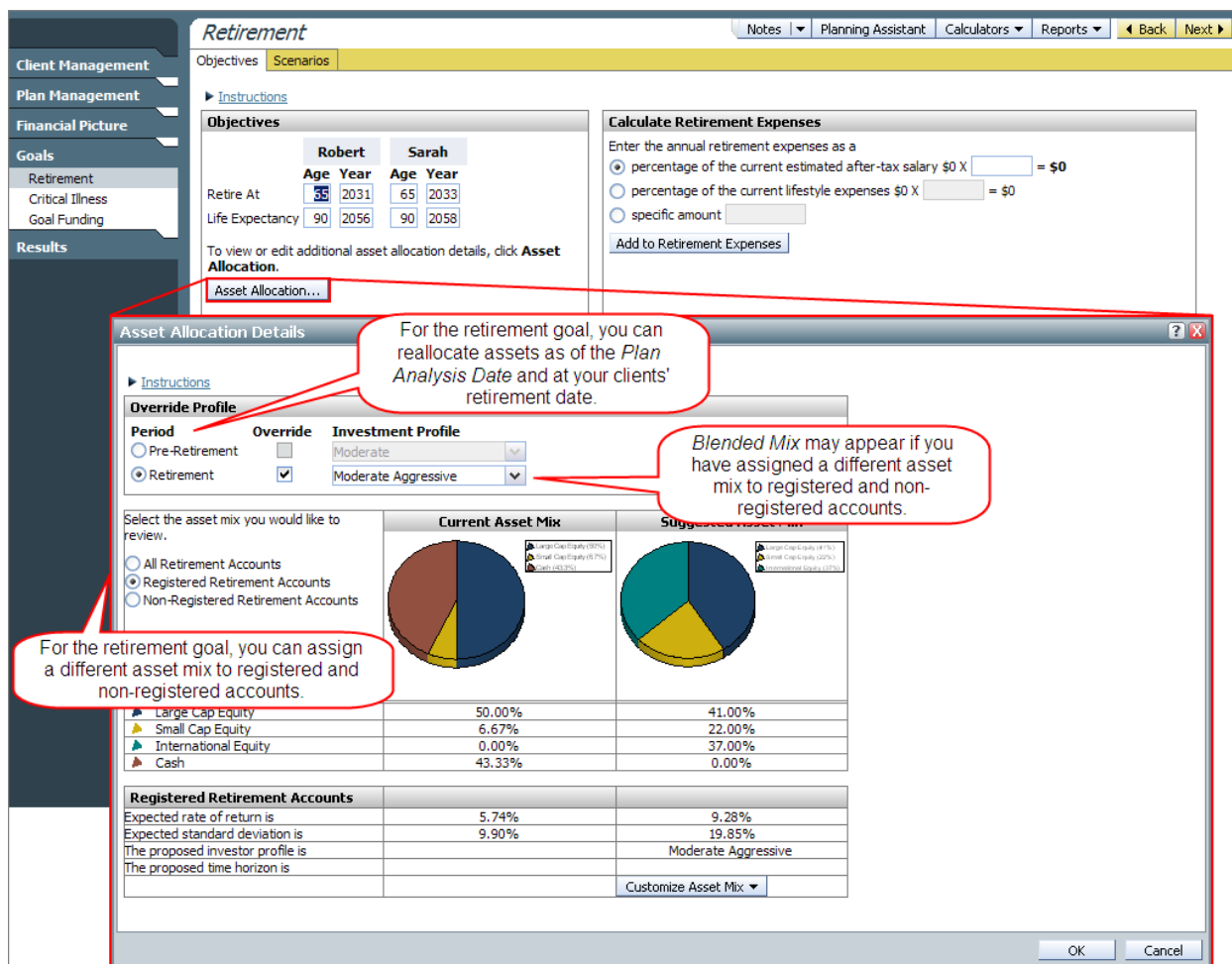


Figure 3: Goals section – Retirement category – Objectives page – Asset Allocation button – Asset Allocation Details dialog box

Investor Profile (Asset Allocation Details dialog box)

- The default investor profile is based on the selection made on the *User Preferences* menu – *Asset Allocation Settings* dialog box – *Portfolio* tab
- The default investor profile acts as a starting point for all plans created
 - The default asset allocation settings for goals can be viewed and customized in the *Asset Allocation Details* dialog box (opened by clicking the *Asset Allocation* button on the *Goals* section – <goal> category – *Objectives* page)
- To customize the asset mix for retirement, select the applicable period, **Registered Retirement Accounts** or **Non-Registered Retirement Accounts**, select the **Override** check box, and then select the investor profile that best describes your clients' risk tolerance and time horizon
- The investor profile selected defines the asset mix and rate of return for accounts funding the retirement goal within your proposed strategy

Current Asset Mix and Suggested Asset Mix (Asset Allocation Details dialog box)

- The *Current Asset Mix* represents the current mix of the assets designated to fund the retirement goal
- The *Suggested Asset Mix* is applied as a strategy to alternative scenarios on the *Scenarios* page
- NaviPlan reallocates the assets in the current asset mix to the suggested asset mix at two different points in time:
 - Pre-retirement – As of the *Plan Analysis Date* on the *Plan Management* section – *Modules* category – *Modules* page
 - Retirement – January 1 of the year the first client retires
- Select **Override** to choose a different profile, if appropriate

② Calculate Retirement Expenses component

- Displays three formula options to help estimate your clients' retirement needs when you select an option, enter a value, and then click the *Add to Retirement Expenses* button
- Once you click *Add to Retirement Expenses*, a new joint fixed expense appears in the *Retirement Expenses* component

3 Retirement Expenses component

- Pre-retirement expenses should be entered on the *Financial Picture* section – *Cash Flow* category – *Cash Flow* page, and retirement expenses should be entered on this page so that the plan uses a separate set of expenses for each time period
- *Member, Amount, Frequency, Infl. +/- Add'l,* and *Start/End Age* information can be entered just like for pre-retirement expenses
- Use keywords like **retirement** or **death** with plus (+) or minus (-) values to offset the *Start/End Age* from the event, or enter specific ages to control the duration of expenses
- You can enter expenses for the entire retirement period, or in a stepped/tiered format
 - For example, if your clients wanted a golf membership for the first five years of retirement you could enter a *Start Date* of **retirement** and an *End Date* of **retirement + 5**
- Select **Fixed Expense** for expenses like utilities and other bills that must be covered to meet your clients' required needs
- The percentage of fixed and total needs that your clients can meet during retirement will be identified in client reports
 - To classify an expense, such as travel, as discretionary, clear the **Fixed Expense** check box

4 Retirement Incomes component

- If your clients expect to receive income, for example part-time salary income, during retirement, enter it on the *Retirement* category – *Objectives* page
- Only enter additional retirement incomes, such as part-time employment in early retirement years, on the *Retirement* category – *Objectives* page
 - This information will be synchronized with the *Incomes* section of the *Financial Picture* section – *Cash Flow* category – *Cash Flow* page
- Use keywords like **retirement** or **death** with plus (+) or minus (-) values to offset the *Start/End Age* from the event, or enter specific ages to control the duration of incomes



If you entered CPP/QPP, OAS, or defined benefit pensions for your clients on the *Financial Picture* section – *Cash Flow* category – *Cash Flow* page, do not enter these incomes again on the *Retirement* category – *Objectives* page as the incomes will be doubled.

Learning objective: Allocate assets to the retirement goal

Once the retirement goal is clearly defined, it is important to allocate the proper funding sources that will cover the cost of retirement, along with any government and company pensions. The investment accounts that you entered on the *Financial Picture* section – *Net Worth* category – *Accounts* page can be used to fund your clients' retirement goal.

Retirement Expenses

Description	Order	Amount	Frequency	Start	End	Rate	Survivor	Options
Retirement Travel (End at)	Joint	\$10,000	Annual	0.00%	Retirement	75	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retirement Travel (Start at)	Joint	\$15,000	Annual	0.00%	76	85	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retirement	Joint	\$105,000	Annual	0.00%	Retirement	Death	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Retirement Incomes

If CPP/QPP, OAS, or defined benefit pensions are entered on the *Financial Picture* section - *Cash Flow* category - *Cash Flow* page, do not enter them in this section. Only enter additional retirement incomes in this section.

Description	Income Type	Member	Age	Delete
Woodworking Hobby	Tax Free or Inheritance	Robert	+ 15	<input checked="" type="checkbox"/>

To view or edit account distribution for all plan goals: [Goal Funding](#)

Retirement Accounts (\$214,750)

Description	Plan Type	Owner	Market Value	Basis	% Linked	Linked Amount	Asset Class Weightings	ROR (%)	Savings Strategies
Robert RRSP	RRSP	Robert	\$50,000	\$0	100%	\$50,000	Multiple Asset Classes	6.03%	1
Joint Savings†	Non-Registered	Joint	\$50,000	\$50,000	75%	\$37,500	Cash	2.10%	1
Sarah RPP	RPP - money purchase	Sarah	\$25,000	\$0	100%	\$25,000	Multiple Asset Classes	5.15%	1
Robert Brokerage	Non-Registered	Robert	\$61,000	\$47,500	100%	\$61,000	Large Cap Equity	8.20%	0
Sarah Brokerage	Non-Registered	Sarah	\$55,000	\$46,000	75%	\$41,250	Small Cap Equity	10.90%	0

† Account is assigned across multiple goals.

Unassigned Accounts (\$13,750)

Description	Plan Type	Owner	Market Value	Basis	Unassigned %	Unassigned Amount	Asset Class Weightings	ROR (%)	Savings Strategies
Sarah Brokerage	Non-Registered	Sarah	\$55,000	\$46,000	25%	\$13,750	Small Cap Equity	10.90%	0

Figure 4: Goals section – Retirement category – Objectives page

Goal Funding button

- Opens the *Goal Funding* dialog box where you can allocate all accounts that you have previously entered to one or more goals

Retirement Accounts fields

- Click the **Retirement Accounts** link to see a read-only list of the accounts that are assigned to fund the retirement goal (either fully or partially)
 - If deficits are projected during retirement years and there are funds in the accounts, NaviPlan will redeem from these accounts in the most tax-efficient manner to help cover the deficits and any taxes due at redemption
- If any adjustments are required, click the **Goal Funding** button

See *Deficit Coverage Calculations* in the Help for more details.

Unassigned Accounts fields

- Click the **Unassigned Accounts** link to see a read-only list of accounts that are not assigned to fund the retirement goal
- If any adjustments are required, click the **Goal Funding** button to open the *Goal Funding* dialog box

Goal Funding dialog box

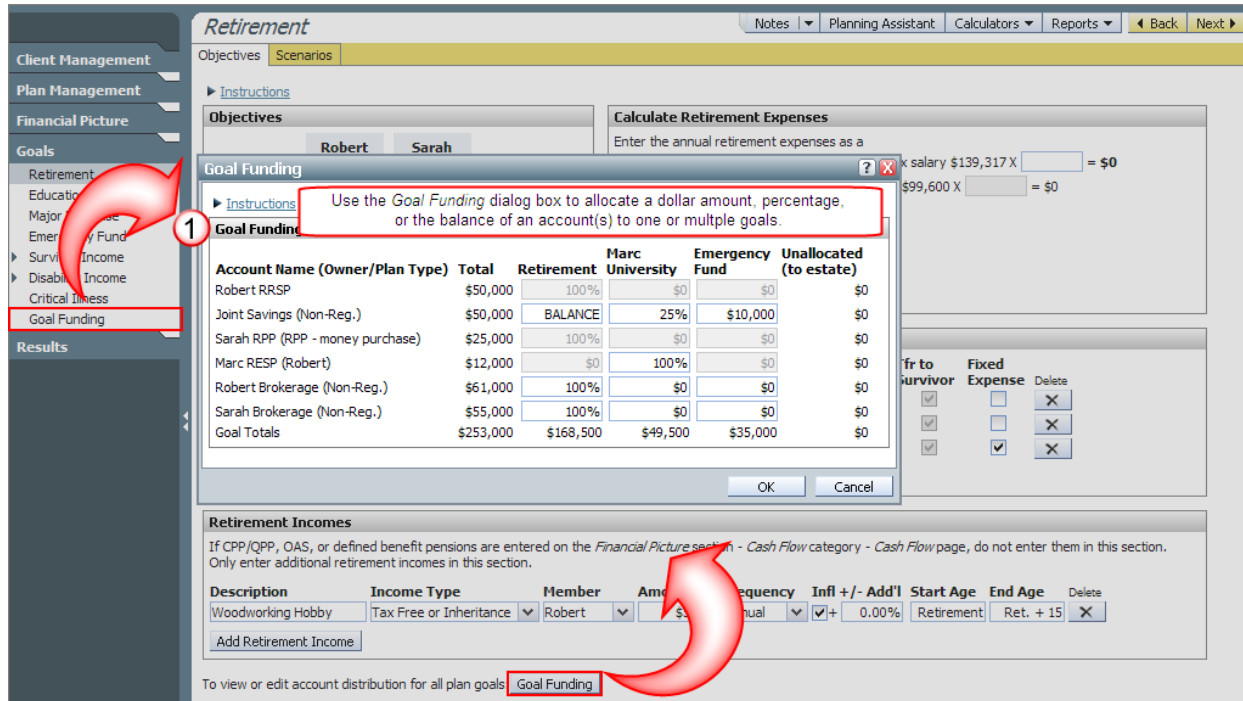


Figure 5: Goals section – Retirement category – Objectives page – Goal Funding button – Goal Funding dialog box

You can allocate accounts to goals from three NaviPlan locations:

- *Goals section – Goal Funding category – Goal Funding page*
- *Goals section – Retirement/Education/Major Purchase category – Objectives page – Goal Funding button*
- *Financial Picture section – Net Worth category – Accounts page – Goal Funding button*

When changes are made in any of these locations, the others are automatically updated.

① Goal Funding component

- All investment accounts are listed in rows while goals are listed in columns
- Registered retirement accounts are 100% allocated to the retirement goal; this cannot be edited
- You must manually allocate any portion of non-registered accounts the clients plan to use for retirement funding to the goal
- When allocating funds from an account to a goal, you can
 - enter a dollar amount
 - enter a percentage value
 - enter the keyword **balance** to use the balance of the account after other goals
 - leave a value at 0% or \$0 and the account will not be used to fund any goals, rather it will be available for settling the estate and transferring to heirs
- For example, in Figure 5, \$10,000 will be reserved for the emergency fund, 25% of the account will be used for the university education goal, and the balance of the account will be used for the retirement goal
 - Use *Single Asset* reports to independently audit each portion of the account's savings, earnings, redemptions, and market value
- Any funds in the account that will not be used to fund goals will be available for settling the estate and transferring to heirs
- Any residual values (i.e., overfunding) in accounts allocated to goals will automatically be available to the retirement goal, once the original goal is complete, except for RESP accounts

Deficit coverage

- NaviPlan eliminates all accumulated cash surpluses and deficits on December 31 of the year before the first client retires
- On December 31 of each year of retirement, NaviPlan automatically reallocates surpluses and redeems accounts in the most tax-efficient manner to cover current deficits
- Deficit coverage begins with the reallocation of any surplus followed by the liquidation of accounts

Reallocation of surplus

1. The client's deficits are covered by the co-client's surpluses (and vice versa).
2. All remaining deficits are combined. In joint plans, the total deficit is divided equally between the client and co-client.

If a current deficit remains after the reallocation of funds, account redemptions take place.

During retirement, deficits are only carried over from one year to the next (accumulated) when there are insufficient assets available.

Liquidation of accounts

NaviPlan automatically liquidates accounts in the following order:

See *Deficit Coverage Calculations* in the Help for more details.

Non-registered account type

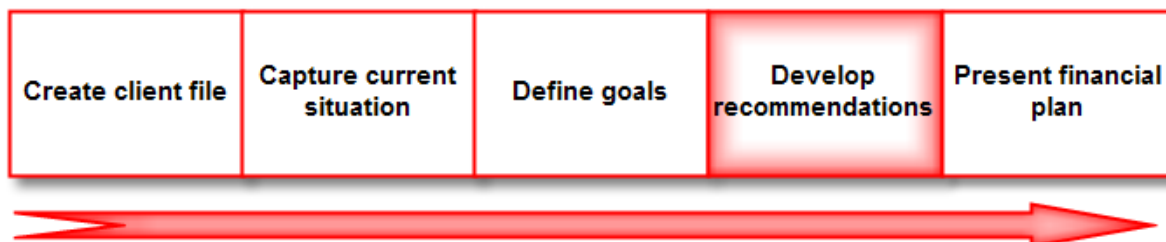
1. Income from non-registered accounts that would otherwise be reinvested
2. Non-registered accounts are ordered by
 - Ratio of cost basis to market value; accounts with the highest ratio are used first to minimize capital gains taxes (when accounts have the same ratio of cost basis to market value, the account with the lowest rate of return is used first)
 - Asset categories: cash account, mutual fund, and then investment portfolio (if the asset category is the same, accounts are redeemed in alphabetical order)

Registered account type

Accounts are ordered by their total return rates, from lowest to highest, with accounts with the same total return rates used in alphabetical order.

Learning objective: Analyze the current situation for problems and opportunities

NaviPlan planning stages



After you have entered the retirement goal information, you are ready to analyze your clients' plan and to identify problems and opportunities prior to making any recommendations.

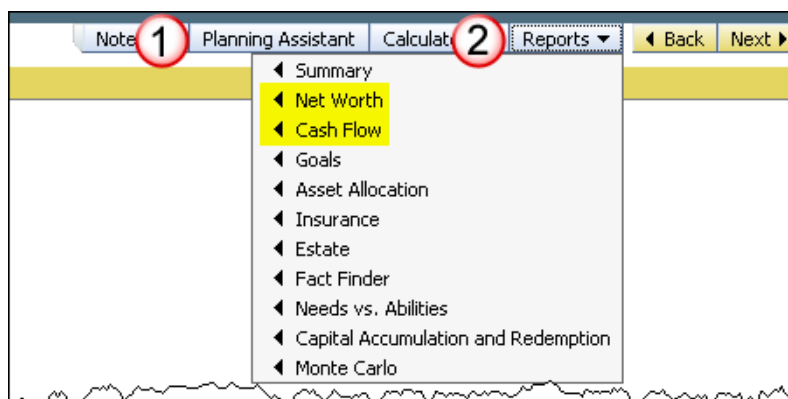


Figure 6: Reports menu

① Planning Assistant button

- The *Planning Assistant*TM is designed to assist you in analyzing the clients' plan
- It contains information the system has generated by projecting the plan into the future and extracting the relevant details
- This information is dynamically generated by the system and may vary from plan to plan
- Click the **Planning Assistant** button in the top-right corner of any open plan (except in the *Plan Management* section – *Modules* category) to analyze the financial data in your clients' plan

- If data in the plan falls outside of the ranges defined in the *Planning Assistant*, you will be notified
- If you change information in a plan, you must click the **Save** button or go to another page so the data saves automatically before the *Planning Assistant* analyzes it



When verifying data for your clients' existing financial situation always select the **Current** plan type.

Planning Assistant – Overview tab

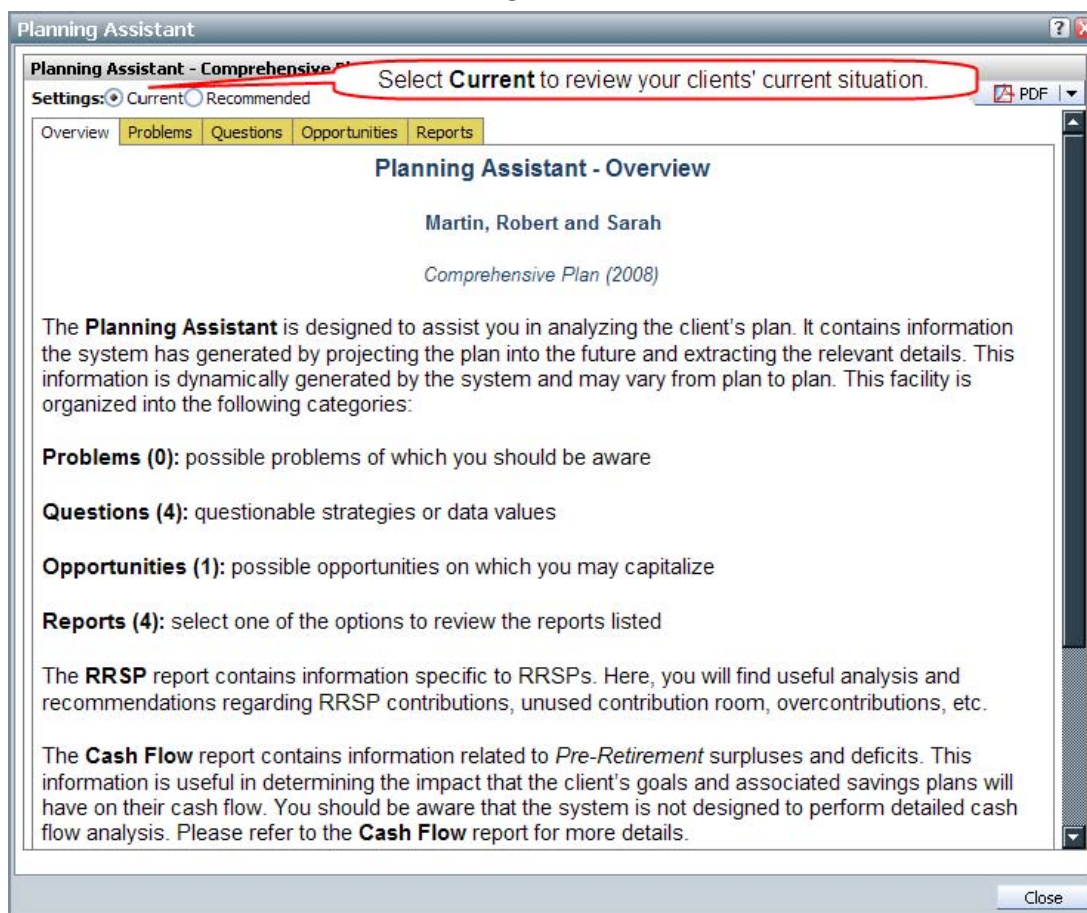


Figure 7: Planning Assistant button – Planning Assistant dialog box – Overview tab

The *Overview* tab summarizes the analysis information found on the *Problems*, *Questions*, *Opportunities*, and *Reports* tabs.

Planning Assistant – Problems tab

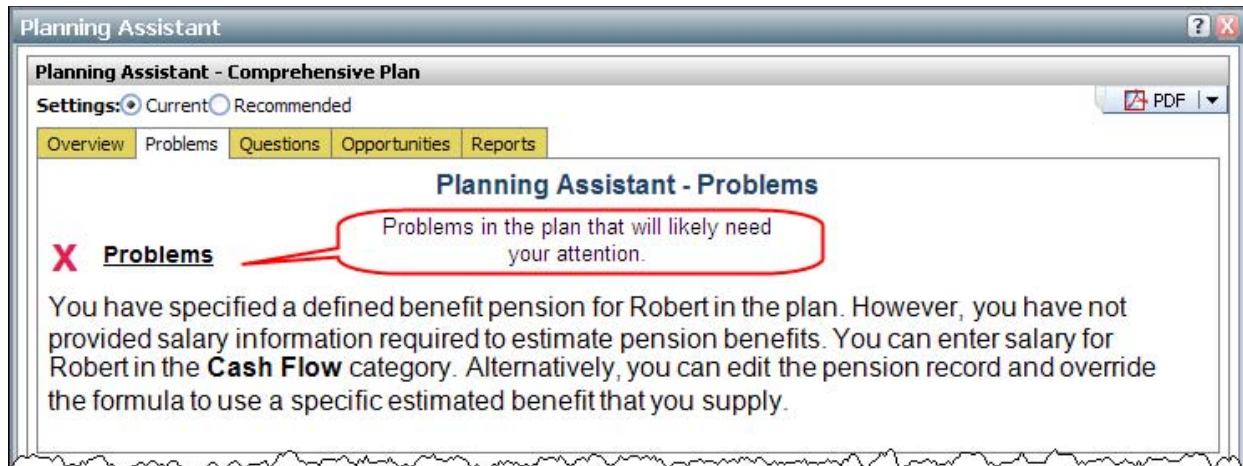


Figure 8: Planning Assistant button – Planning Assistant dialog box – Problems tab

Problems listed here are serious concerns created by data that falls outside acceptable ranges.

In most cases, for any problems listed, you must edit the plan in order to bring values within the acceptable ranges of the *Planning Assistant*.

For example, a problem might be

- not providing salary information to estimate pension benefits

Planning Assistant – Questions tab

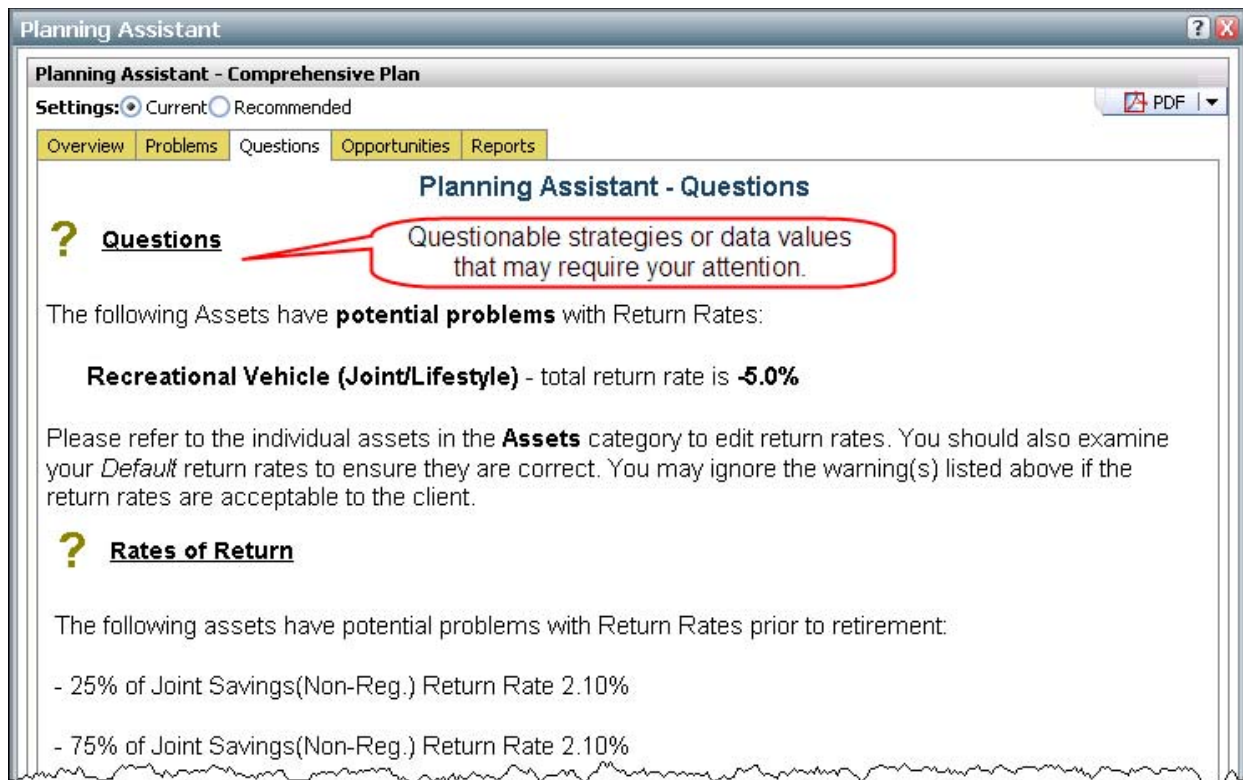


Figure 9: Planning Assistant button – Planning Assistant dialog box – Questions tab

Questions are concerns created by data that falls outside typical ranges and should be reviewed.

In some cases items may be a concern, while in other cases they are accurate and can be ignored.

Examples of questions may include the following:

- negative return rates on assets
- not providing sufficient information to determine RRSP contribution room
- not specifying employment income before retirement

Planning Assistant – Opportunities tab

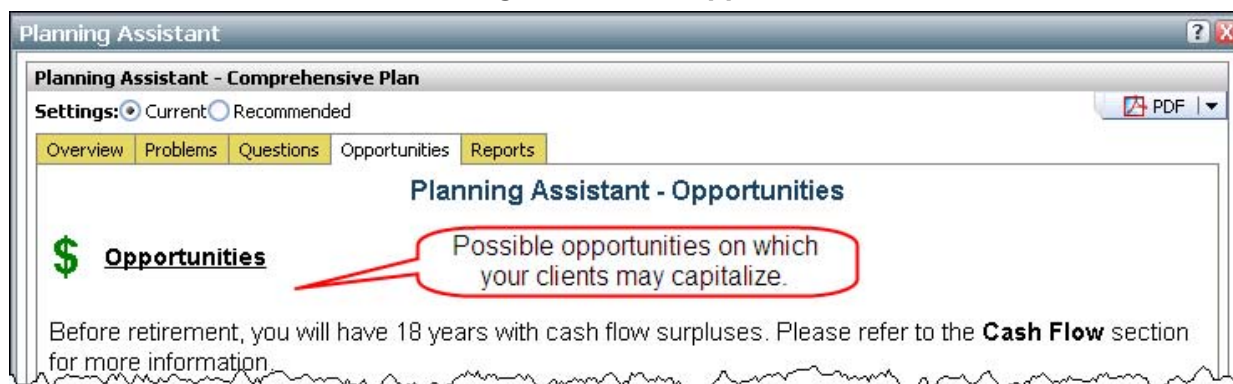


Figure 10: Planning Assistant button – Planning Assistant dialog box – Opportunities tab

Opportunities are items that can save your clients money or make them more money.

You may want to build on the opportunities identified in your recommended scenarios.

- Examples of opportunities may include the following:
 - cash flow surpluses
 - unused RRSP contribution room

Planning Assistant – Reports tab

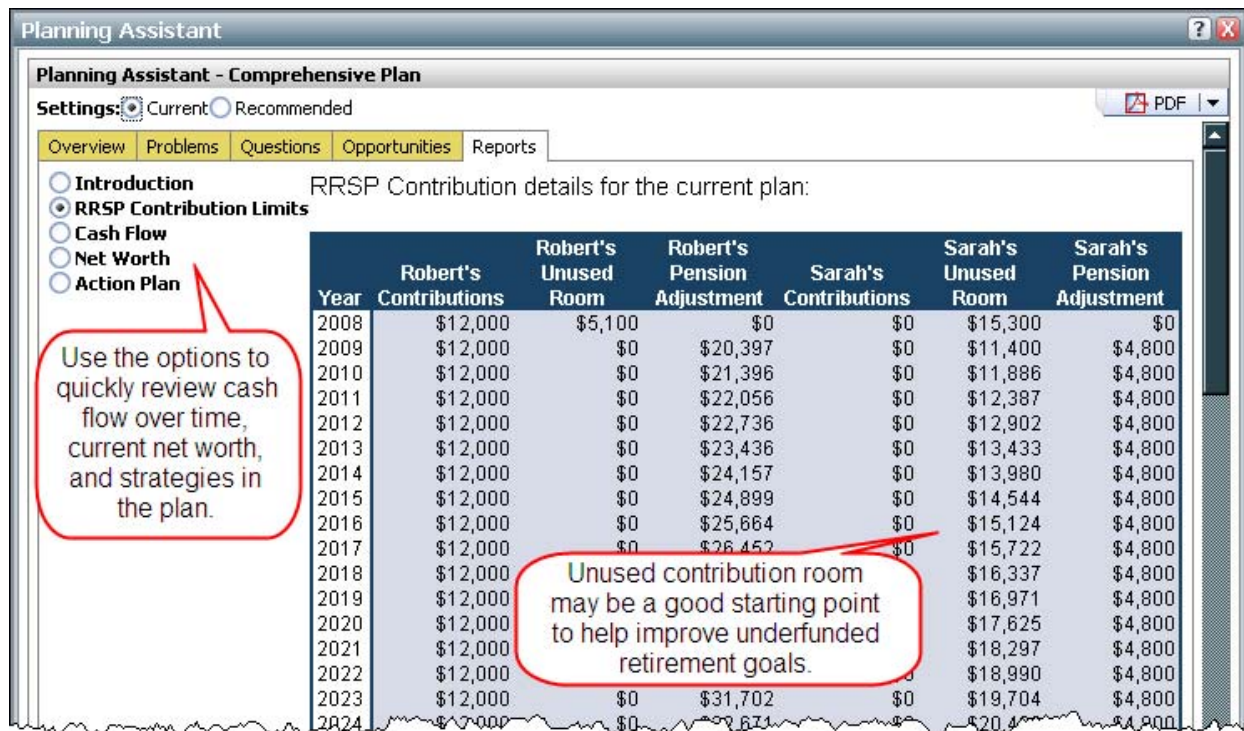


Figure 11: Planning Assistant button – Planning Assistant dialog box – Reports tab

The *Reports* tab gives you access to some reports which are ideal to identify inconsistencies, problems, and opportunities in the plan.

- *Introduction* – Provides a summary of each of the reports available to you in the *Planning Assistant*
- *RRSP Contribution Limits* – Contains analysis and recommendations specific to RRSPs, including RRSP contributions, unused contribution room, and pension adjustments
 - If an *RRSP Maximizer* strategy is in the plan, the clients have sufficient cash flow, and unused contribution room is available from previous years, the contributions displayed may be more than the annual limit for that particular year
- *Cash Flow* – Contains information related to pre-retirement surpluses and deficits, useful in determining the effect the clients' goals and associated savings strategies will have on their cash flow
- *Net Worth* – Lists all of the assets and liabilities entered into the plan and their net value

- *Action Plan* – Contains a summary of the goal savings strategies specified in the plan and the current savings allocated to each goal

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 opens where 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.

Assign Settings dialog box

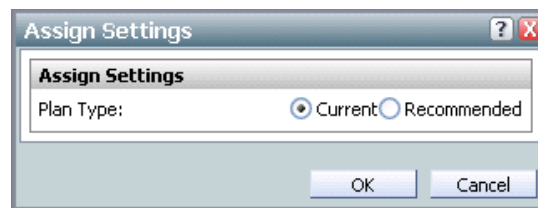


Figure 12: Assign Settings dialog box

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



When verifying data for your clients' existing financial situation, always select the **Current** plan type.

Reports menu

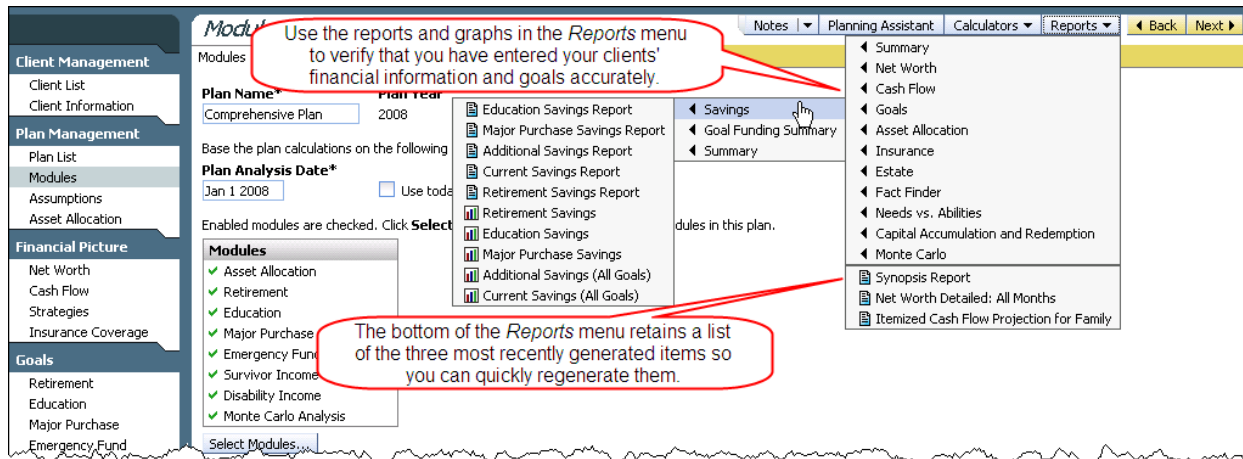


Figure 13: Plan Management section – Modules category – Modules page (showing Reports menu expanded)

- The *Reports* menu is available in the upper-right corner of any open plan
- The *Reports* menu is organized by categories so you can access one or more reports or graphs from each category
- Select a report or graph and it will generate in a separate window
- Textual reports are represented by this icon
- Graphs are represented by this icon

When verifying data, it is often a good strategy to start with a *Cash Flow* report so that you can examine your clients' overall cash flow situation during all years and identify any problems and opportunities.

Stand-alone report and graph categories	Examples of the tasks you can perform
<i>Summary</i>	<ul style="list-style-type: none"> • Compare differences between the current plan and the recommended plan • View an action plan for the clients' investments, redemptions, insurance, and debt • View a synopsis of the data entered into the plan • View the results of the <i>Planning Assistant</i>
<i>Net Worth</i>	<ul style="list-style-type: none"> • View account and holding details • Compare summary or detailed changes in net worth over time • View composition and activity details for the clients' assets and liabilities

Stand-alone report and graph categories	Examples of the tasks you can perform
<i>Cash Flow</i>	<ul style="list-style-type: none"> • Monitor changes in cash flow activity • Examine current and projected cash flow on a single or multi-year basis • View the effects of taxes and capital loss carryovers • Monitor changes in projected surpluses and deficits
<i>Goals</i>	<ul style="list-style-type: none"> • View details of goals and goal savings • Compare goal needs with current and projected goal funding
<i>Asset Allocation</i>	<ul style="list-style-type: none"> • Compare current and suggested asset mixes for each goal
<i>Insurance</i>	<ul style="list-style-type: none"> • Review current life and disability insurance policy details • Analyze the effects of death, disability, and critical illness on cash flow • Analyze the effects of asset redemptions at death, and disability
<i>Estate</i>	<ul style="list-style-type: none"> • Examine your clients' estate shrinkage, assuming death in various years
<i>Fact Finder</i>	<ul style="list-style-type: none"> • View an input summary and pre-populated Fact Finder
<i>Needs vs. Abilities</i>	<ul style="list-style-type: none"> • Compare goal needs with abilities (all goals of the same type are grouped together in the same graph)
<i>Capital Accumulation and Redemption</i>	<ul style="list-style-type: none"> • Analyze the accumulation and redemption of capital used to fund a goal type or all goals
<i>Monte Carlo</i>	<ul style="list-style-type: none"> • Analyze the probability of plan success given random asset returns based on the standard deviation assigned to each account and holding

Multi-Year Cash Flow Summary report

Multi-year cash flow reports are useful to help examine your clients' overall cash flow situation in pre-retirement and retirement to identify any patterns.

Multi-Year Cash Flow				
Multi-Year Cash Flow Summary				
Year	Ages	Cash Inflows	Cash Outflows	Surplus
2008	42/40	203,307	202,522	785
2009	43/41	209,650	209,026	624
2010	44/42	216,270	215,762	508
2011	45/43	223,115	222,634	481
2012	46/44	230,195	229,714	481
2013	47/45	237,519	237,029	490
2014	48/46	268,110	267,608	502
2015	49/47	621,074	406,026	215,048
2016	50/48	262,371	271,060	(8,688)
2017	51/49	270,668	278,655	(7,987)
2018	52/50	277,799	250,972	26,827
2019	53/51	286,822	258,567	28,255
2020	54/52	296,175	265,975	30,200
2021	55/53	305,874	273,771	32,103
2022	56/54	315,935	282,369	33,565
2023	57/55	326,374	291,303	35,071
2024	58/56	337,202	300,589	36,623
2025	59/57	348,427	310,247	38,220
2026	60/58	360,050	320,294	39,866
2027	61/59	372,315	330,754	41,561
2028	*62/60	294,658	294,658	0
2029	63/61	305,375	305,375	0
2030	64/62*	256,112	256,112	0
2031				0
2032				0
2033				0
2034				0
2035				0
2036				0
2037				0
2038	72/70	370,635	370,638	(2)
2039	73/71	381,758	381,758	0
2040				0
2041				(108,930)
2042				(190,432)
2043				(211,217)
2044				(218,547)

A large surplus may indicate missed data entry or an opportunity to recommend planning strategies.

Consistent surpluses suggest there may be opportunities for increased savings towards underfunded goals.

* indicates your clients' retirement age.

Zero values in retirement are desirable; this suggests that expenses are adequately covered by incomes and automatic asset redemptions.

Deficits in retirement indicate that your clients have depleted their investment assets.

Figure 14: Reports menu – Cash Flow category – Multi-Year Cash Flow Summary report

- Identify any unexpected results in any given year over the life of the plan

- You can scroll down within this report for more specific details presented in the *Multi-Year Cash Inflow Summary* and *Multi-Year Cash Outflow Summary* tables
- If you identify a year with unexpected results, you may want to generate the *Current Cash Flow* report so you can focus on the details of that specific year
 - For example, you may want to know what causes a large surplus in a particular year; in the report shown in Figure 14, the clients sold their main residence in 2015
 - For more information, see the Cash Flow Learning Guide

Learning objective: Model goal-solving strategies in alternative scenarios

NaviPlan planning stages



In most plans, the clients' current resources and strategies do not meet their goals. The *Scenarios* page allows you to create alternative scenarios where you can incorporate your recommendations. You can compare two scenarios side by side, without having to create duplicate plans.

Scenarios page – Objectives tab

Use the *Scenarios* page to assess your clients' goal

1 In the *Current Plan* scenario, the *Goal Coverage* graph illustrates the shortfall of goal achievement.

2 In the *Recommended* scenario, by default, the *Goal Coverage* graph assumes asset reallocation to the suggested asset mix.

Scenario	Goal Coverage
Current Plan	76%
Recommended	81%

Other Goal Coverage

Category	Item	Percentage
Education	Marc University	49%
	Emergency Fund	0%
Emergency Fund	Marc University	59%
	Emergency Fund	0%

Figure 15: Goals section – Retirement category – Scenarios page – Objectives tab

By default, the left side displays the *Current Plan* scenario, which cannot be edited on this page, and the right side displays the *Recommended* scenario.

① Scenario: Current Plan

- Represents your clients' current situation (as defined in the *Financial Picture* section)
- Cannot be edited as it intended to be used for comparison with the alternative scenarios you may create
- This scenario is always based on the clients' current asset allocation
- *Goal Coverage* graph – Displays the percentage of all cash outflows, that occur during the goal period, that can be covered using all goal resources

Indicator	Indicates
Green	Goal coverage is 90% or greater
Yellow	Goal coverage is between 65% and 90%
Red	Goal coverage is less than or equal to 64%

- *Other Goal Coverage* – This section displays the goal coverage status of other goals and uses the same colour indicators as the *Goal Coverage* graph (see table above)

② Scenario: Recommended

- Represents an alternative scenario automatically generated by NaviPlan
- By default, this scenario assumes a reallocation to the suggested asset mix
- Allows you to implement your recommendations into this scenario, or any other scenario you choose to create

Apply recommended strategies

- If reallocation alone doesn't solve the goal, you may want to add a new scenario for comparison or build on the system-generated scenario
- To create a new scenario, click the **Add** button to access the following options:

Add button options	Function
<i>New</i>	A new scenario with reallocation to the suggested asset mix is created
<i>Copy of <scenario name></i>	A copy of the selected scenario is created
<i>Predefined Scenarios</i>	Allows a selection from a predefined list of scenarios including: <ul style="list-style-type: none"> • Retire early • Retire later • Cover fixed expenses only • Life expectancy plus 5 years • Retirement expenses plus 10%
<i>Manage Scenarios</i>	Allows you to duplicate, recommend and include scenarios in reports

For the retirement goal, NaviPlan recommends four options to achieve a successful goal at 100%. You can view the recommended options by clicking the *What Are My Options?* button for the *Recommended* scenario.

What Are My Options? dialog box

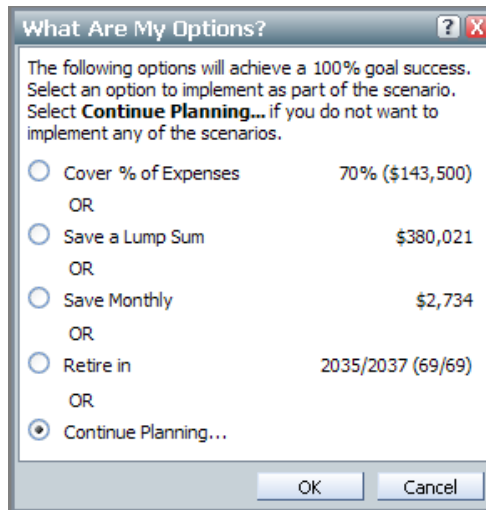


Figure 16: What Are My Options? dialog box

- Click the **What Are My Options?** button to access mutually-exclusive options that will ensure 100% goal coverage
- Use this tool as a starting point to help you quickly identify planning strategies
- Selecting any of the options results in 100% goal coverage
- If one of the four options is selected, the planning strategy is implemented in the scenario
- If you do not choose to use one of the four options suggested, click **Cancel**, or select **Continue Planning** and then click **OK** to manually implement your own planning strategies

There are many options available when implementing one strategy or a combination of planning strategies on the *Scenarios* page. As you implement strategies, you can use the *Goal Coverage* graph to assess how close your clients might be to attaining their retirement goal.

The various planning strategies that you can implement within alternative scenarios to create an optimal recommended plan for your clients are available on the *Objectives* and *Savings* tabs.

Scenario: Recommended Add Recommended Delete

Scenario Name: Recommended

Robert's Retirement Age: 62 +/- 1 = 63

Sarah's Retirement Age: 62 +/- 1 = 63

Life Expectancy: 90 90

Inflation Rate for Plan: 3.00%

Investment Objective: Moderate Aggressive Moderate

Return Rate: 9.28% (Pre-retirement), 7.67% (Retirement)

Annual Retirement Expenses: Fixed 100% Discretionary 80%

† The Investment Profile for this scenario has been overridden. Therefore, the Suggested Asset Mix for this goal does not apply.

Goal Coverage

100% Scenario Probability... More details...

What Are My Options? Compare Scenarios Scenario Reports

Figure 17: Goals section – Retirement category – Scenarios page – Objectives tab – Recommended scenario

<client/co-client>'s Retirement Age

- You can modify your client's and/or co-client's retirement ages to start earlier or later than the original retirement ages
- The original retirement age (used in the *Current Plan* scenario) was defined on the *Goals* section – *Retirement* category – *Objectives* page
- Any changes made to the retirement age in a scenario apply to that scenario only, and do not affect the retirement age set for the current plan

Life Expectancy

- Ages when the client and co-client are projected to die
- To adjust the life expectancies for the selected retirement scenario, select the override check box, and then enter a value in the field under the appropriate name

Investment Objective

- *Pre-Retirement* – When selected, allows you to override the investor profile associated with pre-retirement for the selected scenario
- *Retirement* – When selected, allows you to override the investor profile associated with retirement for the selected scenario
- *Return Rate* – Displays the expected rate of return for the selected *Investor Profile*
 - To override the system-calculated return rate associated with pre-retirement and retirement, select the check box, and then enter a return rate



If you override the return rate for a scenario, it will be assumed to be an interest-only return rate.

Annual Retirement Expenses

- *Fixed* – Defines the level of fixed expenses to cover annually for the selected scenario
- *Discretionary* – Defines the level of discretionary expenses to cover annually for the selected scenario

Adjust these values as needed to help your clients achieve their retirement goal.

- For example, you can enter *100%* in the *Fixed* field and *75%* in the *Discretionary* field because most clients are unable to reduce fixed expenses but may be willing to reduce discretionary expenses if it will help achieve their goal.

Scenarios page – Savings tab

The screenshot displays the 'Scenarios page – Savings tab' for a 'Recommended' scenario. The interface includes the following elements:

- Scenario:** Recommended (with 'Add' and 'Delete' buttons).
- Additional Monthly Savings:** Start Date (Jul 1 2008), Additional Lump Sum Savings (\$), and Additional Savings (\$/month)†.
- Individual Client Settings:**
 - Robert:** RRSP (\$ or MAX) \$175, RRSP - Spousal (\$ or MAX) \$0, Non-Registered - Joint \$150.
 - Sarah:** RRSP (\$ or MAX) \$175, RRSP - Spousal (\$ or MAX) \$0, Non-Registered - Joint \$150.
- Infl +/- Add'l:** Indexed by + 0.00%.
- Current Monthly Savings:** \$579.
- Savings Preferences:** RRSP , RRSP-Spousal , Non-Registered - Joint .

Two callout boxes provide instructions:

- Top Callout:** 'Apply one or more savings strategies, as needed.' (pointing to the 'Additional Savings (\$/month)†' field).
- Bottom Callout:** 'Define your preferences for the What Are My Options? dialog box.' (pointing to the 'Indexed by' and 'Savings Preferences' sections).

A warning message at the bottom states: '†In this scenario, the RRSP contribution limit has been exceeded (tax penalties may apply). There is also unused RRSP contribution room. For more information, under Scenario List select Recommended for the scenario being analyzed, then refer to the Planning Assistant with the Recommended setting.'

The **Goal Coverage** section shows a 100% progress bar and buttons for 'Scenario Probability...', 'More details...', 'What Are My Options?', 'Compare Scenarios', and 'Scenario Reports'.

Figure 18: Goals section – Retirement category – Scenarios page – Savings tab – Recommended scenario

Additional Lump Sum Savings field

- This field is useful if your clients have assets held elsewhere and you would like to show them the effects of transferring those assets under your management

Additional Savings (\$/month) fields

- Used to enter an additional monthly savings amount to be included as part of the analysis
- Savings can be directed towards RRSP, RRSP–spousal, or joint non-registered accounts
- RRSP contributions can be maximized to the federal limits by using the keyword **max**
- If a savings amount is entered, a system-generated asset will be created for that specific client and asset type
- Use the *Infl +/- Add'l* fields to index the savings

Savings Preferences fields

- By default, the *Save a Lump Sum* and *Save Monthly* amounts in the *What Are My Options?* dialog box assume that the savings are directed towards a system-generated non-registered joint asset allocated according to the investor profile you selected on the *Objectives* tab
- If you would like NaviPlan to recommend monthly savings towards RRSP or RRSP-spousal assets, select the appropriate options under *Savings Preferences* prior to opening the *What Are My Options?* dialog box
- The *What Are My Options?* dialog box will solve for the goal by identifying savings to the selected asset types
- *Non-Registered - Joint* – This option appears for informational purposes only and is always selected
 - This setting ensures that joint non-registered assets are always available to solve for retirement savings to avoid RRSP over-contributions

Review recommended strategies results

Once you have created alternative scenarios and incorporated various planning strategies, it is suggested that you analyze them prior to recommending and presenting the optimal scenario to your clients.

NaviPlan has multiple tools on the *Goals* section – *Retirement* category – *Scenarios* page to assist you in the scenario analysis, including:

- *Compare Scenarios* button
- *Scenario Reports* button

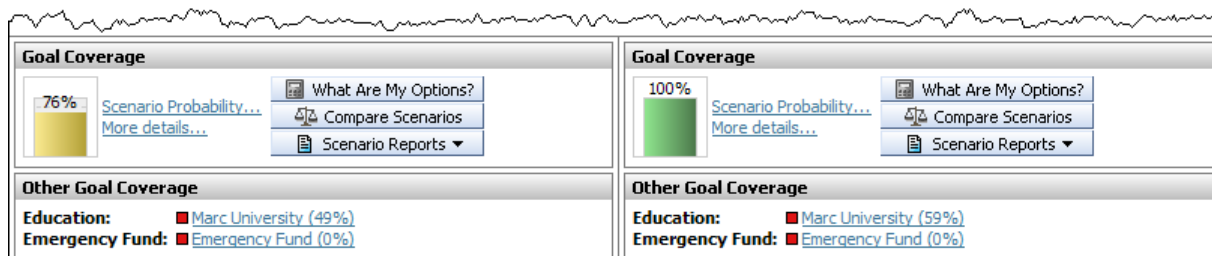


Figure 19: Goals section – Retirement category – Scenarios page – Savings tab – Goal Coverage component

Compare Scenarios button

The *Compare Scenarios* button opens the *Compare Scenarios* dialog box which analyzes the two selected scenarios side by side to assist you in selecting a recommended scenario.

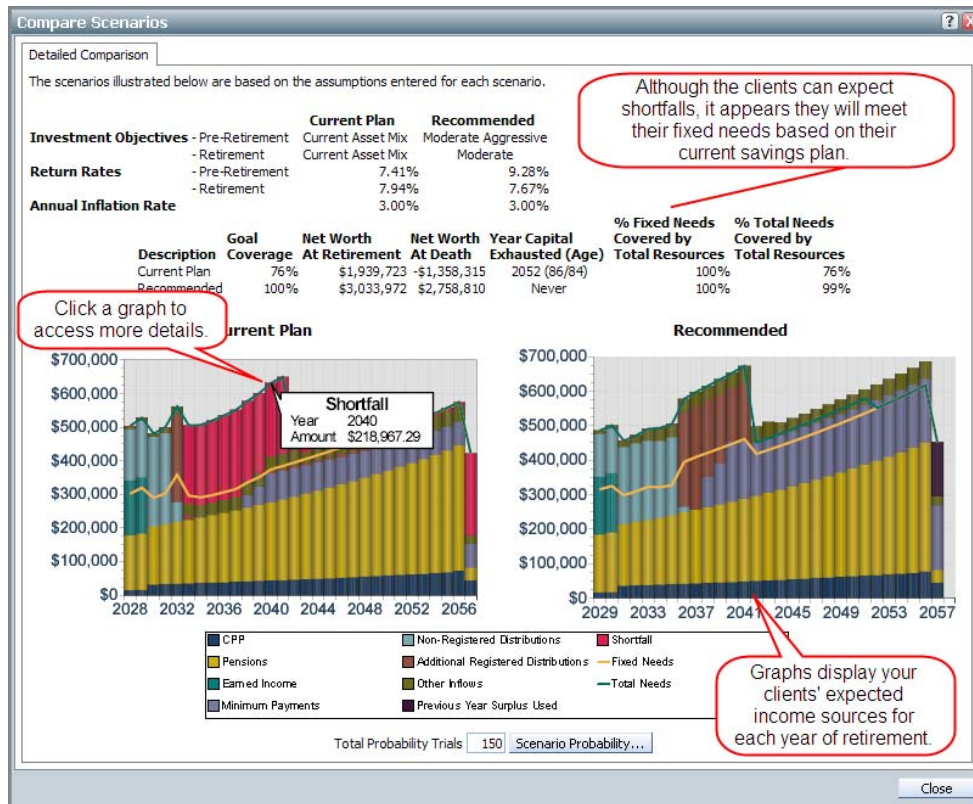


Figure 20: Goals section – Retirement category – Scenarios page – Compare Scenarios dialog box

Scenario Reports button

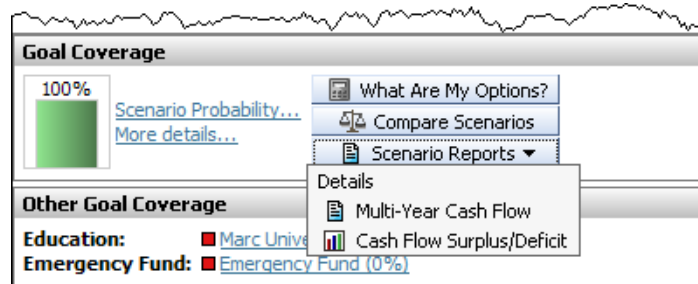


Figure 21: Scenario Reports list

- *Details* – Provides the same information available by clicking the *Compare Scenarios* button, but only for the selected scenario
- *Multi-Year Cash Flow* report – Provides a detailed summary of cash flowing in or out, such as salaries, pension incomes, expenses (lifestyle, employment, savings to goals, or reinvested investment

income), and resulting surplus or deficit for your clients assuming the strategies in the selected scenario have been applied

- *Cash Flow Surplus/Deficit* graph – Displays your clients' projected cash flow surplus or deficit each year in the pre-retirement period assuming the strategies in the selected scenario have been applied



If you do not review the *Cash Flow* reports you may not be able to identify if your recommended strategies in the scenario are affordable for your clients.



Manage Scenarios button

To help you manage multiple retirement scenarios, click the **Manage Scenarios** button on the *Scenarios* page to add, edit, or duplicate scenarios.

Description	Goal Coverage	Duplicate	Recommend	Detailed Report	Order	Include in Reports	Delete
Current Plan	49%	[Icon]	[Icon]	[Icon]	[Up/Down]	<input checked="" type="checkbox"/>	[X]
Alternate Scenarios							
Description	Goal Coverage	Duplicate	Recommend	Detailed Report	Order	Include in Reports	Delete
Recommended	100%	[Icon]	[Icon]	[Icon]	[Up/Down]	<input checked="" type="checkbox"/>	[X]
Cover 75% of Education c	80%	[Icon]	[Icon]	[Icon]	[Up/Down]	<input type="checkbox"/>	[X]
Additional Savings	79%	[Icon]	[Icon]	[Icon]	[Up/Down]	<input type="checkbox"/>	[X]

Figure 22: Goals section – Retirement category – Scenarios page – Manage Scenarios button – Manage Scenarios dialog box

See all the scenarios on one screen along with their goal coverage.

- *Description* – Entering a name that describes the strategies for each scenario helps you to distinguish them
- *Duplicate* – Reduce data re-entry time by duplicating
 - Useful when you want to build strategies one at a time into multiple scenarios for comparisons and see the effects of each strategy
- *Order* – Use the  and  buttons to control the order in which each scenario appears in reports
- *Include in Reports* – Includes the scenarios in sections of client reports where multiple scenarios are compared side by side
 - You can select up to four scenarios to include in reports
 - The *Current Plan* scenario and the scenario you have marked as *Recommended* must be included in reports



Entering *Recommended* as the scenario description does not automatically recommend the scenario.

Use descriptive scenario names to help identify scenarios easily on the *Scenarios* page and in reports.

Recommend a scenario

After analyzing the multiple scenarios you created for your clients, you will want to recommend an optimal scenario. An optimal scenario achieves 100% of the goal, meets your clients' needs, and does not put your clients into a deficit position.

There are two ways to mark a scenario as the *Recommended* scenario.

- Click the **Recommend Scenario** button on the *Goals* section – *Retirement* category – *Scenarios* page – *Objectives/Savings* tab
- Click the **Recommend** button in the *Goals* section – *Retirement* category – *Scenarios* page – *Manage Scenarios* dialog box

Manage Scenarios dialog box

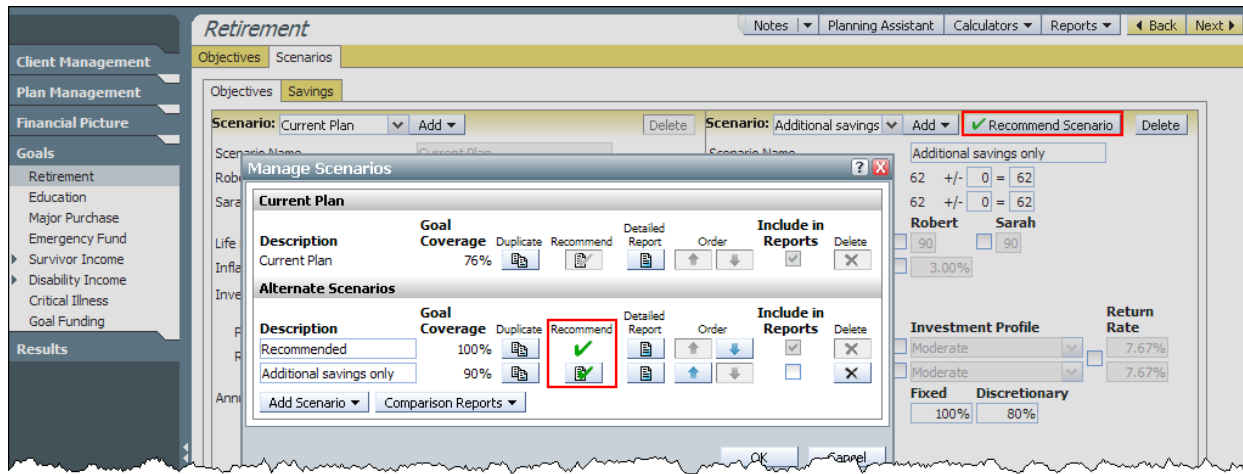


Figure 23: Goals section – Retirement category – Scenarios page – Objectives tab – Manage Scenarios button – Manage Scenarios dialog box

- Only one scenario can be marked as *Recommended*
- The recommended scenario is automatically included in the client reports
- The effects of the recommended scenario can be seen
 - In the stand-alone reports and graphs, by selecting the **Recommended** option in the *Assign Settings* dialog box before you generate a report or graph
 - In the *Planning Assistant*, by selecting **Recommended** in the *Planning Assistant* dialog box

Learning objective: Compare the current and recommended scenarios in a client report

NaviPlan planning stages



Once you have identified your clients' retirement needs and solved their goal, you are ready to present the results to your clients. When a scenario is marked as the *Recommended* scenario in NaviPlan, its effects can be seen in the stand-alone and client reports available, and in the *Planning Assistant*.

When assigning the settings to the stand-alone reports, select **Recommended** as the *Plan Type* to see the effects the recommended scenario will have on the plan.

Assign Settings dialog box

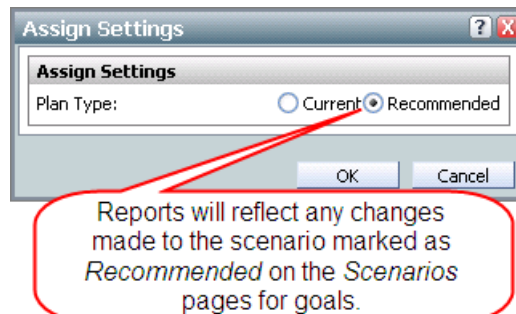


Figure 24: Assign Settings dialog box

After you have generated a stand-alone report, clicking the *Duplicate* button in the report window allows you to do a side-by-side comparison of two copies of the report. Clicking the *Report Settings* link at the bottom of the report allows you to modify the settings for both copies individually. This will allow you to easily identify differences between the current and recommended plan types.

Savings for Retirement
Martin, Robert and Sarah
Comprehensive Plan (2008)

Year	Expenses	Additional Savings	Current Savings	Total Savings	Capital
2008	0	0	6,950	6,950	197,235
2009	0	0	6,950	6,950	217,240
2010	0	0	6,950	6,950	238,615
2011	0	0	6,950	6,950	261,463
2012	0	0	6,950	6,950	285,899
2013	0	0	6,950	6,950	312,047
2014	0	0	6,950	6,950	340,038
2015	0	0	6,950	6,950	370,018
2016	0	0	6,950	6,950	402,142
2017	0	0	6,950	6,950	436,580
2018	0	0	7,400	7,400	474,388
2019	0	0	7,400	7,400	514,482
2020	0	0	7,400	7,400	557,491
2021	0	0	7,400	7,400	603,649
2022	0	0	7,400	7,400	653,210
2023	0	0	7,400	7,400	706,445
2024	0	0	7,400	7,400	763,654
2025	0	0	7,400	7,400	825,159
2026	0	0	7,400	7,400	891,309
2027	0	0	7,400	7,400	962,484
2028	370,253	0	1,600	1,600	900,497
2029	381,360	0	1,600	1,600	826,398
2030	392,801	0	0	0	632,075
2031	404,585	0	0	0	413,311
2032	416,723	0	0	0	118,665
2033	429,224	0	0	0	109,534

Report Settings
Plan Type: Current Recommended

Figure 25: Reports menu – Goals – Savings category – Retirement Savings report

- The report displays the expenses, savings, and capital amounts related to the retirement goal beginning this year until the end of the goal
- You can easily identify when the retirement period begins due to the expenses starting
- You can analyze changes between the *Current* and *Recommended* plan types by duplicating the report and changing the report settings

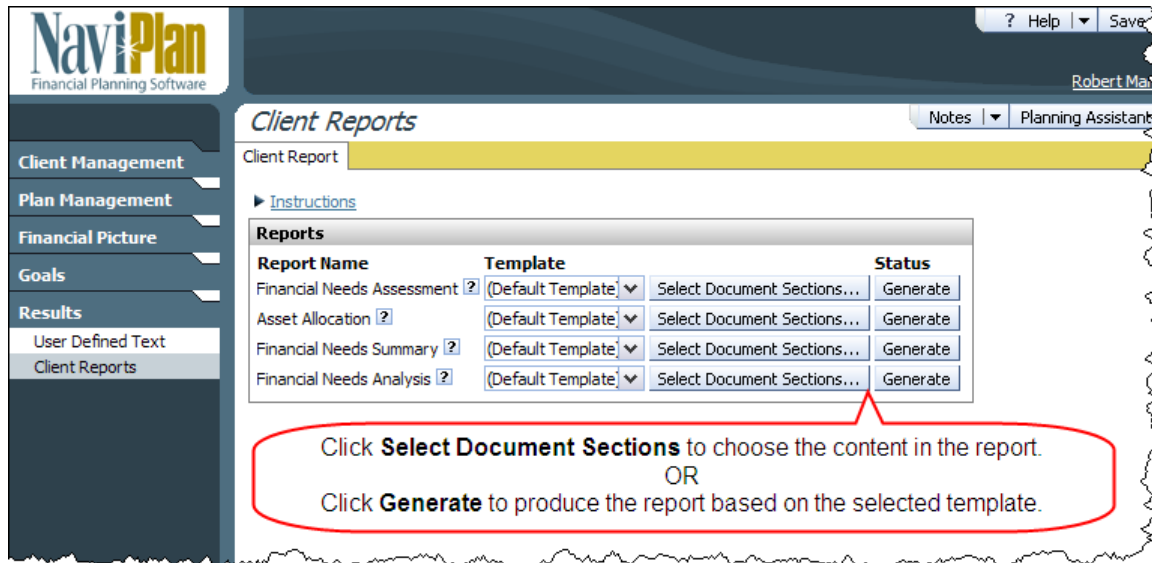


Figure 26: Results section – Client Reports category – Client Report page

Generate professionally designed and customizable client reports that you can present to your clients.

When you click *Generate*, the selected template is applied.

- *Default Template* – Settings include all document sections
- *Current Template* – Settings include the most recent template selections you have made
- *<custom name> Template* – Settings include the sections you selected when you created a custom template
- *Select Document Sections* – Select which sections of the report will be included before generating the client report

Financial Needs Assessment client report

- Helpful at the beginning of the client relationship, but it is also useful for providing clients with an annual update
- Provides a brief, high-level summary of your clients' current financial situation, potentially including a review of net worth and cash flow, as well as retirement, education, major purchase, and insurance goals
- Available in the Financial Assessment and in Level 1 and 2 Plans

Asset Allocation client report

- Helpful at the beginning of the client relationship, but it is also useful for providing clients with an asset allocation update

- Provides an overview of your clients' current asset allocation and compares it to a proposed allocation
- Available in the Asset Allocation Assessment as well as in Level 1 and Level 2 Plans

Financial Needs Summary client report

- Helpful when a recommended plan has been finalized and you are ready to make a final presentation to your clients and want to avoid overwhelming them with a lot of details
- Designed to provide an overview of the current plan, while comparing the current plan and recommended scenario for goals, along with up to two additional alternatives
- Available in Level 1 and Level 2 Plans

Financial Needs Analysis client report

- Shares the same uses as the *Financial Needs Summary* report; both reports are designed to be used as a final presentation to the clients
- Very comprehensive and well-suited for analytical clients
- Available in Level 2 Plans

With the variety of client reports available in NaviPlan, and the combination of text, graphs, and tables included, the client reports can be used for many learning styles and unique client relationships.

Select Document Sections dialog box

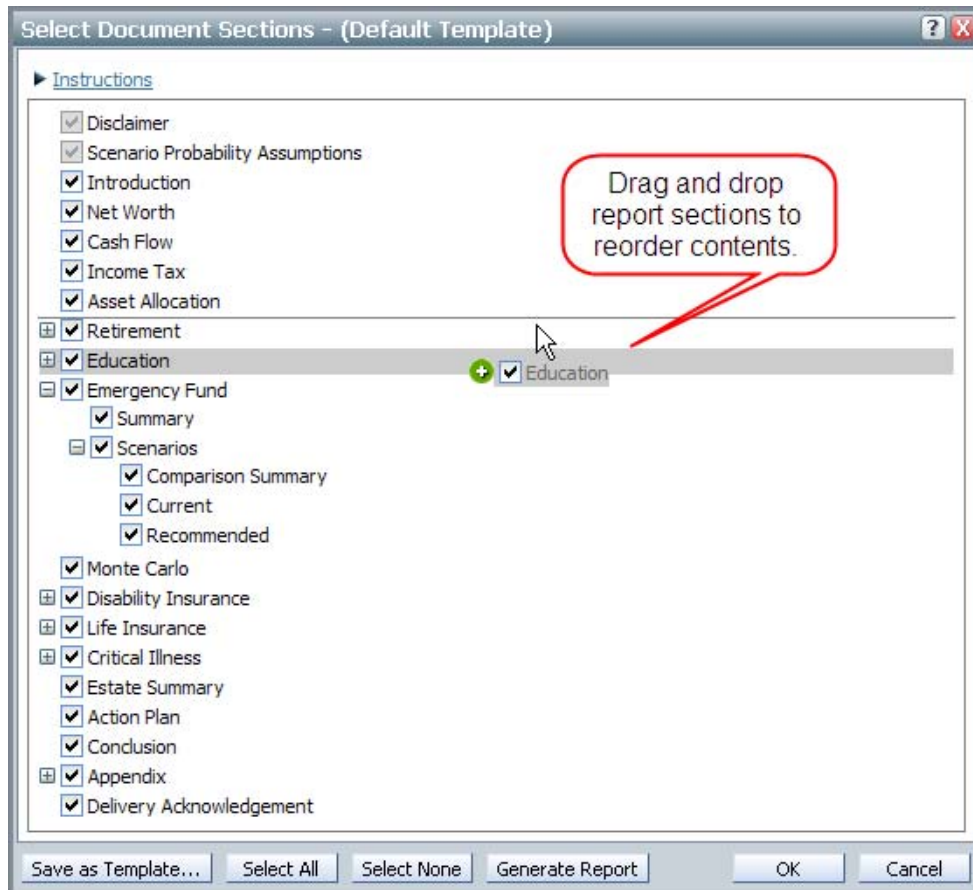


Figure 27: Results section – Client Reports category – Client Reports page – Financial Needs Summary – Select Document Sections button – Select Document Sections dialog box

Use the *Select Document Sections* dialog box to customize the order and content of the client report.

- Click the beside a section to expand the list and view additional sections
- Click the beside a section to collapse the section
- Click **Save as Template** to save your selections as a template for this type of report so that you can quickly access the template on the *Client Report* page for future use

We will take a look at the *Financial Needs Summary* client report where only the *Retirement* section was selected.

Financial Needs Summary client report

The *Financial Needs Summary* client report combines text and graphs to provide an overview of the clients' current financial position.

Typically, this report is used when the recommended plan has been finalized as the final presentation to the clients.

Cover page

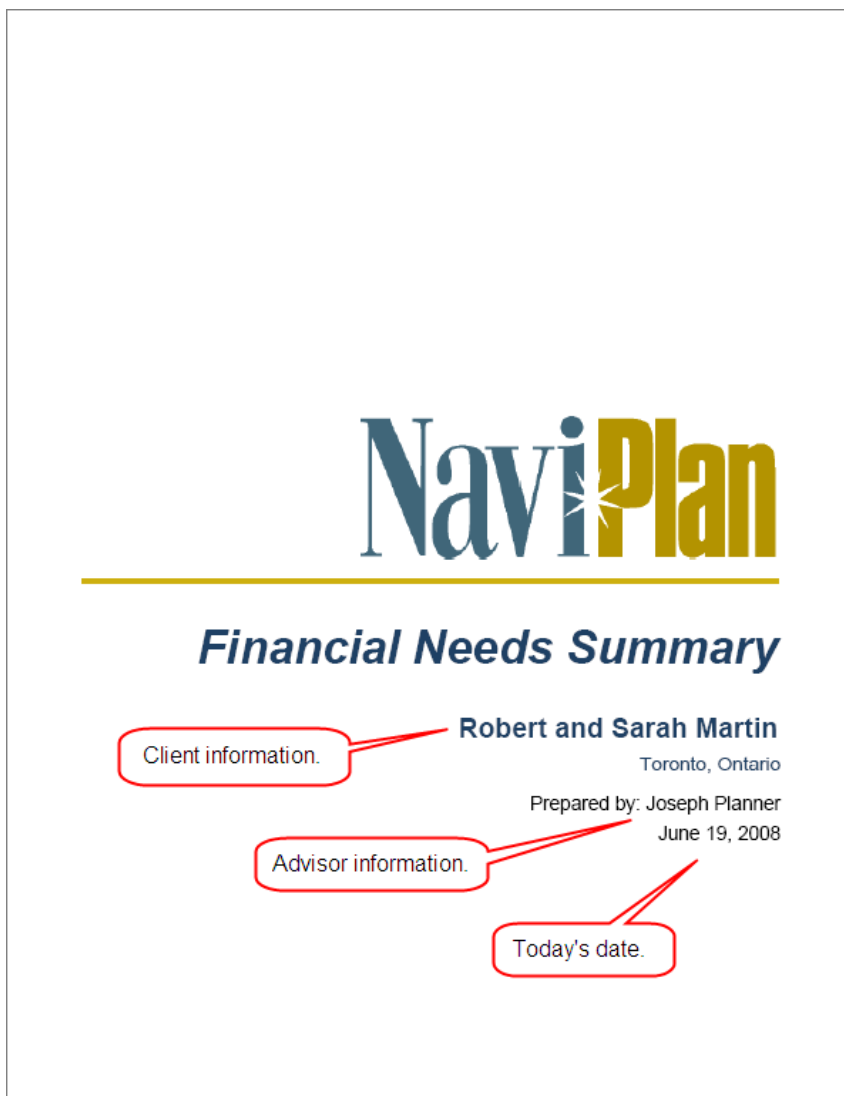


Figure 28: *Financial Needs Summary* client report – Cover page

- Ensure that the clients' names, clients' address, your name, and the date is accurate.

Retirement Scenario Summary page

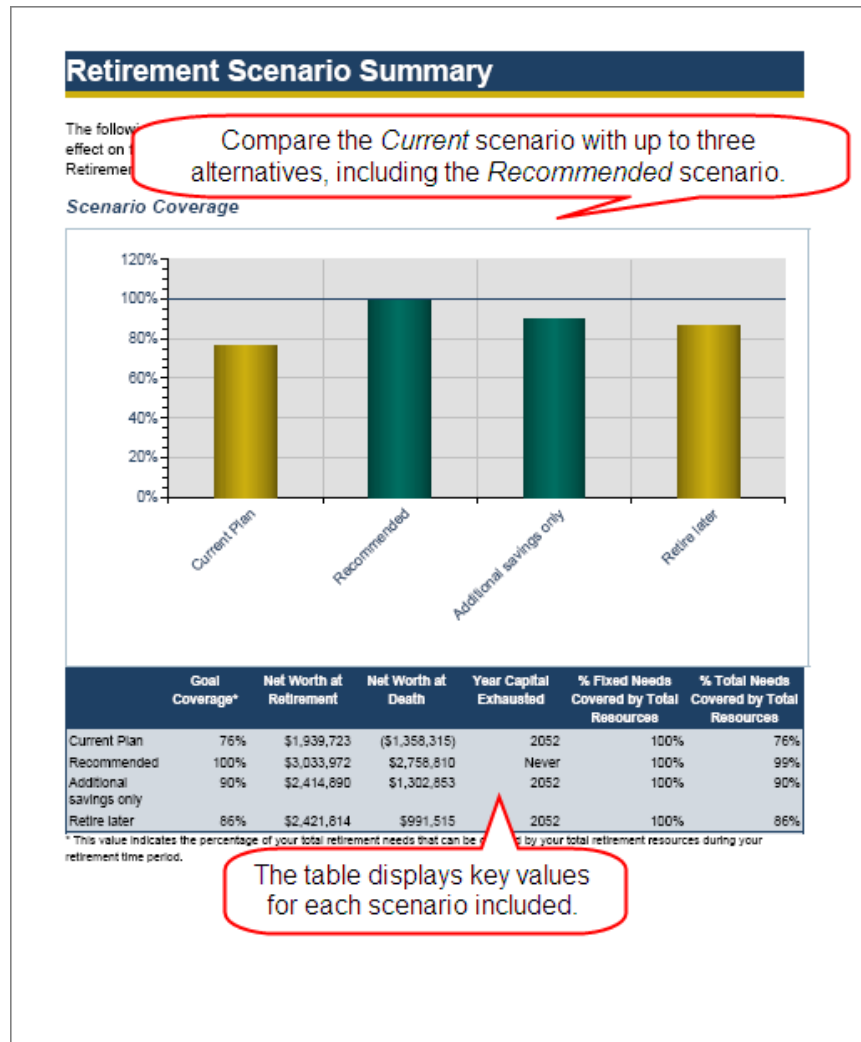


Figure 29: Financial Needs Summary client report – Retirement section – Retirement Scenario Summary page

- This page allows your clients to see and compare multiple alternative scenarios to their current situation
- A description of the scenarios appears on the page so it is a good idea to give each scenario an appropriate description within NaviPlan that will summarize the strategies in the scenario
- This page offers an opportunity to discuss the recommended scenario in detail in the following output pages

Retirement - Current Plan page

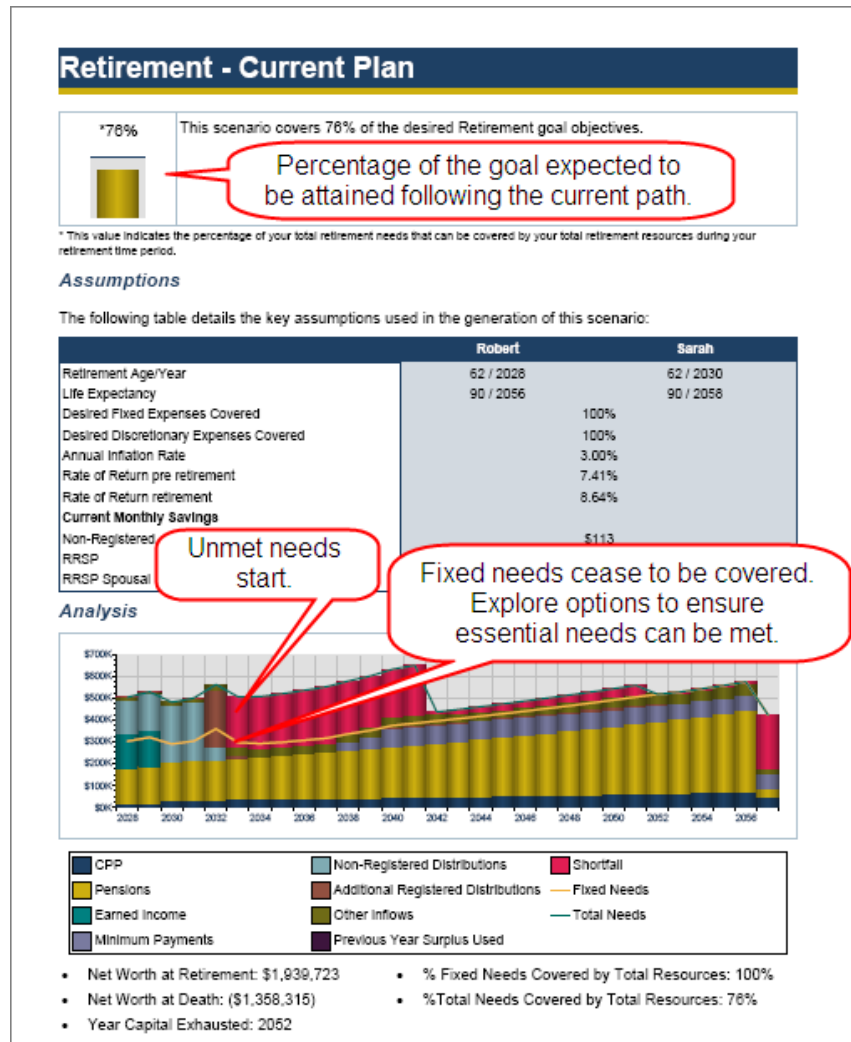


Figure 30: Financial Needs Summary client report – Retirement section – Current Plan page

- This page displays details of your clients’ current savings plan and its ability to meet their retirement needs
- The graph displays retirement income sources in each year and identifies shortfall, if applicable
- It also offers an opportunity to introduce the recommended scenario

Retirement – Recommended <scenario name> page

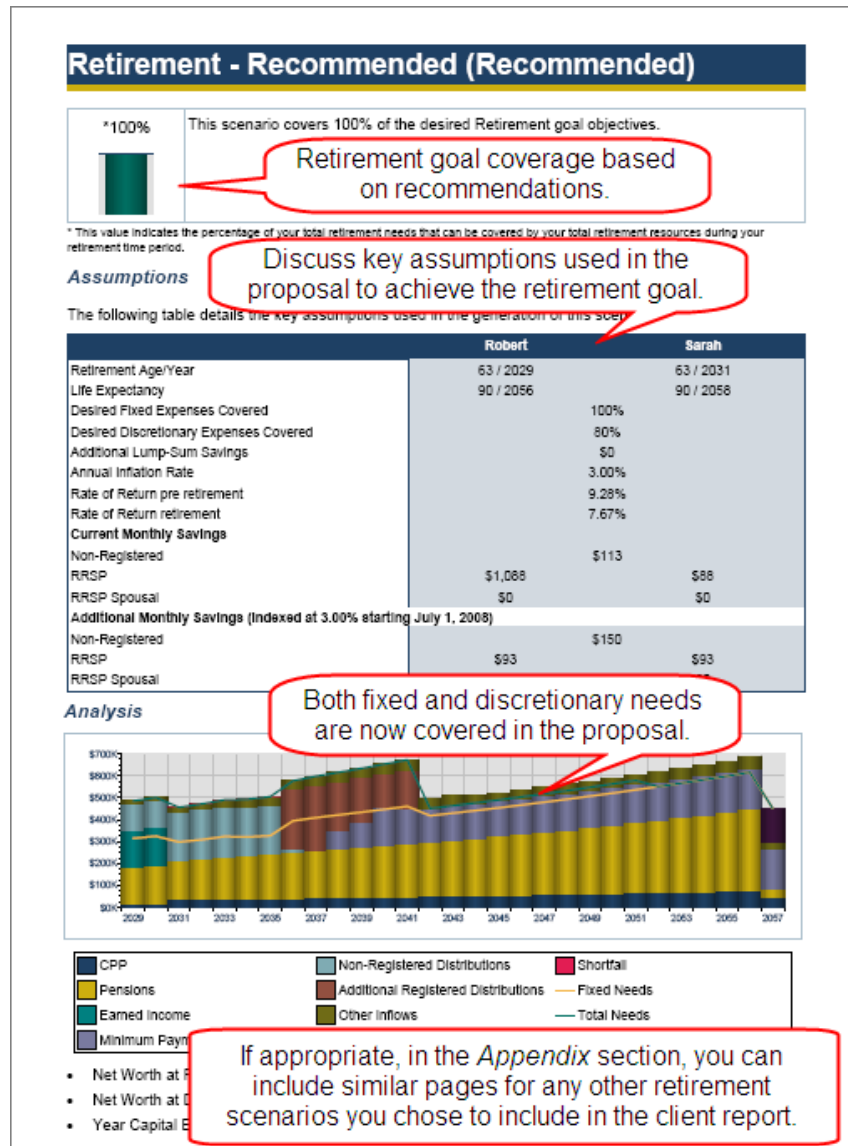


Figure 31: Financial Needs Summary client report – Retirement section – Recommended <scenario name> page

- This page is the final page of the *Retirement* section in the client report and provides your clients with detailed information on the scenario that is marked as *Recommended*
- With a similar format as the previous page detailing the current scenario, your clients can see the direct results of implementing the strategies you recommended

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., *Retirement Goal Analysis 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: Define the retirement goal

To find the answers, see “Answers to Retirement Goal Analysis exercises” on page 52.

1. The time horizon for the retirement period is
 - a) January 1 of the year in which the first client retires to December 31 of the year in which the last client dies.
 - b) January 1 of the year in which the last client retires to December 31 of the year in which the last client dies.
 - c) The birth month of the year in which the first client retires to December 31 of the year in which the last client dies.
 - d) The birth month of the year in which the last client retires to December 31 of the year in which the last client dies.

Hint: The Help on the *Goals* section – *Retirement* category – *Objectives* page provides useful background information on retirement objective assumptions in NaviPlan.

2. Which of the following options are available when defining the asset allocation suggestions for the retirement goal in a Level 2 Plan?

Hint: There is an *Asset Allocation* button on the *Goals* section – *Retirement* category – *Objectives* page.

- a) You can define separate investment profiles for pre-retirement and retirement years.
- b) You can define separate suggested asset mixes for registered, tax-free, and non-registered retirement accounts.
- c) You can suggest an investment profile for the retirement goal that differs from the investment profile for other goals.
- d) All of the above.

3. When you define the retirement incomes or expenses for the clients' retirement goal, you have the following options:
 - a) Enter a single income or expense that starts at retirement and ends at death.
 - b) Enter multiple incomes or expenses that start at retirement and end at death.
 - c) Enter multiple incomes or expenses that start and end at various time periods throughout retirement.
 - d) All of the above.

Exercise 2: Allocate assets to the retirement goal

1. Which of the following account types are automatically allocated to the retirement goal?
 - a) Registered accounts
 - b) Non-registered accounts
 - c) RESP accounts
 - d) None of the accounts are automatically allocated; you must manually allocate all assets.

2. Which of the following is not a method of allocating a portion of an account to a goal in the *Goal Funding* dialog box?
 - a) Enter a dollar value.
 - b) Enter a percentage value.
 - c) Enter a fraction.
 - d) Enter the keyword *balance*.

3. NaviPlan applies the most tax-efficient order of funding sources against retirement expenses. Order the funding sources below from first used to last used.

Hint: See *Deficit Coverage Calculations* in the Help for more details.

Order	Funding Source
	Registered accounts
	Surplus cash from other family members
	Retirement incomes (CPP/QPP, pension, etc.)
	Investment income from non-registered accounts
	Capital from non-registered accounts

Exercise 3: Analyze the current situation for problems and opportunities

- Before proceeding to the *Scenarios* page to analyze a goal, what should you do?
 - Verify specific cash flow and net worth details using reports (like the *Itemized Cash Flow Projection for Family and Net Worth Statement as of January*), and then correct any inaccuracies in the plan.
 - Verify nearly all data in the plan using the *Plan Analysis Synopsis* report, and then correct any inaccuracies in the plan.
 - Click the **Planning Assistant** button, review the results, and then correct any inaccuracies in the plan.
 - Any of the above are recommended methods for verifying plan data.
- Which of the following tabs in the *Planning Assistant* identifies your clients' unused RRSP contribution room (if any)?
 - Problems* tab
 - Questions* tab
 - Opportunities* tab
 - Reports* tab

3. 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) *Plan Type*
 - b) *Current*
 - c) *Revised*
 - d) *Recommended*

Exercise 4: Model goal-solving strategies in alternative scenarios

1. Go to the **Goals** section – **Retirement** category – **Scenarios** page and make note of the goal coverage amounts in the *Current Plan* and *Recommended* scenarios. Why is goal coverage different in these scenarios?

2. When you click the *What Are My Options?* button, which options are listed?

3. On the *Goals* section – *Retirement* category – *Scenarios* page – *Savings* tab, which of the following *Savings Preferences* options must be selected?
 - a) Both *RRSP* check boxes
 - b) Both *RRSP-Spousal* check boxes
 - c) Both *TFSA* check boxes
 - d) The *Non-Registered - Joint* check box

4. Solve the retirement goal by creating at least two new custom retirement scenarios so that you can show the clients you considered various options.

Use any of the tools available on the *Objectives* and *Savings* tabs, including *What Are My Options?* and *Predefined Scenarios*.

When you are finished creating a scenario that you feel is appropriate, recommend the scenario.

Hint: Use the *Scenario Reports* button to confirm that the clients can afford your suggested strategies.

Exercise 5: Compare the current and recommended scenarios in a client report

1. How many retirement scenarios can you include in the client reports?

Hint: Click the **Select Document Sections** button on the *Client Report* page to see what options are available.

- a) 2
 - b) 4
 - c) 10
 - d) Unlimited
2. Which of the following output pages in the *Financial Need Summary* report compares all the scenarios you've chosen to include side by side?
 - a) *Retirement*
 - b) *Retirement Scenario Summary*
 - c) *Retirement - <scenario name>*
 - d) All of the above.

3. Select only the *Retirement* section and generate the *Financial Needs Summary* client report. Review the output. Which pages of the report would you focus on during a presentation to your clients, and why?

Conclusion

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

- Define the retirement goal
- Allocate assets to the retirement goal
- Analyze the current situation for problems and opportunities
- Model goal-solving strategies in alternative scenarios
- Compare the current and recommended scenarios in a client report

Answers to Retirement Goal Analysis exercises

Exercise 1: Define the retirement goal

1. a) The time horizon for the retirement period is January 1 of the year in which the first client retires to December 31 of the year in which the last client dies.
2. d) All of the above – All of the listed options are available when defining the asset allocation suggestions for the retirement goal in a Level 2 Plan.
3. d) All of the above – All of the listed options are available when defining the retirement incomes or expenses for the clients' retirement goal.

Exercise 2: Allocate assets to the retirement goal

1. a) Registered accounts are the type of accounts which are automatically allocated to the retirement goal.
2. c) Enter a fraction – You cannot enter a fraction when allocating a portion of an account to a goal in the *Goal Funding* dialog box.
3. NaviPlan uses the funding sources against retirement expenses in the following order.

Order	Funding Source
5	Registered accounts
2	Surplus cash from other family members
1	Retirement incomes (CPP/QPP, pension, etc.)
3	Investment income from non-registered accounts
4	Capital from non-registered accounts

Exercise 3: Analyze the current situation for problems and opportunities

1. d) Any of the above are recommended methods for verifying plan data – Before proceeding to the *Scenarios* page to analyze a goal, you should
 - Verify specific cash flow and net worth details using reports (like the *Itemized Cash Flow Projection for Family and Net Worth Statement as of January*), and then correct any inaccuracies in the plan.
 - Verify nearly all data in the plan using the *Plan Analysis Synopsis* report, and then correct any inaccuracies in the plan.
 - Click the **Planning Assistant** button, review the results, and then correct any inaccuracies in the plan.
2. d) *Reports* tab – The *Reports* tab identifies your clients' unused RRSP contribution room (if any).
3. b) *Current* – 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.

Exercise 4: Model goal-solving strategies in alternative scenarios

1. The difference between the *Current Plan* and the *Recommended* scenarios is the allocation of assets. The *Recommended* scenario automatically reallocates the accounts linked to the retirement goal.
2. When you click the *What Are My Options?* button, the following options are listed: *Cover % of Expenses*, *Save a Lump Sum*, *Save Monthly*, and *Continue Planning*.
3. d) The *Non-Registered - Joint* checkbox is the *Savings Preference* option that must be selected on the *Goals* section – *Retirement* category – *Scenarios* page – *Savings* tab.

Exercise 5: Compare the current and recommended scenarios in a client report

1. b) 4 – You can include up to four retirement scenarios in client reports.
2. d) *Retirement Scenarios Summary* – This page in the *Financial Need Summary* report compares all the scenarios you've chosen to include side by side.
3. Answers will vary.

Retirement page (first page of the *Retirement* section) because it summarizes the goal needs in detail and compares the current and proposed scenarios side by side highlighting key differences in bold.

Asset Allocation for Retirement page because it shows the changes needed to bring the retirement assets in alignment with the clients' suggested asset mix.

Retirement Scenario Summary page because it shows a comparison of various scenarios considered side by side.

Retirement - Current Plan page because it shows the details of the assumptions used in the *Current Plan* scenario and a clear analysis of the goal, including retirement income sources over time.

Retirement - <scenario name> (Recommended) page because it shows the details of the assumptions used in the recommended scenario and a clear analysis of the goal, including retirement income sources over time.