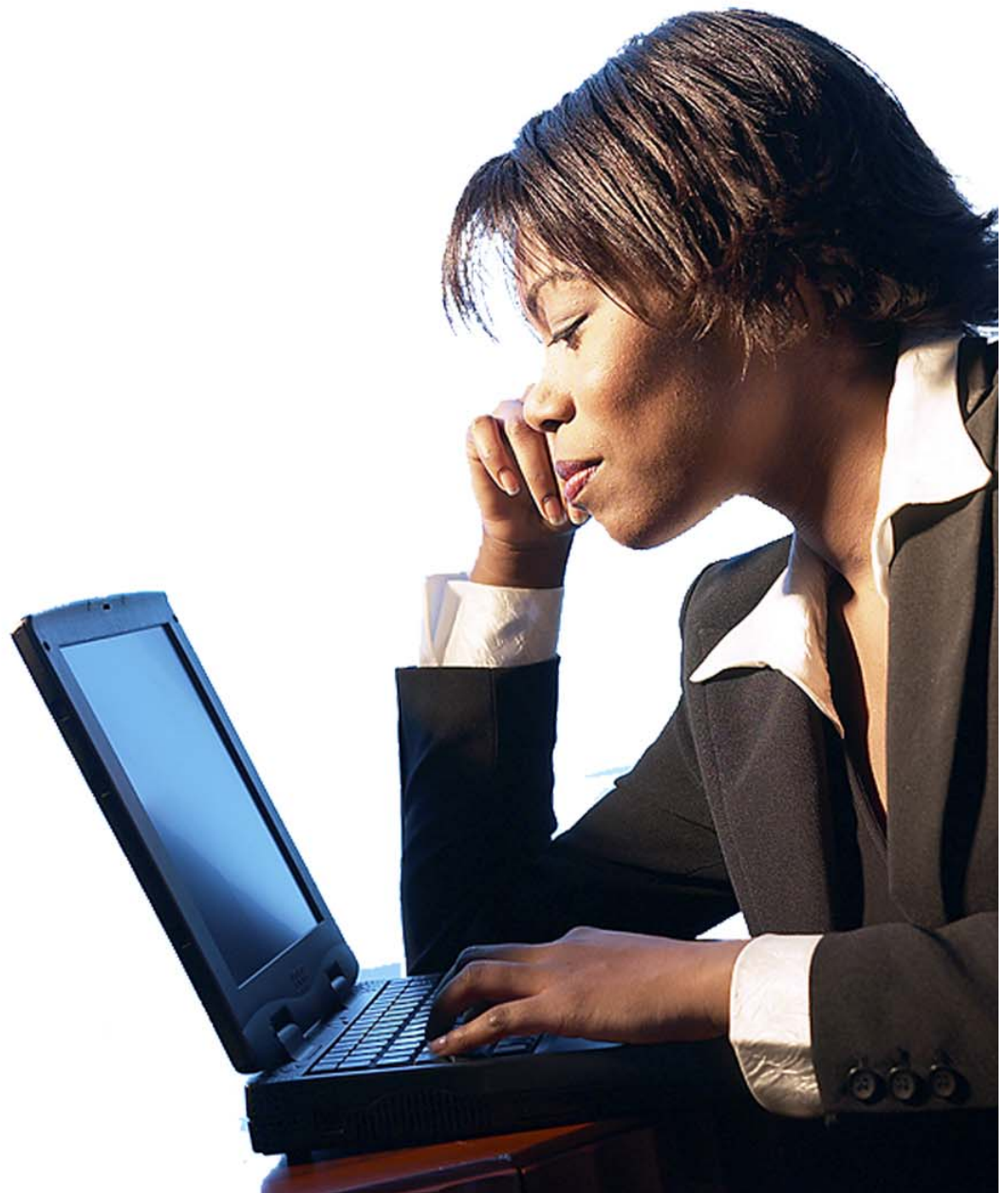




NaviPlan Standard v11.0
REFERENCE GUIDE
Asset Allocation Assessment





NaviPlan Standard Reference Guide: Asset Allocation Assessment

Canadian version 11.0

EISI, Winnipeg

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Chapter 1: Using this guide

The NaviPlan Standard Reference Guide Series includes all the reference material you need for using NaviPlan Standard effectively. This chapter will help you use all guides in this series. More guides are available at

http://support.eisi.com/support_cdn/nps_offline/v11/tips_and_tools/reference_guides.htm

In this chapter:

The NaviPlan Standard Reference Guide Series	2
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The NaviPlan Standard Reference Guide Series

The NaviPlan Standard Reference Guides are organized based on the tasks you can accomplish in each level. If you are a new NaviPlan Standard user, start with the Introduction guide.

Reference guide	Tasks covered
Introduction	<ul style="list-style-type: none"> • using NaviPlan Standard for the first time • learning how to navigate in NaviPlan Standard • setting up user preferences • creating and managing client engagements • determining which plan or assessment level to select to enter financial information • using NaviPlan Standard workflow
Financial Assessment	<ul style="list-style-type: none"> • assessing your clients' current financial situation
Asset Allocation Assessment	<ul style="list-style-type: none"> • entering account information • determining your clients' investor profile
Calculators	<ul style="list-style-type: none"> • modelling specific aspects of your clients' finances, such as retirement savings and debt management
Level 1	<ul style="list-style-type: none"> • entering financial planning assumptions • entering detailed net worth, cash flow, and insurance information • analyzing your clients' goals using <i>Current Plan</i> and <i>Recommended</i> side-by-side comparisons • generating client reports
Level 2	<p>Applicable Level 1 information plus,</p> <ul style="list-style-type: none"> • adding holding details to accounts • conducting Monte Carlo simulations • conducting detailed cash flow and net worth analyses • detailed and comprehensive insurance planning

Conventions used in the reference guide

This reference guide uses the following conventions:

- The names of items that are labelled in the NaviPlan Standard window are italicized. For example,

The *Clients* page opens.

- The names of items you are instructed to select, click, or enter appear in bold. For example,

Select **Recommended**, and then click **OK**.

- The names of sections, categories, and pages are separated by en dashes (–). For example,

Go to the **Client Management** section – **Client List** category – **Clients** page.

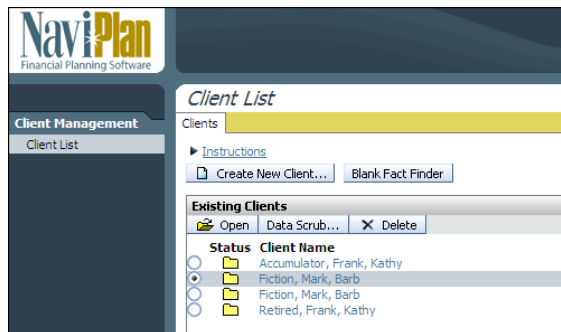


Figure 1: Client Management section – Client List category – Clients page

Essential Windows skills

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

- Use the mouse (e.g., click, double-click, right-click, point, and drag)
- Move, resize, and close a dialog box
- Navigate through a dialog box and use scroll bars
- Choose menu commands and select options from dialog boxes and lists


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

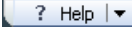
Finding more information

If you have a question that is not answered in this guide, there are other places to look for additional information.


Help

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

Clicking  next to *Help* reveals a list of other resources where you can obtain information.

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

OR

Click the *Help* button  at the top of the dialog box. Some dialog boxes do not have *Help* buttons. However, you can click the *Help* button on the underlying page to access Help that discusses both the page and the dialog box.


Navigating in Help

When you click the *Help* button at the top of the NaviPlan window, Help appears for the page or report you are viewing.

In the Help, you can also use the *Search* feature to find information.

Help sections

Help topics in NaviPlan are divided into sections that describe the related page, dialog box, report, or graph in different contexts.

Clicking the  next to a heading reveals additional information below the heading.

Help section	Description
<i>Procedures</i>	Contains a list of procedures. Each procedure contains step-by-step instructions that explain how to accomplish a task. This section is not available for reports and graphs.
<i>Screen Details</i>	Contains a list of window or dialog box components. The Help for each component explains the various fields, buttons, and check boxes that appear on-screen. <i>Screen Details</i> are not available for reports or graphs.
<i>Report Details/ Graph Details</i>	Describes all the report or graph details that could appear for the given report or graph. These sections only appear in Help describing reports or graphs.

Help section	Description
<i>Related Information</i>	Provides additional information, or access to additional information (through links), related to the page, dialog box, report, or graph in question. This section only appears when related information is available.


www.eisi.com

Visit our Web site (www.eisi.com) for information on NaviPlan products and solutions, and to access the latest news regarding NaviPlan development.

NaviPlan Standard resources

EISI provides several resources to help you use NaviPlan. In addition to online Help, telephone, and fax support, you can access resources from within NaviPlan and on the Internet.

To access resources from within NaviPlan, follow these steps:

1. Click  beside *Help*, and then select **Support**. The *Support* dialog box opens.

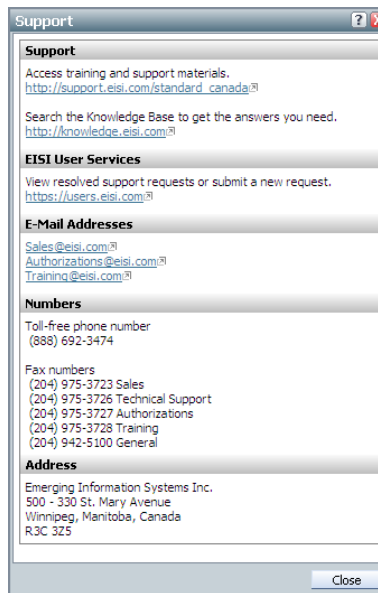


Figure 2: Support dialog box

2. Click the appropriate link. Your Web browser opens the applicable page.

3. In NaviPlan Standard, click **Close**. The *Support* dialog box closes.

EISI resource	Description and location
<i>EISI User Services</i>	EISI's Technical Support department offers <i>EISI User Services</i> , an easy-to-use application that allows you to search for solutions to NaviPlan issues or to submit technical support requests. You can access <i>EISI User Services</i> from within NaviPlan or online at https://users.eisi.com
<i>EISI Knowledge Base</i>	The <i>EISI Knowledge Base</i> is a database comprised of the following resources: <ul style="list-style-type: none"> • support issues • functional documents • self-study guides • training video clips • frequently asked questions (FAQs) You can access the <i>EISI Knowledge Base</i> from within NaviPlan or online at http://knowledge.eisi.com
Functional documents	Functional documents explain NaviPlan functionality, underlying assumptions, and results calculations. You can access functional documents from the application Help or by searching the <i>EISI Knowledge Base</i> at http://knowledge.eisi.com
Training video clips	Our training video clips contain about 20 minutes of audio and visual instruction that you can use on your computer. These clips are obtained from the Fundamentals, Intermediate, and Advanced NaviPlan Standard courses. You can access the Training video clips at http://support.eisi.com/support_cdn/nps_offline/v11/training/index.htm
Learning guides	You can go through the NaviPlan Standard training courses at your own pace using the learning guides. You can access the learning guides at http://support.eisi.com/support_cdn/nps_offline/v11/training/index.htm
Live Web-based training	You can have your questions answered by a NaviPlan Training Specialist in a virtual classroom setting. Register for live Web-based training at http://support.eisi.com/support_cdn/nps_offline/v11/training/index.htm


EISI resource	Description and location
In-person training	If you require an interactive training experience, you can request in-person training in your area. To arrange a session, please call (888) 692-3474, option 5.
NaviPlan <i>Dialogs</i> newsletter	Read NaviPlan <i>Dialogs</i> regularly for tips on using NaviPlan products effectively. This newsletter also provides details on available training options and features of new NaviPlan releases. The latest newsletter and archived editions are available at http://support.eisi.com/support_cdn/nps_offline/v11/tips_and_tools/dialogs.htm
Release Notes	EISI Release Notes highlight new features and program upgrades in the latest NaviPlan Standard Online/Offline release. You can access the Release Notes at http://support.eisi.com/support_cdn/nps_offline/v11/product_updates/new_in_v11_2.htm

Phone and fax support

You can contact us by

- Telephone: **(888) 692-3474**
(Monday–Friday, 7a.m.–7p.m. Central Time)
- Fax: **(204) 975-3726**

The About dialog box

- From within NaviPlan Standard, click  beside *Help*, and then select **About**. The *About* dialog box opens. Using the tabs in this dialog box, you can determine what version of NaviPlan Standard you are using or change the authorization status of your NaviPlan software.

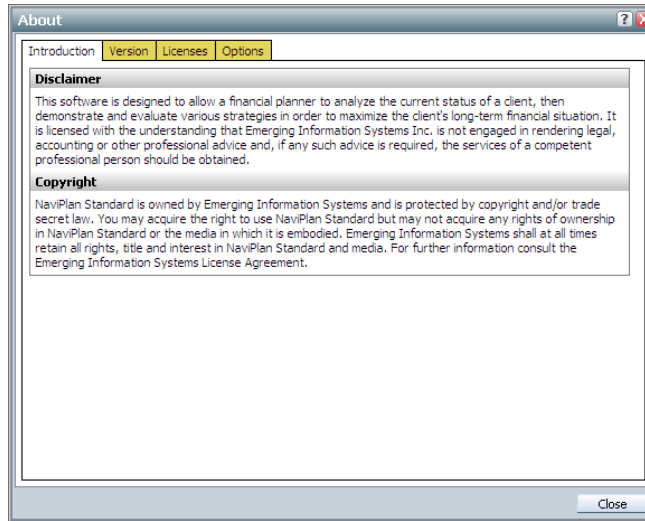


Figure 3: About dialog box – Introduction tab

For further information, review the following:

Information	Location
Disclaimer and copyright	About dialog box – Introduction tab
NaviPlan version number	About dialog box – Version tab
License agreement	About dialog box – Licenses tab
NaviPlan Standard license options	About dialog box – Options tab

Feedback

If you have comments or suggestions for improving any of the NaviPlan Standard Reference Guides, you can send us feedback at documentation@naviplan.com

When sending feedback, please mention the applicable guide, chapter, and section. We collect and review all feedback for future improvements. No direct response will be sent to you.

Chapter 2: Asset Allocation Assessment

Since asset allocation plays a significant role in the clients' ability to meet their financial goals, the Asset Allocation Assessment in NaviPlan Standard allows you to enter the clients' accounts and create a suggested asset mix.

Note: This guide assumes that you have already used NaviPlan to create and open a client file and Asset Allocation Assessment. For information about creating and managing client files and Asset Allocation analyses, see the NaviPlan Standard Reference Guide: Introduction.

In this chapter:

Setting assumptions	10
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Selecting an investor profile and modifying the suggested asset mix	27
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Setting assumptions


Because the asset allocation defaults specified in the *User Preferences* menu – *Asset Allocation Settings* dialog box are available for all future plans, it is recommended that you specify these defaults first. For more information about specifying asset allocation defaults for all future assessments and plans, see Chapter 4, *Setting user preferences* in the NaviPlan Standard Reference Guide: Introduction.

After establishing overall asset allocation setting default values, you can then override the default values and select different model portfolios (suggested asset mixes) for individual Asset Allocation Assessments.

To establish default asset allocation settings for an individual Asset Allocation Assessment or to modify the asset allocation setting defaults entered in *User Preferences* for this assessment only, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Profile** page. If you have established asset allocation settings in *User Preferences*, a suggested asset mix appears, which is based on the default investor profile defined on the *User Preferences* menu – *Asset Allocation Settings* dialog box – *Portfolios* tab.
2. At the top of the *Profile* page, click the **Settings** button. The *Asset Allocation Settings* dialog box opens to the *Asset Classes* tab. If you entered asset classes in *User Preferences*, they will be listed under *Asset Classes*. To change existing asset classes for this assessment only, click the asset class you want to change, and then enter the revised description or return rate information.

If you have not entered any asset classes in *User Preferences*, enter the asset classes you want to use in this Asset Allocation Assessment. For each asset class, enter a unique description such as *Cash* or *Bonds*, and then define the return rates and standard deviation values that apply.

To delete an asset class from the Asset Allocation Assessment, click the  button.

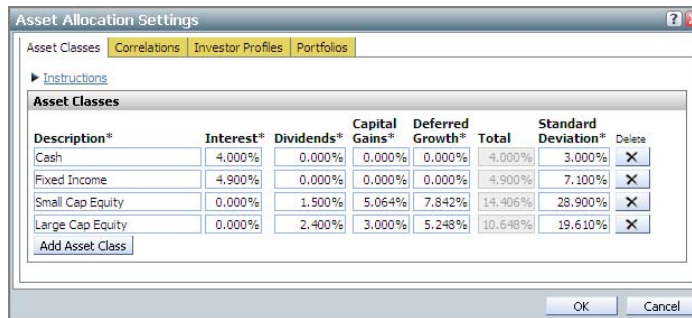


Figure 4: Asset Allocation Settings dialog box – Asset Classes tab

- Once you have made the required changes, go to the **Correlations** tab. Correlation data entered in *User Preferences* may already be shown in the table. To change the existing correlation values or to enter correlation values for any new asset classes, enter a correlation value between -1 and +1, at the intersection of a row and column for the two asset classes. For example, to change the correlation between *Cash* and *Fixed Income*, go to the field that intersects row B and column A, and then enter a new correlation value.

Correlation measures how much you can expect your clients' investments to change in price relative to each other.

Correlation works in the following manner:

Correlation value	Historical relationship for the two assets classes
1.0	The two assets move in exactly the same direction.
-1.0	The two assets move in exactly the opposite direction.
0.0	The two assets have no relationship.

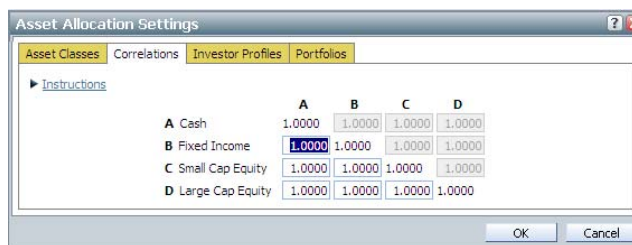


Figure 5: Asset Allocation Settings dialog box – Correlations tab

- Go to the **Investor Profiles** tab. If you entered investor profiles in the *User Preferences* menu – *Asset Allocation Settings* dialog box, these profiles will be shown. To add additional investor profiles for this assessment only, click the **Add Investor Profile** button, enter a name such as *Conservative*, and then click the **Details** button. The *Investor Profiles Details* dialog box opens where you can enter the details of the new profile, and then click **OK**.

If you did not enter investor profiles in *User Preferences*, and want to enter investor profiles for this assessment only, in the default entry provided, enter a name such as *Conservative*, and then click the **Details** button. The *Investor Profiles Details* dialog box opens where you can enter the details of the new profile, and then click **OK**. The *Investor Profiles Details* dialog box closes. To enter additional profiles, click the **Add Investor Profile** button.

To edit the existing investor profiles, click the **Details** button for the investor profile you want to change, and then make your changes.

To delete an investor profile, click the  button.

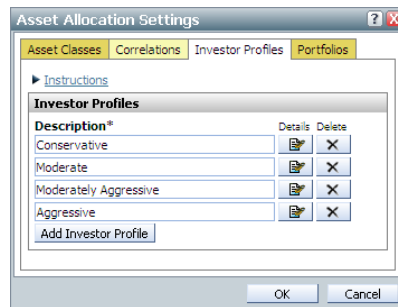


Figure 6: Asset Allocation Settings dialog box – Investor Profiles tab

- Go to the **Portfolios** tab. On this tab you can edit the composition of all possible investor profiles in the assessment.

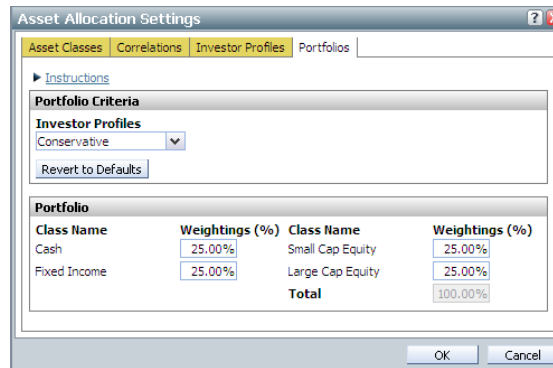


Figure 7: Asset Allocation Settings dialog box – Portfolios tab

6. Under *Portfolio Criteria*, select the investor profile you want to change, and then under *Portfolio*, enter the asset class percentages for this profile.
7. If you have entered asset allocation settings in *User Preferences* and want to revert to the default asset mix values entered on the *User Preferences* menu – *Asset Allocation Settings* dialog box – *Portfolios* tab, click **Revert to Defaults**.

If no default values exist in *User Preferences*, clicking this button deletes what you have entered without replacing it.

Entering summary account information

For information about creating an Asset Allocation Assessment, using the *General* page, or changing the plan name or date, see the NaviPlan Standard Reference Guide: Introduction.

You can enter account information with holding details (detailed accounts) or without holding details (simple accounts).

For simplified account entry, the *Detailed Accounts* button must *not be* clicked on the *Asset Allocation* section – *Asset Allocation* category – *Accounts* page. Only summary accounts (without holdings) can be entered in this assessment with the *Detailed Accounts* button not clicked.

To enter a registered or non-registered account into an Asset Allocation Assessment with simplified account entry, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.

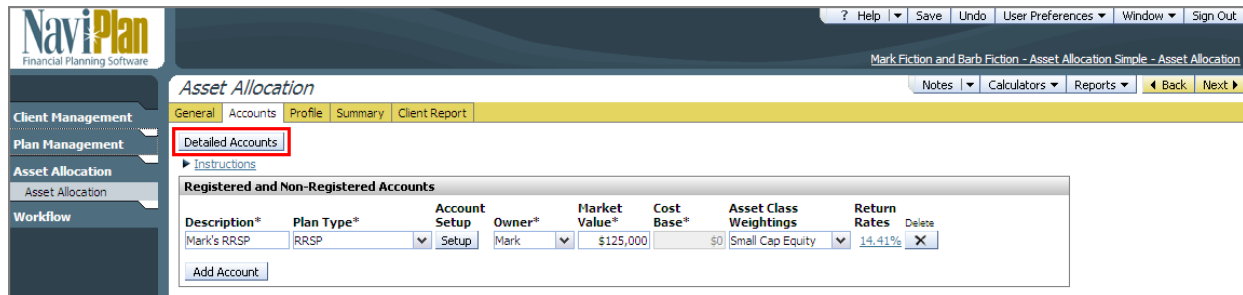


Figure 8: Asset Allocation section – Asset Allocation category – Accounts page (*Detailed Accounts* button not clicked)

2. To add a new account entry, click the **Add Account** button. A new row appears.
3. In the *Description* field, enter a unique name or account number to identify this account.
4. From the *Plan Type* list, select the tax category of the account (*Non-Registered*, *RRSP*, etc.).
5. To set up the conversion of a registered retirement account to a retirement income source, click **Setup**. The *Account Setup* dialog box opens. This button is not accessible when a non-registered account or an RESP plan type is selected.
6. From the *Owner* list, select the owner of the account.
7. In the *Market Value* field, enter the current market value of the account and, for non-registered accounts, enter its cost base in the *Cost Base* field.

8. If the account is fully weighted in one asset class, select the asset class from the *Asset Class Weightings* list.
OR
If the account is weighted in multiple asset classes, select **Manual Classification** from the *Asset Class Weightings* list. The *Asset Class Weightings Details* dialog box opens. Assign percentages to various asset classes to equal 100%, and then click **OK**.
9. The percentage shown under *Return Rates* is based on the asset class weightings entered for the account. To override the return rates for the account (not the asset class weightings), click the link under *Return Rates*. The *Account Return Rates* dialog box opens. Select the **Override** check box, and then enter the applicable return rates for the account. Click **OK**.

Selecting detailed account entry

You can enter account information with holding details (detailed accounts) or without holding details (simple accounts). By default, the Asset Allocation Assessment allows simplified account creation. On the *Asset Allocation* section – *Asset Allocation* category – *Accounts* page, you can update the Asset Allocation Assessment to use detailed accounts by clicking the *Detailed Accounts* button.

If the <i>Detailed Accounts</i> button is...	NaviPlan Standard allows you to...
Clicked	Enter detailed accounts with holdings into the assessment. Once you click the <i>Detailed Accounts</i> button, you cannot reverse the change. If you decide to promote the Asset Allocation Assessment to a plan, you can promote to a Level 2 Plan.
Not clicked	Enter summary account information without holdings.

To select detailed data entry for accounts, follow these steps:

1. Open an Asset Allocation Assessment, and then go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.

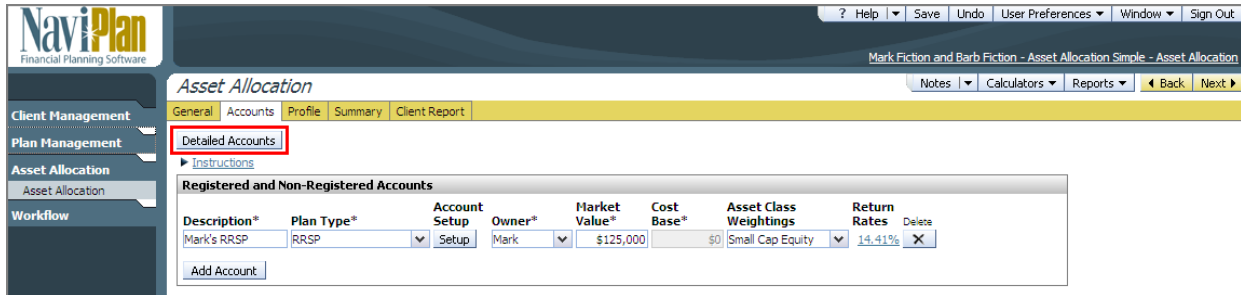


Figure 9: Asset Allocation section – Asset Allocation category – Accounts page (before Detailed Accounts button is clicked)

2. Click the **Detailed Accounts** button. A message appears notifying you that once you switch to detailed account entry, you cannot return to simplified account entry. To proceed with detailed account entry, click **OK**.

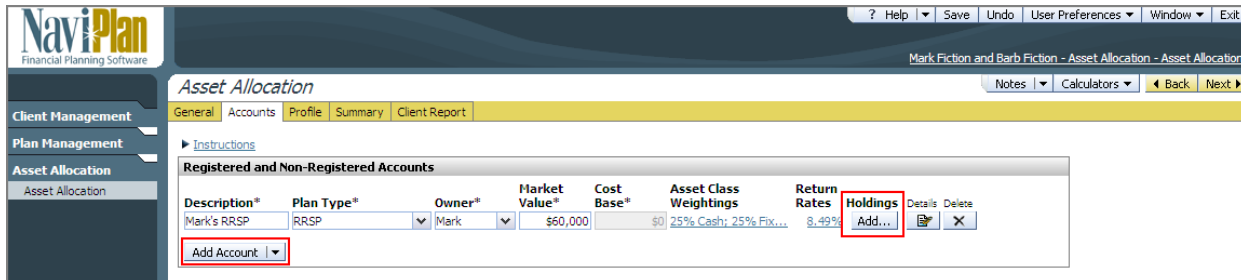


Figure 10: Asset Allocation section – Asset Allocation category – Accounts page (after Detailed Accounts button is clicked)

Entering detailed account information

This section of the guide is for Asset Allocation Assessments that have the *Detailed Accounts* button clicked on the *Asset Allocation* section – *Asset Allocation* category – *Accounts* page.

You can enter one account for each of your clients' investments, or you can group similar holdings together within one account. You cannot combine registered and non-registered holdings within the same account. Also, you cannot combine holdings owned by different people within the same account.

To enter an investment account in an Asset Allocation Assessment after the *Detailed Accounts* button is clicked, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.

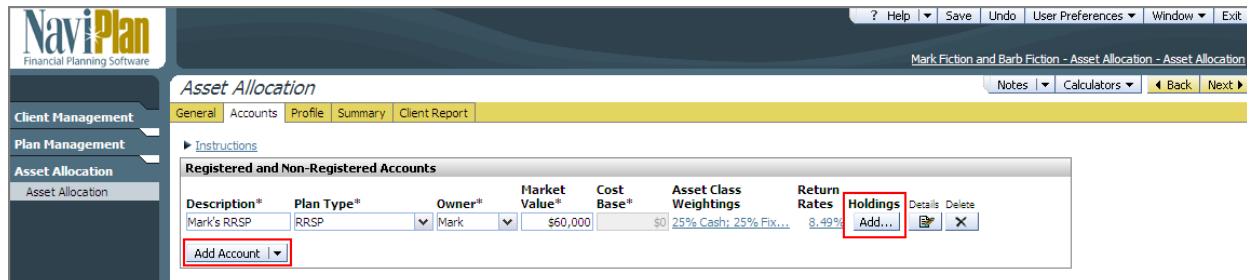


Figure 11: Asset Allocation section – Asset Allocation category – Accounts page

2. Under *Registered and Non-Registered Accounts*, click the **Add Account** button to add a simple account (an investment portfolio without holdings) or click the ▾ beside *Add Account*, and then select *Investment Portfolio* (includes holdings), *Mutual Fund*, or *Cash Account*. If you select *Simple Account*, a new data-entry row appears. If you select an account type other than *Simple Account*, the *Account Details* dialog box opens.
3. In the *Description* field, enter a unique name or account number to identify this account.
4. From the *Plan Type* list, select the tax category of the account (*Non-Registered*, *RRSP*, etc.).
5. From the *Owner* list, select the owner of the account.
6. In the *Market Value* field, enter the current market value of the account and, for non-registered accounts and annuities, enter its basis in the *Cost Base* field.
7. If the account is fully weighted in one asset class, select the asset class from the *Asset Class Weightings* list.

If the account is weighted in multiple asset classes, select **Manual Classification** from the *Asset Class Weightings* list. The *Asset Class Weightings Details* dialog box opens. Assign percentages to various asset classes to equal 100%, and then click **OK**.

8. To enter more details about the account, see the following procedures:
 - “Entering holdings” on page 18
 - “Converting the RRSP or spousal RRSP into a registered retirement income fund (RRIF)” on page 20
 - “Converting a deferred profit sharing plan (DPSP), registered pension plan (RPP-money purchase), or locked-in retirement account (LIRA) to a life income fund (LIF) or locked-in retirement income fund (LRIF)” on page 23
 - “Setting up a locked-in retirement income fund (LRIF)” on page 25

Entering holdings

To enter holdings for a detailed account, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page. If no holdings exists for the account, an *Add* button appears under *Holdings*. If holdings already exist for the account, the number of holdings appears as a link instead.
2. Under *Holdings*, click the **Add** button (or the numbered link) for the appropriate account. The *Account Details* dialog box opens to the *Holdings* tab. If you are creating the account’s first holding, the default holding *New Holding* appears.

The screenshot shows the 'Account Details' dialog box with the 'Holdings' tab selected. The account is 'Mark's RRSP' with a plan type of 'RRSP' and owner 'Mark'. The market value is \$0,000 and the cost base is \$0.

Description*	Market Value*	Hold %/\$	Cost Base*	Valuation Date*	Asset Class Weightings	Delete
Investor's Group RRSP	\$20,000	0%	\$0	May 16 2008	25% Cash; 25% Fix...	X
GIC	\$20,000	0%	\$0	May 16 2008	Fixed Income	X
ManuLife	\$20,000	0%	\$0	May 16 2008	Small Cap Equity	X

At the bottom of the dialog, there is an 'Add Holding' button and navigation controls for 'Add Account', 'Previous Entry', and 'Next Entry', along with 'OK' and 'Cancel' buttons.

Figure 12: Account Details dialog box – Holdings tab

3. If user-defined holdings already exist and you are adding new holdings which will be classified in only one asset class, click the **Add Holding** button to create a new blank holding.

If you are adding a new holding which will be classified in multiple asset classes, click the beside the *Add Holding* button, and then select **Classified Holding** to open the *Asset Class Weightings Details* dialog box where the holding details and multiple asset class weightings can be entered.

4. Enter the remaining details for each holding you added, including *Market Value*, *Hold %/\$* (the percentage or dollar amount that should be held for asset allocation purposes), *Cost Base*, *Valuation Date*, and *Asset Class Weightings*.
5. Go the **Return Rates** tab. The return rates that appear are based on the weighted asset class values for each holding in the account.
6. To manually set the return rates for the account, select the **Override** check box, and then enter the appropriate return rates and standard deviations.
7. When you are finished entering details for the account, you can proceed to another account by clicking the *Next Entry* or *Previous Entry* button, or click **OK** to close the dialog box.

Converting the account into a retirement income source (other than an annuity)

To set up retirement income sources for an account, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.
2. If you're using summary accounts (without holdings), click the **Setup** button. The *Account Setup* dialog box opens.

OR

If you're using detailed accounts, under *Registered and Non-Registered Accounts* for the appropriate account, click the **Details** button. The *Account Details* dialog box opens. Go to the **Account Setup** tab.

Converting the RRSP or spousal RRSP into a registered retirement income fund (RRIF)

To set up retirement income sources for a registered retirement savings plan (RRSP) or a spousal RRSP, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.
2. If you're using summary accounts (without holdings), click the **Setup** button. The *Account Setup* dialog box opens.

OR

If you're using detailed accounts, under *Registered and Non-Registered Accounts*, for the appropriate RRSP or spousal RRSP, click the **Details** button. The *Account Details* dialog box opens. Go to the **Account Setup** tab.

Figure 13: Account Details dialog box – Account Setup tab (RRSP plan type with detailed account entry)

3. Under *Convert to RRIF*, select the time when the conversion to a RRIF will occur.
4. To use the younger client's age to calculate RRIF minimums, select the **Use younger partner's age for minimums** check box.

Converting the plan to an annuity (applies to all registered plan types when the selected retirement income plan allows, except registered education savings plans)

To convert a plan to an annuity, follow these steps:

Note: Accounts converted to a life annuity do not carry over to the spouse should the owner die.

1. Click the **Annuity Information (Optional)** link. Additional data-entry fields appear.

The screenshot shows the 'Account Details (Investment Portfolio)' dialog box. The 'Account Setup' tab is active. The 'Conversion' section has 'Convert to RRIF' selected, with 'At Age' set to 71. The 'Annuity Information (Optional)' section is highlighted with a red box and contains the following fields:

Description*	Plan Type*	Owner*	Market Value*	Hold %/\$	Cost Base*	Valuation Date*	Asset Class Weightings
RRSP	RRSP	Mark	\$0	0.00%	\$0	Jun 17 2008	

Below the table, there are buttons for 'Add Holdings', 'Return Rates', and 'Account Setup'. The 'Annuity Information (Optional)' section includes a 'Convert to Annuity' checkbox (unchecked), 'At Age' (80), and 'Annuity Return' (0.00%). At the bottom of the dialog are buttons for 'Add Account', 'Previous Entry', 'Next Entry', 'OK', and 'Cancel'.

Figure 14: Account Details dialog box – Account Setup tab (Annuity Information link clicked)

2. Select the **Convert to Annuity** check box.
3. Specify the owner's age when the plan is to be converted.

Note: Annuity legislation is constantly changing. In some legislative jurisdictions, conversion is mandatory at age 80, while in other areas, 90 is the mandatory age. Some jurisdictions have removed this restriction altogether and leave it to the plan owner to decide if or when it is best to convert to an annuity. It is up to you to ensure that the applicable legislation is followed.

4. Enter the assumed return rate.

Setting up a registered retirement income fund (RRIF)

To set up a registered retirement income fund, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.
2. If you're using summary accounts (without holdings), click the **Setup** button. The *Account Setup* dialog box opens.

OR

If you're using detailed accounts, under *Registered and Non-Registered Accounts*, for the appropriate RRIF, click the **Details**

button. The *Account Details* dialog box opens. Go to the **Account Setup** tab.

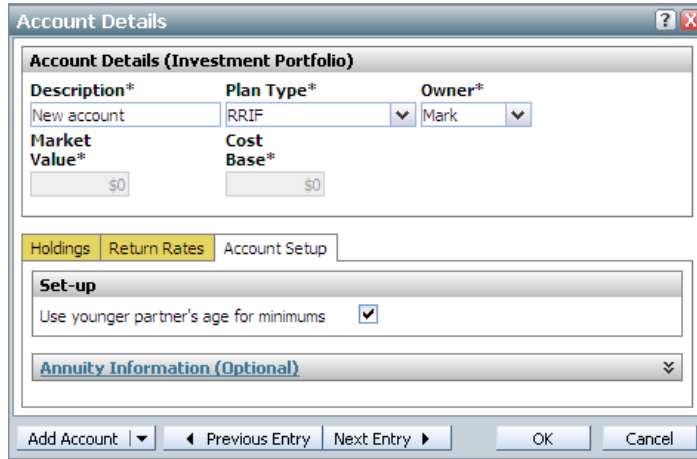


Figure 15: Account Details dialog box – Account Setup tab (RRIF plan Type with detailed account entry)

3. To use the younger partner's age to calculate RRIF minimum payout amounts, select the **Use younger partner's age for minimums** check box.
4. To convert to an annuity, see “Converting the plan to an annuity (applies to all registered plan types when the selected retirement income plan allows, except registered education savings plans)” on page 20.

Setting up a life income fund (LIF)

To set up a life income fund, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.
2. If you’re using summary accounts (without holdings), click the **Setup** button. The *Account Setup* dialog box opens.

OR

If you’re using detailed accounts, under *Registered and Non-Registered Accounts*, for the appropriate LIF, click the **Details** button. The *Account Details* dialog box opens. Go to the **Account Setup** tab.

The screenshot shows the 'Account Details (Investment Portfolio)' dialog box with the 'Account Setup' tab selected. The 'Set-up' section contains the following fields and options:

- Use maximum payout amount:**
- Rate for determining maximum payout:** 6.00%
- Governing legislative area:** <Owner's Province>

Figure 16: Account Details dialog box – Account Setup tab (LIF plan type with detailed account entry)

- If the client will be taking the maximum payout amount from the LIF, select the **Use maximum payout amount** check box, and then enter the rate for determining the maximum payout.
- Select the governing legislative area. If you selected *Ontario*, and if the plan year is 2008 or earlier, the *Old LIF* check box appears.
- To indicate that you are describing an old LIF plan, select the **Old LIF** check box.
Note: All LIFs established in Ontario prior to 2008 are considered old, and all LIFs established in Ontario after 2008 are considered new. LIFs established during 2008 may be either old or new.
- To convert to an annuity, see “Converting the plan to an annuity (applies to all registered plan types when the selected retirement income plan allows, except registered education savings plans)” on page 20.

Converting a deferred profit sharing plan (DPSP), registered pension plan (RPP-money purchase), or locked-in retirement account (LIRA) to a life income fund (LIF) or locked-in retirement income fund (LRIF)

To set up a retirement income source for a DPSP, RPP-money purchase, or LIRA, follow these steps:

- Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.

- If you're using summary accounts (without holdings), click the **Setup** button. The *Account Setup* dialog box opens.

OR

If you're using detailed accounts, under *Registered and Non-Registered Accounts*, for the appropriate DPSP, RPP-money purchase, or LIRA, click the **Details** button. The *Account Details* dialog box opens. Go to the **Account Setup** tab.

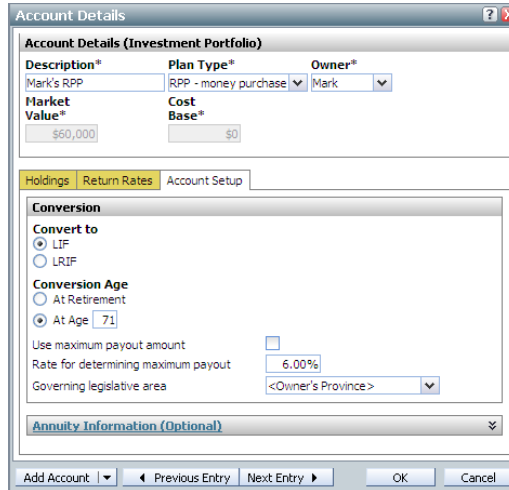


Figure 17: Account Details dialog box – Account Setup tab (RPP-money purchase plan type with detailed account entry)

- Select the type of fund you want to convert to: **LIF** or **LRIF**.
- Under *Conversion Age*, indicate when the plan is to be converted. To specify the age, select **At Age**, and then enter the age.
- To use the maximum payout amount, select the **Use maximum payout amount** check box, and then enter the rate for determining the maximum withdrawal percentage.
- Select the governing legislative area. If you selected *Convert to LIF*, if you selected *Ontario*, and if the plan year is 2008 or earlier, the *Old LIF* check box appears.
- To indicate that you are describing an old LIF plan, select the **Old LIF** check box.
- To convert to an annuity (LIF conversions only), see “Converting the plan to an annuity (applies to all registered plan types when the selected retirement income plan allows, except registered education savings plans)” on page 20.

Setting up a locked-in retirement income fund (LRIF)

To set up an LRIF, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.
2. If you're using summary accounts (without holdings), click the **Setup** button. The *Account Setup* dialog box opens.

OR

If you're using detailed accounts, under *Registered and Non-Registered Accounts*, for the appropriate LRIF, click the **Details** button. The *Account Details* dialog box opens. Go to the **Account Setup** tab.

The screenshot shows the 'Account Details (Investment Portfolio)' dialog box with the 'Account Setup' tab selected. The 'Description' field contains 'Mark's RPP', 'Plan Type' is set to 'LRIF', and 'Owner' is 'Mark'. The 'Market Value' is '\$50,000' and 'Cost Base' is '\$0'. Under 'LRIF Historical Information', the 'Use maximum payout amount' checkbox is checked. Below it are input fields for '2007 Starting Market Value', '2007 Withdrawals', '2007 Net Transfers In/(Out)', and 'Cumulative Net Transfers In/(Out) prior to and including 2007', all with '\$0' entered. At the bottom, there is an 'Annuity Information (Optional)' section and navigation buttons: 'Add Account', 'Previous Entry', 'Next Entry', 'OK', and 'Cancel'.

Figure 18: Account Details dialog box – Account Setup tab (LRIF plan type with detailed account entry)

3. Under *LRIF Historical Information*, enter the LRIF details.
4. To maximize the LRIF payment amount, select the **Use maximum payment amount** check box.

Overriding return rates for detailed accounts

On the *Accounts* page, the percentage shown under *Return Rates* is based on the asset class weightings entered for the account and its holdings.

To override the return rates for the account, not the asset class weightings, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Accounts** page.
2. Under *Registered and Non-Registered Accounts*, click the **Details** button for the appropriate account. The *Account Details* dialog box opens.
3. Go to the **Return Rates** tab. NaviPlan Standard calculates the return rates and standard deviation values that apply to all account holdings.
4. Select the **Override** check box.
5. Revise the pre-retirement and retirement return rates where applicable.
6. Click **OK** to save your changes and close the *Account Details* dialog box.

Selecting an investor profile and modifying the suggested asset mix

On the *Asset Allocation* section – *Asset Allocation* category – *Profile* page, you can

- modify asset allocation settings for the open plan
- select the clients' investor profile
- view the asset mix recommended for the investor profile
- modify the suggested asset mix

Modify asset allocation settings for the open plan

To modify asset allocation settings for the open plan, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Profile** page.
2. Click **Settings**. The *Asset Allocation Settings* dialog box opens.
3. Modify the settings. Only the open plan is affected.
4. Click **OK**.

Select the clients' investor profile

To select the clients' investor profile, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Profile** page.
2. Under *Investor Profile*, select the profile you want to use.

Modify the suggested asset mix (detailed asset allocation only)

To override the suggested asset mix, you must be in detailed asset allocation mode. To modify the suggested asset mix, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Profile** page.
2. If the *Detailed Asset Allocation* button appears on the page, click **Detailed Asset Allocation**. The *Customize Asset Mix* button appears. If the *Detailed Asset Allocation* button does not appear on the page, it was clicked previously in this assessment and you are already in detailed asset allocation mode.
3. Click **Customize Asset Mix**, and then select the **Weightings** option. The *Weightings* dialog box opens. Edit the weightings, and then click **Close**.

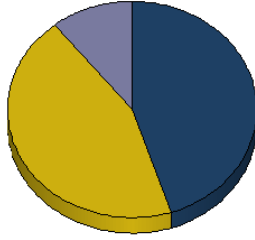
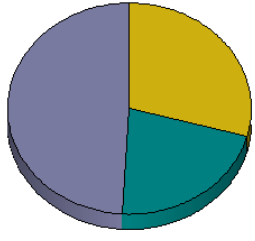
Reverting to the original asset class weightings after modifying

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Profile** page.
2. Click **Customize Asset Mix**, and then select **Revert to Defaults**.

Comparing the current portfolio and suggested asset mix

Before you generate Asset Allocation Assessment reports, you can compare the breakdown of the clients' current portfolio with the suggested asset mix you defined in the Asset Allocation Assessment.

- Go to the **Asset Allocation** section – **Asset Allocation** category – **Summary** page. Two graphs appear on the page, as follows:

Graph	Details
<p data-bbox="581 863 756 894"><i>Current Portfolio</i></p> 	<p data-bbox="911 863 1403 951">The current portfolio reflects the weighted asset mix of all accounts in the clients' current portfolio.</p> <p data-bbox="911 982 1382 1037">The text includes the expected rate of return and the expected standard deviation.</p>
<p data-bbox="581 1199 792 1230"><i>Suggested Asset Mix</i></p> 	<p data-bbox="911 1199 1403 1253">The asset mix is based on your selection on the <i>Profile</i> page.</p> <p data-bbox="911 1285 1403 1373">The graph displays a proportional breakdown of the assets held in the portfolio that NaviPlan Standard recommends.</p> <p data-bbox="911 1404 1403 1493">The text includes the proposed investor profile, as well as the expected rate of return and expected standard deviation.</p>

Generating reports

In the Asset Allocation Assessment, you can generate a detailed Asset Allocation report. The purpose of the *Asset Allocation* report is to demonstrate the effects of asset allocation on the clients' portfolio returns. The clients' current asset mix is calculated based on the clients' existing accounts and related holdings.

To generate an *Asset Allocation* client report, follow these steps:

1. Go to the **Asset Allocation** section – **Asset Allocation** category – **Client Report** page.

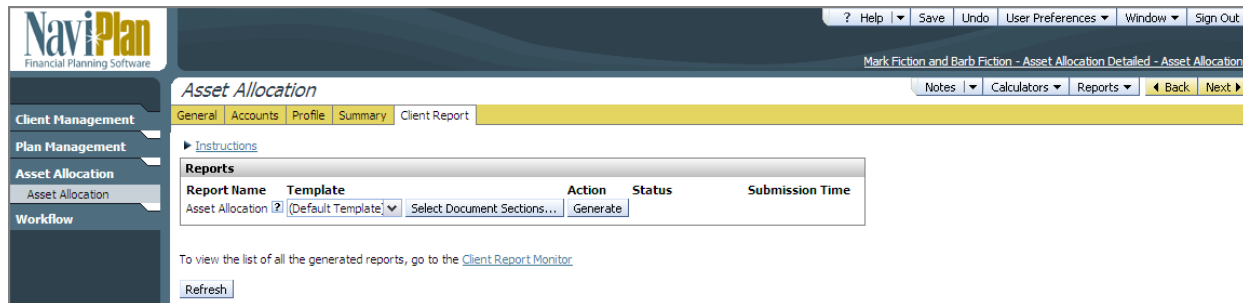


Figure 19: Asset Allocation section – Asset Allocation category – Client Report page

2. Click the **Select Document Sections** button. The *Select Document Sections* dialog box opens.

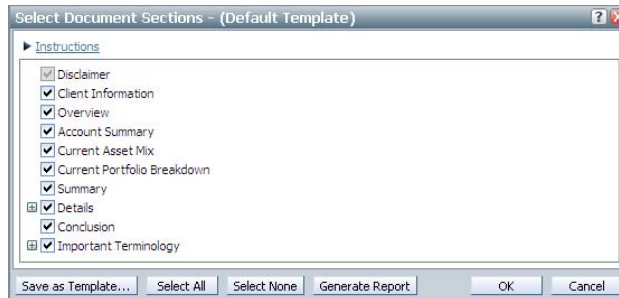


Figure 20: Select Document Sections dialog box

3. Select all sections you want included in the client report.
4. To view the subsections for a section, click the + beside that section. The list expands and subsections appear. Select or clear the check boxes for the appropriate subsections.
5. To reorder a section in the client report, click and drag the applicable section to an appropriate location.

- To save your selections as a template for this type of client report, click the **Save as Template** button. The *Save Template* dialog box opens.

Enter a name for the template, and then click **OK**. The *Save Template* dialog box closes.

If a template you have created is no longer needed, you can delete the template on the *User Preferences* menu – *System Settings* option – *User Preferences - System Settings* dialog box – *Templates* tab.

- Click **OK**. NaviPlan Standard saves your selections and the *Select Document Sections* dialog box closes.
- To generate the report, click the **Generate** button. If you generated this report previously, this button appears as *Regenerate*.

Using the Client Report Monitor (Online)

The *Client Report Monitor* allows you to continue using NaviPlan when generating time-intensive client reports. Each time you click the *Generate* button for a client report, NaviPlan creates a request in the *Client Report Monitor* and generates the report. Generating client reports can take between a few seconds to a few minutes.

The *Client Report Monitor* allows you to monitor your recent request and the requests for other client reports. You can only open reports with a *Completed* status. The *Client Report Monitor* is available from all the following areas:

- the *Reports* menu
- the *Asset Allocation* section – *Asset Allocation* category – *Client Report* page
- the *Workflow* section – *Status* category – *Status* page



Figure 21: Client Report Monitor dialog box

To use the *Client Report Monitor*, follow these steps:

- Generate a client report, or from the *Reports* menu, select **Client Report Monitor**. The *Client Report Monitor* dialog box opens.

2. Do one of the following:

To...	Do this...
List all client reports for which you have access	Clear the Show only reports for this plan check box. The dialog box updates and expands the list of client reports.
View a complete report	Click the link for a client report with the <i>Completed</i> status. The client report opens using the format specified on the <i>User Preferences</i> menu – <i>System Settings</i> option – <i>User Preferences - System Settings</i> dialog box – <i>Report Format</i> tab.
Delete a report	Click the Delete button for the applicable report or click the Delete All button to delete listed client reports, and then click OK to the message that appears.
Refresh the report statuses	Click the Refresh button. Note: The <i>Client Report Monitor</i> dialog box does not reload itself automatically. You need to click <i>Refresh</i> to refresh the contents of the dialog box.

3. Click **Close**. The *Client Report Monitor* dialog box closes. Any reports that have not yet generated will continue to process while you work in other areas of NaviPlan. If needed, you can generate additional reports while other reports are being processed. NaviPlan generates each report independently.

Glossary

Accounts	Groups of one or more holdings where each holding is consistent with the plan type of the account (e.g., only RRSP holdings can be entered within an account that is an RRSP plan type).
Asset Allocation Assessment	A level of data entry that allows you to establish your clients' risk tolerance, enter accounts and asset class weightings, and if necessary override the risk tolerance.
Asset class	Groups of investments within a specific type, such as fixed income (e.g., bond, T-bill), equity, and international equity.
Asset class weightings	A percentage breakdown of the various asset classes within specific accounts or holdings.
Asset mix	A percentage breakdown of various asset classes defined within a portfolio.
Client	For an <i>Individual</i> client file, the client is the person for whom a plan, Asset Allocation Assessment, Financial Assessment, or calculator is created. For a <i>Joint Analysis</i> client file, the client is the first person entered when creating the client file.
Client file	File within which plans, Asset Allocation Assessments, Financial Assessments, and calculators can be created and saved. A client file is needed in order to create a plan and can be either an <i>Individual</i> or <i>Joint Analysis</i> client file.
Client report	A client-facing document which provides a textual, tabular, and graphical analysis of the clients' financial situation and presents problems and opportunities for the clients to consider.
Client Report Monitor	An online feature that allows users to continue working in NaviPlan while generating client reports. This feature also tracks the status of and stores all client reports generated in the client file.
Co-client	For a <i>Joint Analysis</i> client file, the co-client is the second person entered when creating the client file.
Engagement	A unit of work that a financial planner undertakes to produce a financial plan, Asset Allocation Assessment, or Financial Assessment for a client during a specific time period. Generally, the client engagement results in a completed financial plan or assessment delivered to and accepted by a client.
Financial Assessment	A tool to quickly examine a client's ability to meet stated goals. The Financial Assessment level is the simplest and most streamlined level of data entry and serves as a catalyst for discussion regarding potential financial planning needs.

Holding	An investment held within an account. An account can have multiple holdings and each holding must be consistent with the plan type of the account (e.g., all RRSP holdings must be entered within an account that is an RRSP plan type).
Inflation rate	The default inflation rate for incomes, expenses, and savings strategies is set in the plan assumptions. This rate can be modified for any cash flow item and it determines the rate by which the item will index each year.
Level 1 Plan	A plan type that has the fewest modules and the most streamlined data entry of all plan types. It is suitable for clients with extremely straightforward financial situations and is ideal for goal-based planning.
Level 2 Plan	A plan type that can encompass all available planning modules. It is suitable for clients with complex financial situations.
Non-registered	Accounts that are not tax advantaged.
Owner	Person who has ownership rights and privileges of the contract.
Plan type - Current	A report setting which, when selected, reports only on the user-defined information and assumptions entered into the plan. The <i>Plan type - Current</i> is available in several stand-alone reports and in client reports.
Plan type - Recommended	A report setting which, when selected, reports on a system-generated plan that uses the additional or alternative assumptions contained within the recommended scenarios to achieve the clients' stated goals. The <i>Plan type - Recommended</i> is available in several stand-alone reports and in client reports.
Retirement	A time period starting from January 1 of the year the first client retires until the last client dies.
Standard deviation	A statistical measure of the volatility of an account, or a measure of how much an account's return varies from its mean or the return input for the account. In NaviPlan, the standard deviation defined for each account is only used in the Monte Carlo sensitivity and scenario probability analyses. Generally, the greater the standard deviation, the riskier the investment. For example, if the expected return on an account is 6% and the standard deviation is 2%, iterations within one standard deviation (68% of the iterations) will fall between 4% and 8%.
Suggested asset mix	The asset mix used by default in the <i>Recommended</i> scenarios and the proposed plan. The asset mix is based on the settings for the selected investor profile.
Time horizon	The length of time expected to achieve a financial goal.

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