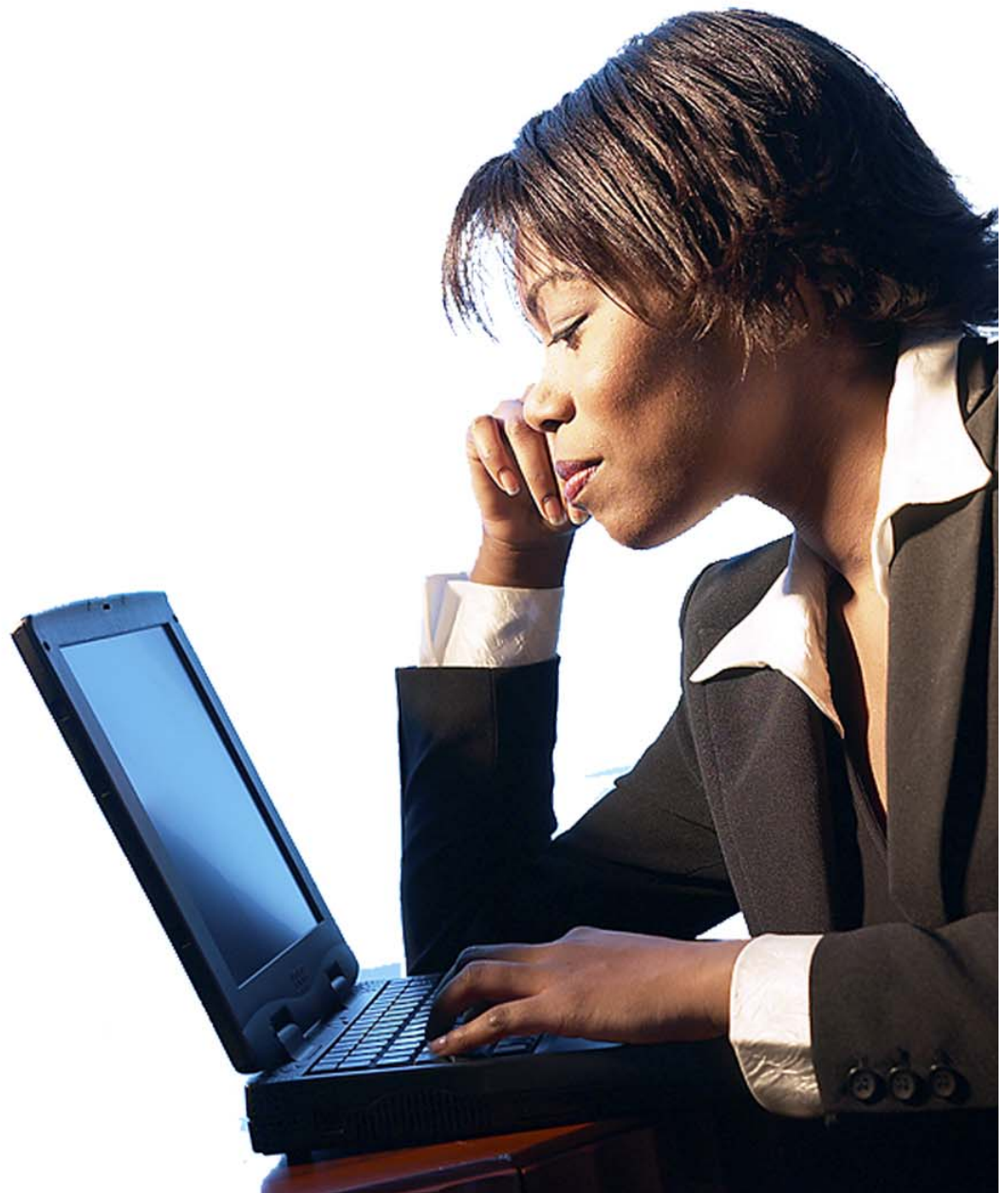




**NaviPlan Standard v11.0**  
REFERENCE GUIDE  
Calculators







# **NaviPlan Standard Reference Guide: Calculators**

**Canadian version 11.0**

EISI, Winnipeg

---

### **Copyright and Trademark**

© Copyright 2010 Emerging Information Systems Incorporated ("EISI"). All rights reserved.

No part of this publication may be reproduced or transmitted in any form, by any means (electronic, photocopying, recording, or otherwise) without the written permission of EISI.

EISI<sup>®</sup> and NaviPlan<sup>®</sup> are registered trademarks of EISI.

Microsoft Word is a registered trademark of Microsoft Corporation. Adobe and Acrobat are trademarks of Adobe Systems Inc. All other product names are the sole properties of their respective owners.

---

### **Software License**

This publication is intended for use by authorized licensees of EISI's proprietary NaviPlan software described herein. This publication does not grant any license or right to use of the software, and use of the software or this publication is prohibited by anyone who is not an authorized licensee. All licenses, rights and restrictions on use of the software are governed by a separate license agreement.

---

### **Disclaimer**

The software described in this publication is designed to allow a financial planner to demonstrate and evaluate various strategies in order to achieve a client's financial goals. It is licensed to authorized licensees on the understanding that EISI is not engaged in rendering legal, accounting, or other professional advice and, if any such advice is required, the services of a competent professional person should be obtained.

EISI has engaged Ibbotson Associated, Inc., a wholly owned subsidiary of Morningstar, Inc., to develop proprietary asset allocation tools for educational purposes. Ibbotson has granted to EISI a license for use thereof.

Canadian  
100813

# Contents

<b>Chapter 1: Using this guide .....</b>	<b>1</b>
The NaviPlan Standard Reference Guide Series .....	2
Conventions used in the reference guide .....	3
Essential Windows skills .....	3
Finding more information .....	4
Feedback .....	8
<b>Chapter 2: Using the calculators.....</b>	<b>9</b>
Opening a calculator .....	10
Reviewing and printing calculator results .....	11
Managing calculators.....	13
Inflation calculators.....	14
Goals calculators.....	20
Non-registered calculators .....	33
Registered calculators .....	38
Other calculators.....	50
<b>Glossary .....</b>	<b>57</b>
<b>Index.....</b>	<b>61</b>



# 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](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
Conventions used in the reference guide .....	3
Essential Windows skills .....	3
Finding more information .....	4

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

## 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.

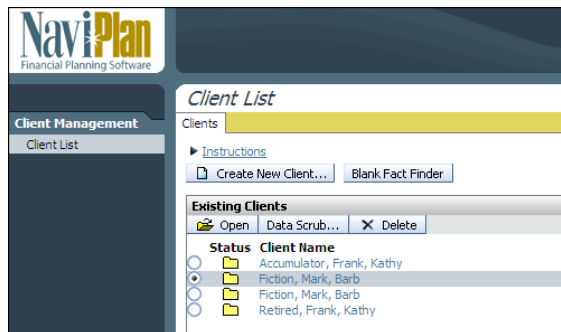


Figure 1: Client Management section – Client List category – Clients page

## 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.

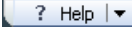
## Finding more information

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](http://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.

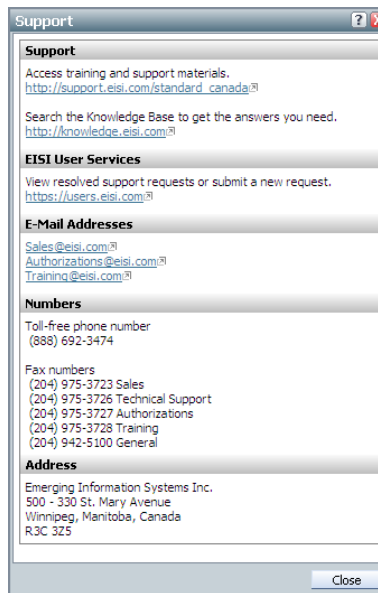


Figure 2: Support dialog box

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 <a href="https://users.eisi.com">https://users.eisi.com</a>
<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"> <li>• support issues</li> <li>• functional documents</li> <li>• self-study guides</li> <li>• training video clips</li> <li>• frequently asked questions (FAQs)</li> </ul> You can access the <i>EISI Knowledge Base</i> from within NaviPlan or online at <a href="http://knowledge.eisi.com">http://knowledge.eisi.com</a>
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 <a href="http://knowledge.eisi.com">http://knowledge.eisi.com</a>
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 <a href="http://support.eisi.com/support_cdn/nps_offline/v11/training/index.htm">http://support.eisi.com/support_cdn/nps_offline/v11/training/index.htm</a>
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 <a href="http://support.eisi.com/support_cdn/nps_offline/v11/training/index.htm">http://support.eisi.com/support_cdn/nps_offline/v11/training/index.htm</a>
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 <a href="http://support.eisi.com/support_cdn/nps_offline/v11/training/index.htm">http://support.eisi.com/support_cdn/nps_offline/v11/training/index.htm</a>


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 <a href="http://support.eisi.com/support_cdn/nps_offline/v11/tips_and_tools/dialogs.htm">http://support.eisi.com/support_cdn/nps_offline/v11/tips_and_tools/dialogs.htm</a>
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 <a href="http://support.eisi.com/support_cdn/nps_offline/v11/product_updates/new_in_v11_2.htm">http://support.eisi.com/support_cdn/nps_offline/v11/product_updates/new_in_v11_2.htm</a>

### 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.

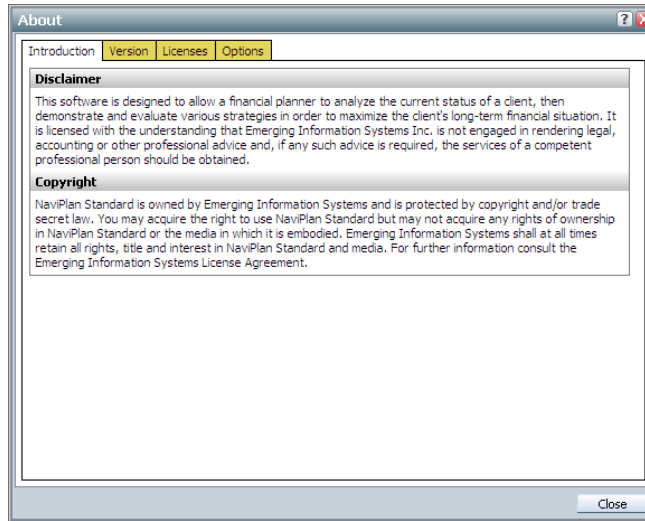


Figure 3: About dialog box – Introduction tab

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](mailto: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: Using the calculators

For a quick snapshot of your clients' current financial situation, future goals, and objectives, use the calculators in NaviPlan Standard. Using the calculators, you can provide an analysis of goals, educate clients about financial concepts, and provide a report on calculations.

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

For more detailed planning, or to develop a more general needs analysis, use the plan types in NaviPlan Standard. For more information, see the following guides:

- NaviPlan Standard Reference Guide: Level 1
- NaviPlan Standard Reference Guide: Level 2

### In this chapter:

- Opening a calculator ..... 10
- Reviewing and printing calculator results ..... 11
- Inflation calculators ..... 14
- Goals calculators ..... 20
- Non-registered calculators ..... 33
- Registered calculators ..... 38
- Other calculators ..... 50

## Opening a calculator

There are several ways to open a calculator. The easiest way is from the *Calculators* menu. For quick financial modeling, NaviPlan Standard allows you to use a calculator without a client file, however, to save the calculator details for use at a later date, you must open a calculator from within a client file. If you open a calculator outside of a client file, the calculator details cannot be saved. To save the calculator details within a client file, the calculator must be opened from within the client file. For information on managing calculators in a client file, see "Reviewing and printing calculator results" on page 11.

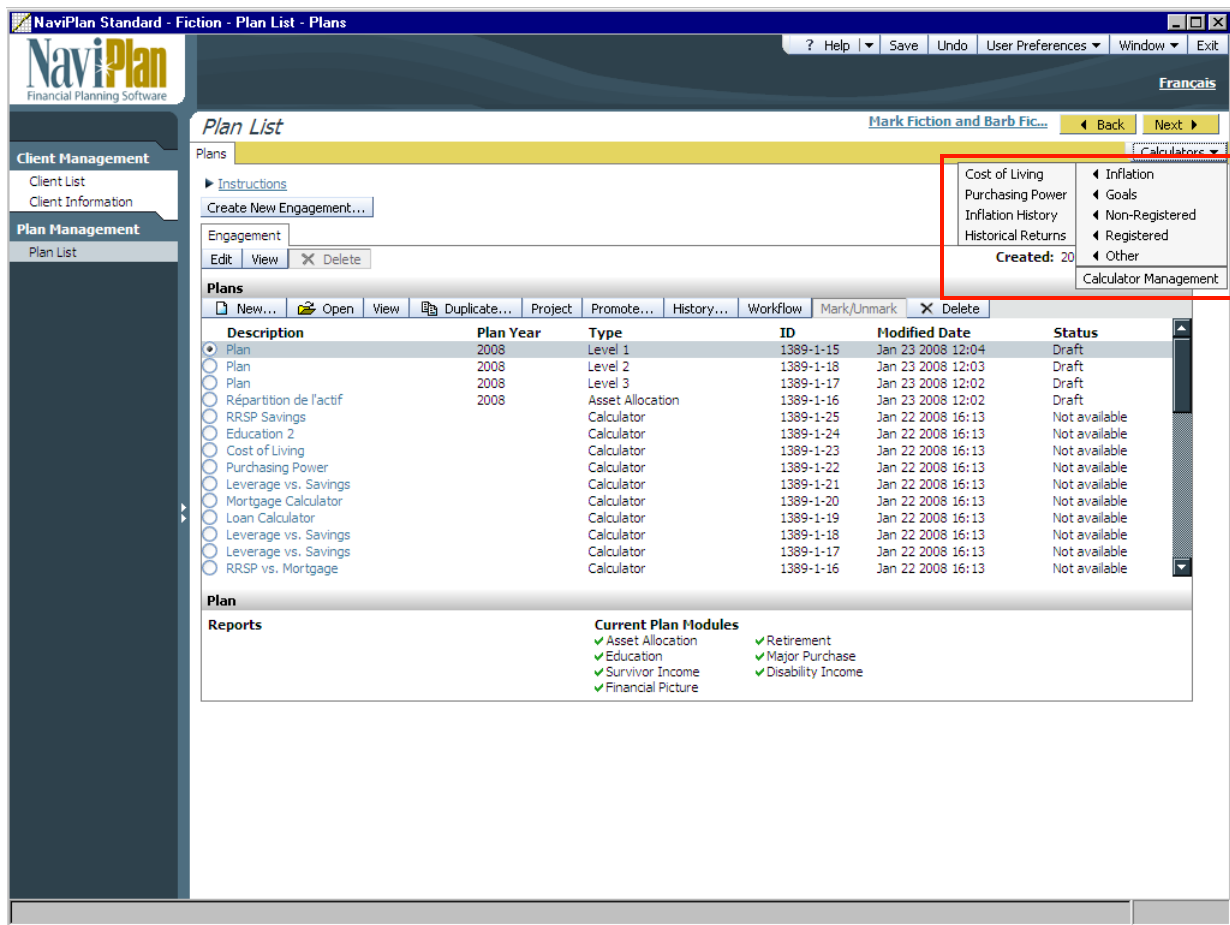


Figure 4: Plan Management section – Plan List category – Plans page (displaying the Calculators menu)

### Open a calculator

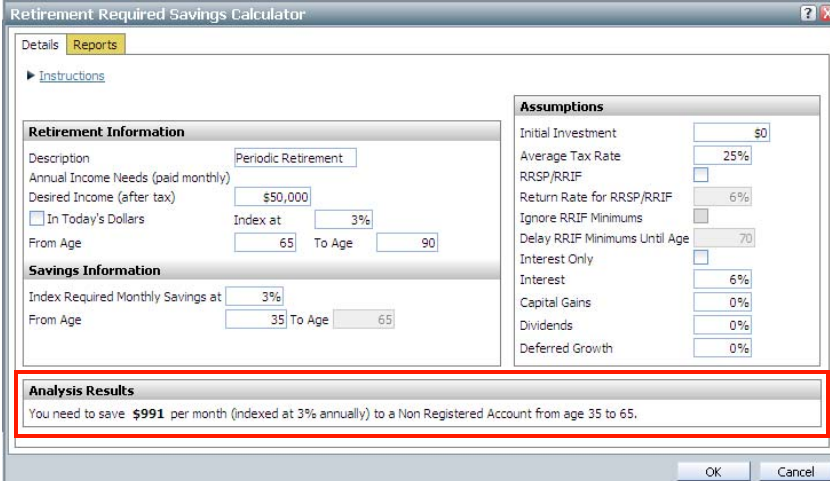
- Go to the **Calculators** menu, and then select a calculator. The applicable *Calculator* dialog box opens.

### Change or enter the name of the calculator

- In the *Calculator Name/Description* field, enter a unique description of the calculator.

## Reviewing and printing calculator results

After entering the clients' information, in most of the calculators you can view the analysis results at the bottom of the dialog box under *Analysis Results*.



The screenshot shows the 'Retirement Required Savings Calculator' dialog box with the 'Details' tab selected. The 'Analysis Results' section at the bottom is highlighted with a red box and contains the following text:

**Analysis Results**  
You need to save **\$991** per month (indexed at 3% annually) to a Non Registered Account from age 35 to 65.

Figure 5: Calculators menu – Goals – Retirement Required Savings – Retirement Required Savings Calculator dialog box – Details tab

To view a detailed report, go to the **Reports** tab.

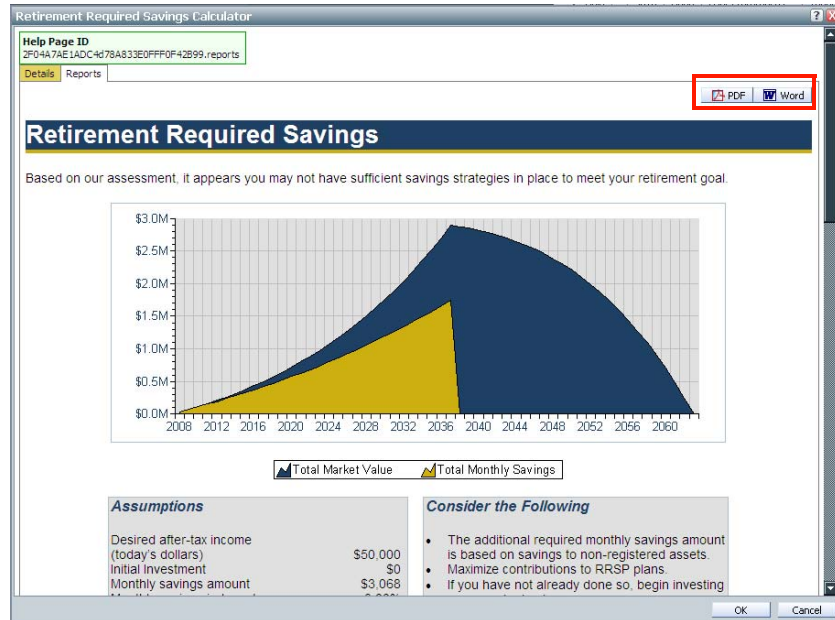


Figure 6: Calculators menu – Goals – Retirement Required Savings – Retirement Required Savings Calculator dialog box – Reports tab

To generate a printer-friendly version of the report, click either the **PDF** or the **Word** button.

## Managing calculators

NaviPlan allows you to manage multiple calculators in a client file. You can create, open, duplicate, and delete calculators in the *Calculator Management* dialog box.

To manage calculators, follow these steps:

1. In an open client file, go to the **Calculators** menu, and then select **Calculator Management**. The *Calculator Management* dialog box opens.

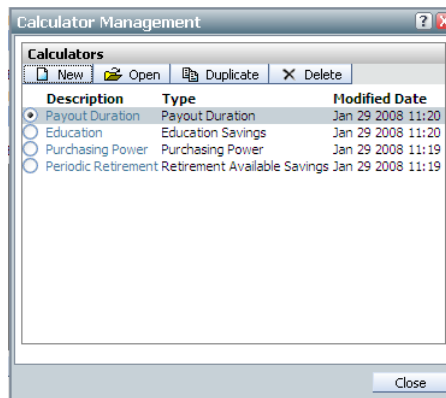


Figure 7: Calculator Management dialog box

2. Do one of the following:

To...	Do this...
Create a new calculator	Click the <b>New</b> button, select a calculator, and then click <b>OK</b> . The appropriate <i>Calculator</i> dialog box opens.
Open an existing calculator	Select a calculator to open, and then click the <b>Open</b> button. OR Click the link for the calculator you want to open. The appropriate <i>Calculator</i> dialog box opens.
Duplicate a calculator	Select the calculator you want to duplicate, and then click the <b>Duplicate</b> button. <Copy of calculator> appears in the list. <b>Note:</b> The <i>Inflation</i> calculators cannot be duplicated.
Delete a calculator	Select the calculator you want to delete, and then click the <b>Delete</b> button. Click <b>OK</b> to the message that appears.

3. Click **Close** to close the *Calculator Management* dialog box.

## Inflation calculators

Four types of inflation calculators are available, and each one is explained in this section:

- Cost of Living calculator
- "Purchasing Power calculator" on page 16
- "Inflation History calculator" on page 17
- "Historical Returns calculator" on page 18

### Cost of Living calculator

The *Cost of Living* calculator is an inflation calculator that shows the amount of money in the future that would be required to purchase \$1,000 worth of goods today.

To use the *Cost of Living* calculator, follow these steps:

1. Open the **Cost of Living Calculator** dialog box. See "Opening a calculator" on page 10.

A report displays a graph and table showing how much money is required in the future to purchase \$1,000 worth of goods today.

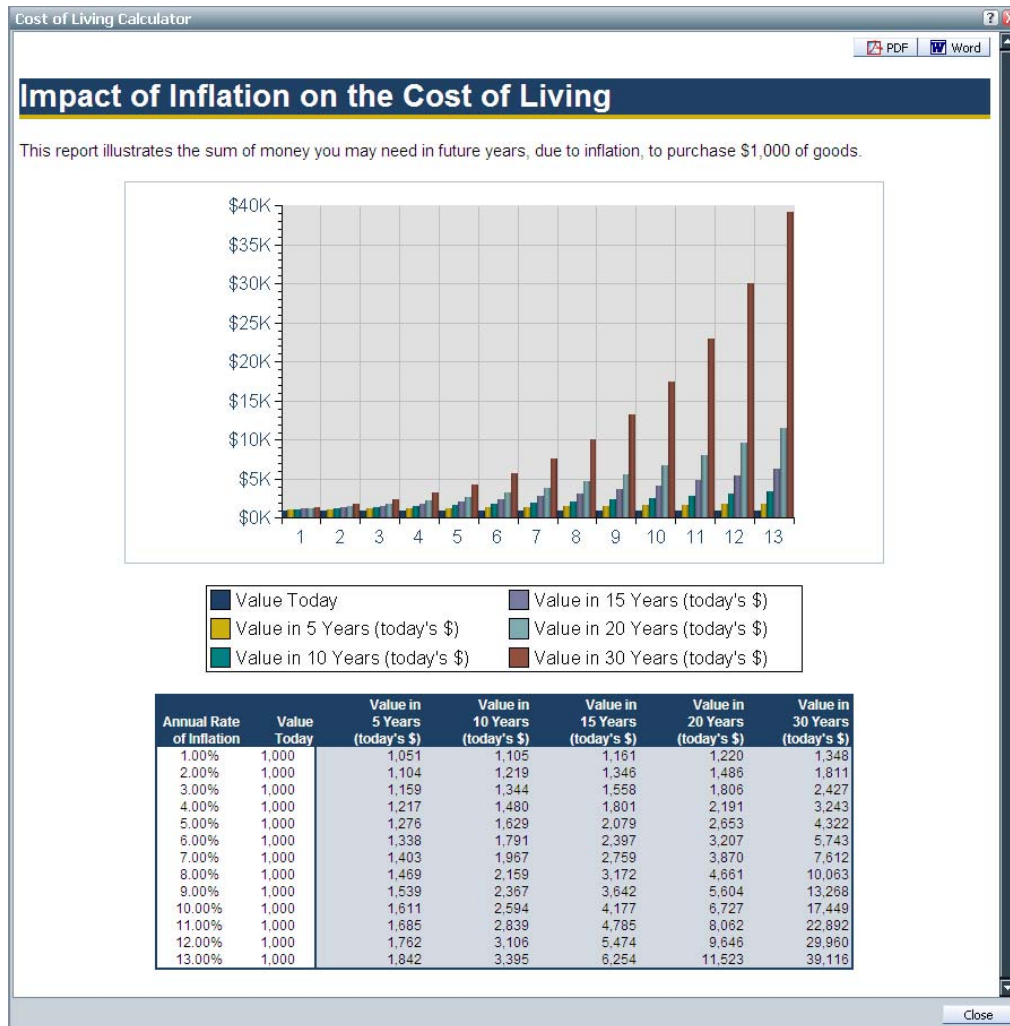


Figure 8: Calculators menu – Inflation – Cost of Living – Cost of Living Calculator dialog box

## Purchasing Power calculator

The *Purchasing Power* calculator is an inflation calculator that shows how purchasing power erodes with inflation.

To use the *Purchasing Power* calculator, follow these steps:

1. Open the **Purchasing Power Calculator** dialog box. See “Opening a calculator” on page 10.
2. A report displays a graph and a table showing how varying inflation rates reduce the value of \$1,000 over time.

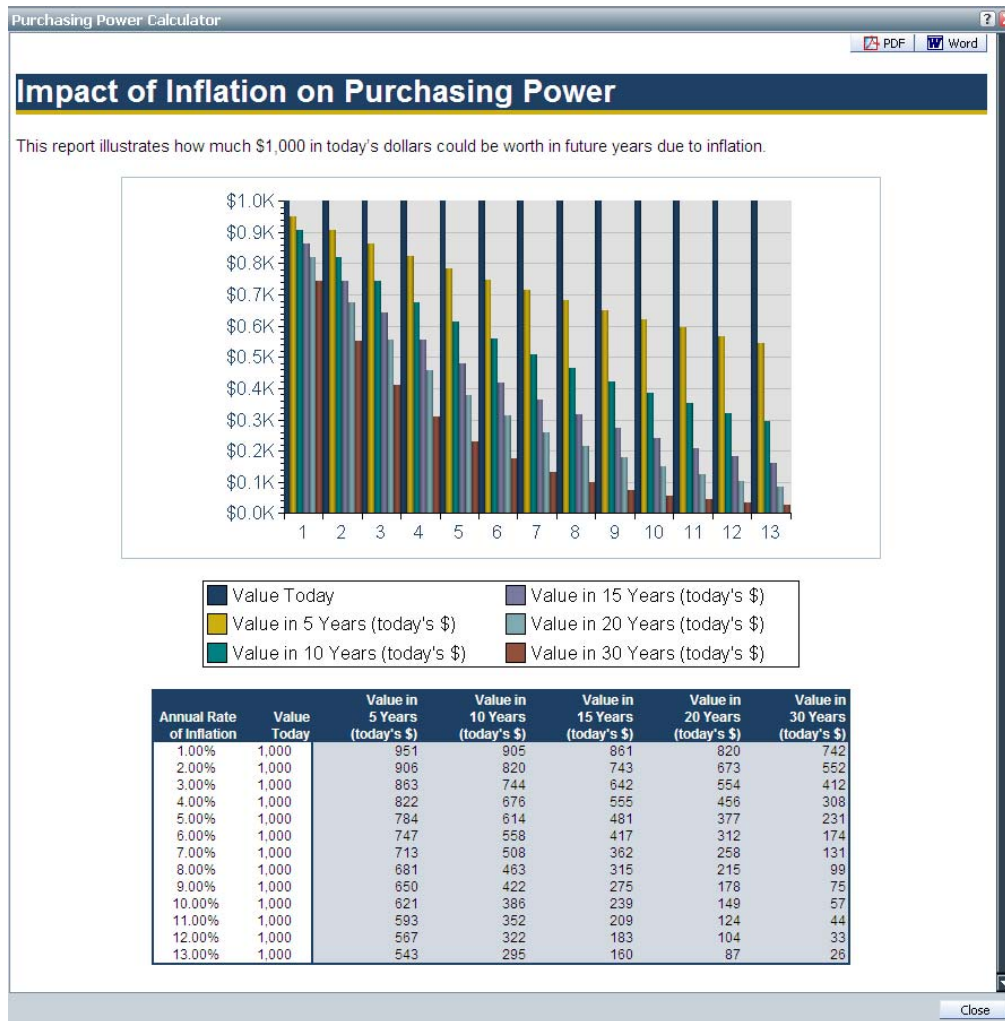


Figure 9: Calculators menu – Inflation – Purchasing Power – Purchasing Power Calculator dialog box

## Inflation History calculator

The *Inflation History* calculator shows the historical rate of inflation over the past few decades.

To use the *Inflation History* calculator, follow these steps:

1. Open the **Inflation History Calculator** dialog box. See “Opening a calculator” on page 10.

A report displays a graph and table showing the history of the rate of inflation over time.

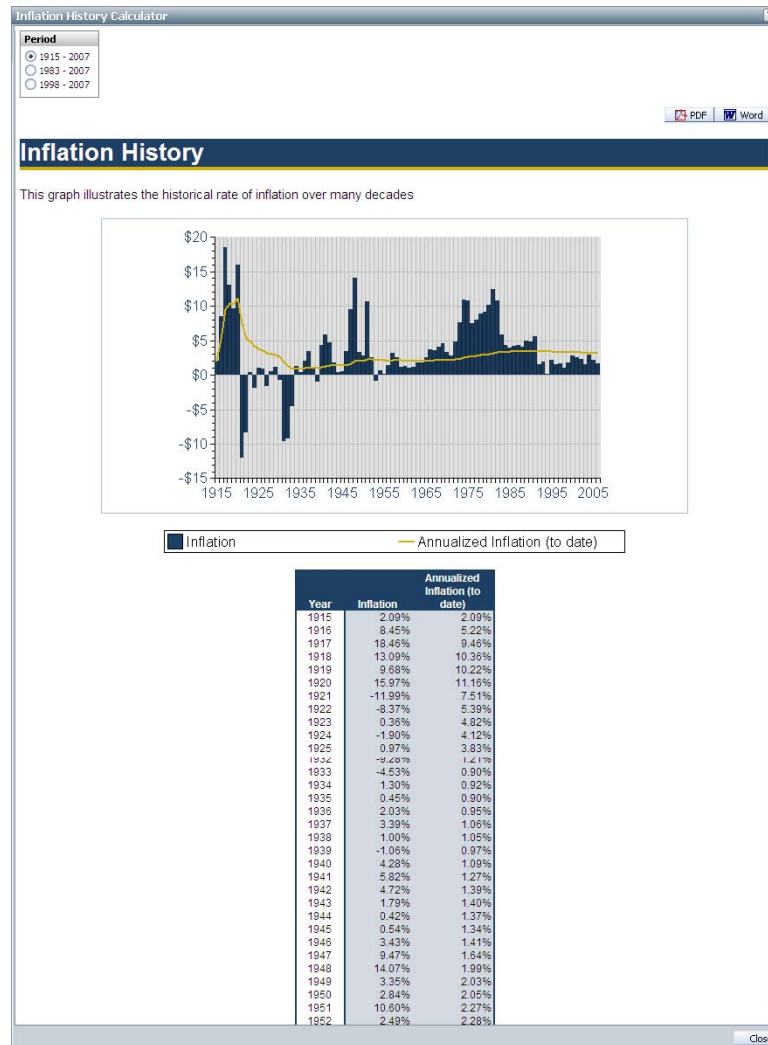


Figure 10: Calculators menu – Inflation – Inflation History – Inflation History Calculator dialog box

2. To change the time span shown in the report, select one of the *Period* options. The report updates.

## Historical Returns calculator

The *Historical Returns* calculator allows you to model historical returns, growth, and volatility based on a varying asset mix.

To use the *Historical Returns* calculator, follow these steps:

1. Open the **Historical Returns Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

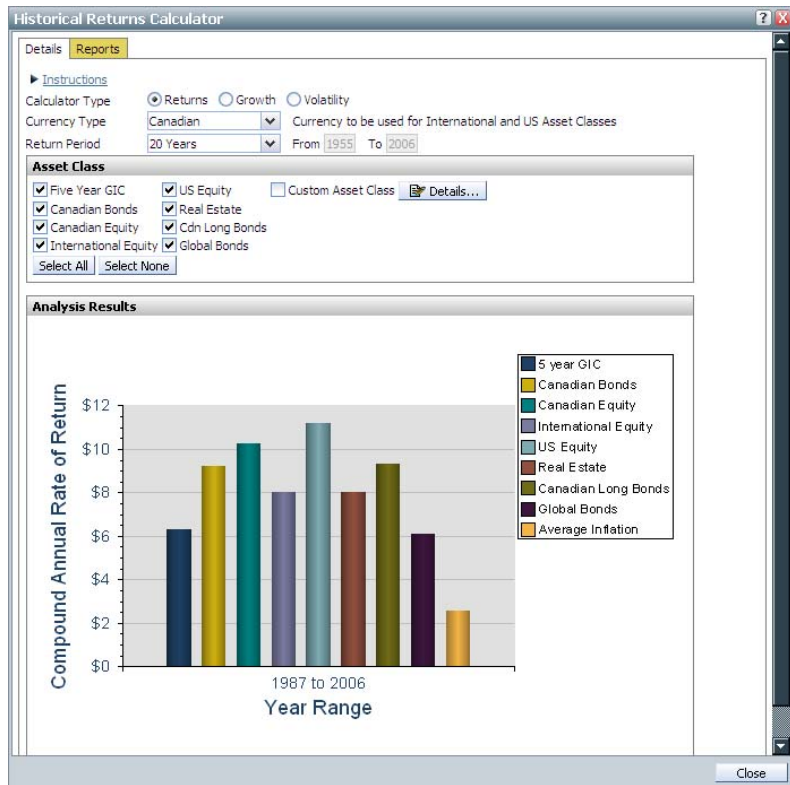


Figure 11: Calculators menu – Inflation – Historical Returns – Historical Returns Calculator dialog box – Details tab

2. To change the type of graph displayed, select a *Calculator Type*. The options are *Returns*, *Growth*, or *Volatility*. The fields available change based on the option you select.

The *Asset Class* fields are only available if NaviPlan Standard has data for all of the selected asset classes in the selected years.

3. If you are using the *Returns* or *Growth* calculator type, under *Asset Class*, select all asset classes that apply.

OR

If you are using the *Volatility* calculator type, under *Asset Class*, select the asset class that you would like displayed in the graph.

To include a customized asset mix, select **Custom Asset Class**, and then click **Details**. The *Custom Asset Class Details* dialog box opens. For each asset class shown, enter a value from 0 to 100 to indicate the percentage of the clients' portfolio that contains that asset class. The total of all asset classes must add up to 100%.

4. To show returns for foreign assets in Canadian dollars without consideration of exchange rates, from the *Currency Type* list, select **Foreign**.

To convert returns for foreign assets into Canadian dollars based on the historical exchange rates, from the *Currency Type* list, select **Canadian**.

5. If you are using the *Returns* calculator type, from the *Return Period* list, select the compounding period. If you select *Specific Year Range*, enter the range in the *From* and *To* fields.

If you are using the *Growth* calculator type, under *Investment*, enter an investment amount, the investment frequency, and the investment period.

If you are using the *Volatility* calculator type, under *Period*, enter the range of years you want the report to include.

6. If you made any changes, a *Calculate* button appears under *Analysis Results*. Click **Calculate**. The graph updates based on the information you entered.

## Goals calculators

Nine types of goals calculators are available, and each one is explained in this section:

- Retirement Required Savings calculator
- "Retirement Available Savings calculator" on page 21
- "Retirement Capital Required calculator" on page 22
- "Retirement Capital Available calculator" on page 24
- "Major Purchase Required Savings calculator" on page 25
- "Major Purchase Available Savings calculator" on page 26
- "Education Savings calculator" on page 28
- "Life Insurance calculator" on page 29
- "Critical Illness calculator" on page 32

### Retirement Required Savings calculator

The *Retirement Required Savings* calculator determines the amount of monthly savings required to meet clients' desired income needs.

To use the *Retirement Required Savings* calculator, follow these steps:

1. Open the **Retirement Required Savings Calculator** dialog box. See "Opening a calculator" on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the "Retirement Required Savings Calculator" dialog box with the "Details" tab selected. The "Instructions" section is expanded. The "Retirement Information" section includes: Description (Periodic Retirement), Annual Income Needs (paid monthly) (\$50,000), Desired Income (after tax) (\$50,000), In Today's Dollars (unchecked), Index at (3%), From Age (65), and To Age (90). The "Savings Information" section includes: Index Required Monthly Savings at (3%), From Age (35), and To Age (65). The "Assumptions" section includes: Initial Investment (\$0), Average Tax Rate (25%), RRSP/RRIF (unchecked), Return Rate for RRSP/RRIF (6%), Ignore RRIF Minimums (unchecked), Delay RRIF Minimums Until Age (70), Interest Only (unchecked), Interest (6%), Capital Gains (0%), Dividends (0%), and Deferred Growth (0%). The "Analysis Results" section displays: "You need to save \$991 per month (indexed at 3% annually) to a Non Registered Account from age 35 to 65." The dialog box has "OK" and "Cancel" buttons at the bottom right.

Figure 12: Calculators menu – Goals – Retirement Required Savings – Retirement Required Savings Calculator dialog box – Details tab

2. Under *Retirement Information*, enter a desired income and the client's start and end ages for retirement. If you want the desired

income to be indexed to inflation, select the **In Today's Dollars** check box. By default, the desired income is indexed at 3%. If required, enter a different percentage in the *Index at* field.

- Under *Savings Information*, enter the annual rate of increase for the monthly contributions and the age when monthly savings for retirement begin.
- If the client already has retirement savings in place or will be investing a lump sum for retirement, enter the amount under *Assumptions* in the *Initial Investment* field. The lump-sum investment occurs at the age entered in the *From Age* field under *Savings Information*.  
Enter additional details about the initial investment the client wants to use towards the savings plan, including registered plan designation, tax rates, and other return rates.
- Under *Analysis Results*, a summary statement shows the amount the client needs to save monthly to meet his or her desired retirement income.

If the *RRSP/RRIF* check box is selected, the *Interest*, *Capital Gains*, *Dividends*, and *Deferred Growth* fields are unavailable.

## Retirement Available Savings calculator

The *Retirement Available Savings* calculator determines how much retirement income is attainable based on a possible savings plan.

To use the *Retirement Available Savings* calculator, follow these steps:

- Open the **Retirement Available Savings Calculator** dialog box. See "Opening a calculator" on page 10. The dialog box opens to the **Details** tab.

The screenshot shows the 'Retirement Available Savings Calculator' dialog box with the 'Details' tab selected. The 'Possible Savings Plan' section includes fields for Description (Periodic Retirement), Initial Investment (\$0), Monthly Savings (\$0), Index at (3%), From Age (35), and To Age (65). The 'Retirement Information' section includes Index Retirement Income at (3%), From Age (65), and To Age (90), with a checkbox for 'Report Results In Today's Dollars'. The 'Assumptions' section includes Average Tax Rate (25%), RRSP/RRIF (unchecked), Return Rate for RRSP/RRIF (6%), Ignore RRIF Minimums (unchecked), Delay RRIF Minimums Until Age (70), Interest Only (unchecked), Interest (6%), Capital Gains (0%), Dividends (0%), and Deferred Growth (0%). The 'Analysis Results' section displays: 'You can attain an after tax retirement income of \$0 per year (indexed at 3% annually) from a Non Registered Account from age 65 to 90.' The dialog box has 'OK' and 'Cancel' buttons at the bottom right.

Figure 13: Calculators menu – Goals – Retirement Available Savings – Retirement Available Savings Calculator dialog box – Details tab

2. Under *Possible Savings Plan*, enter an initial and monthly amount to be invested for retirement, and then enter the ages at which the client will start and stop investing for retirement. By default, the desired income is indexed at 3%. If required, enter a different percentage in the *Index at* field.
3. Under *Retirement Information*, enter the rate of inflation expected during retirement and the age at which retirement ends. To show the estimated retirement income in today's dollars, select the **Report Results In Today's Dollars** check box.
4. Under *Assumptions*, enter assumptions that apply to the amounts invested for retirement.  
  
If the monthly savings will be invested in a registered plan, select the **RRSP/RRIF** check box, and then enter the expected rate of return in the *Return Rate for RRSP/RRIF* field.
5. Under *Analysis Results*, a summary statement displays the estimated after-tax retirement income that the clients would receive based on this scenario.

If the *RRSP/RRIF* check box is selected, the *Interest*, *Capital Gains*, *Dividends*, and *Deferred Growth* fields are unavailable.

### **Retirement Capital Required calculator**

The *Retirement Capital Required* calculator calculates the capital required to sustain a specific after-tax income in retirement.

To use the *Retirement: Capital Required* calculator, follow these steps:

1. Open the **Retirement Capital Required Calculator** dialog box. See "Opening a calculator" on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'Retirement Capital Required Calculator' dialog box with the 'Details' tab selected. The 'Calculator Name' is 'Retirement Capital Re'. The 'Investment Information' section includes: 'Invested at Age' (35), 'Average Tax Rate' (40.00%), 'Non-Registered Investments' (selected), 'Interest Only' (checked), 'Interest' (6.00%), 'Capital Gains' (0.00%), 'Dividends' (0.00%), 'Deferred Growth' (0.00%), 'RRSP/RRIF' (not selected), and 'Return Rate' (6.00%). The 'Retirement Information' section includes: 'Retirement Age' (65 to 90), 'Desired After-Tax Income' (\$50,000), 'Today's Dollars' (checked), 'Indexed At' (3.00%), 'Ignore RRIF Minimums' (unchecked), and 'Delay RRIF Minimums Until Age' (72). The 'Analysis Results' section states: 'To retire with \$50,000 a year (in today's dollars), you will need to invest \$1,000,234 by age 35.' Buttons for 'OK' and 'Cancel' are at the bottom right.

Figure 14: Calculators menu – Goals – Retirement Capital Required – Retirement Capital Required dialog box – Details tab

2. Under *Investment Information*, enter the client's age when the savings are to be invested and the average tax rate of the client at retirement.
3. If the investment is non-registered, select **Non-Registered Investments**, and then enter the return rates that are expected for the investment. To enter return rates in fields other than *Interest*, you must first clear the **Interest Only** check box.

OR

If the investment is registered, select **RRSP/RRIF** check box, and then enter the return rate for the investment.

4. Under *Retirement Information*, enter the client's ages when payouts begin and end, the desired after-tax income amount, and the rate that the client's desired annual income will be indexed at.
5. To index the payouts to inflation, select the **Today's Dollars** check box, and then enter the inflation rate in the *Indexed At* field. If applicable, indicate whether RRIF minimums are to be ignored or delayed until a certain age.
6. The *Analysis Results* section displays the amount the client needs to invest to meet his or her desired retirement income.

## Retirement Capital Available calculator

The *Retirement Capital Available* calculator allows you to calculate the after-tax retirement income if a specific amount of capital is invested for retirement.

To use the *Retirement Capital Available* calculator, follow these steps:

1. Open the **Retirement Capital Available Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'Retirement Capital Available Calculator' dialog box with the 'Details' tab selected. The 'Calculator Name' is 'Retirement Capital Av'. Under 'Investment Information', 'Initial Capital' is \$500,000, 'Invested at Age' is 35, and 'Average Tax Rate' is 40.00%. The 'Non-Registered Investments' option is selected, with 'Interest Only' checked and a return rate of 6.00%. Other return rates for Capital Gains, Dividends, and Deferred Growth are 0.00%. The 'RRSP/RRIF' option is unselected with a return rate of 6.00%. Under 'Retirement Information', 'Retirement Age' is 65 to 90, 'Indexed At' is 3.00%, 'Report Results in Today's Dollars' is checked, 'Ignore RRIF Minimums' is unchecked, and 'Delay RRIF Minimums Until Age' is 72. The 'Analysis Results' section states: 'Your investment of \$500,000 can provide you with an indexed, after-tax retirement income of \$24,994.' Buttons for 'OK' and 'Cancel' are at the bottom right.

Figure 15: Calculators menu – Goals – Retirement Capital Available – Retirement: Capital Available Calculator dialog box – Details tab

2. Under *Investment Information*, enter the initial capital the client plans to put toward retirement, the client's age when the savings will be invested, and the average tax rate of the client at retirement.
3. If the investment is non-registered, select the **Non-Registered Investments** option, and then enter the return rates that are expected for the investment. To enter return rates other than *Interest*, you must first clear the **Interest Only** check box.

OR

If the investment is registered, select the **RRSP/RRIF** option, and then enter the return rate for the investment.

4. Under *Retirement Information*, enter the the client's ages when the retirement income begins and ends, and the rate that the client's desired annual income will be indexed at. If applicable, indicate

whether RRIF minimums are to be ignored or delayed until a certain age.

5. Under *Analysis Results*, a summary statement displays the annual after-tax retirement income that the specified capital investment can provide.

## Major Purchase Required Savings calculator

The *Major Purchase Required Savings* calculator determines how much money your clients need to save monthly to meet a desired major purchase goal.

To use the *Major Purchase Required Savings* calculator, follow these steps:

1. Open the **Major Purchase Required Savings Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'Major Purchase Required Savings Calculator' dialog box with the 'Details' tab selected. The 'Major Purchase Information' section contains the following fields: Description (Major Purchase Requi), Major Purchase Goal (\$0), 2008 Dollars (checked), Index at (3.00%), Starting Year (2008), Purchase Year (2013), Stop Savings Year (2013), and Index Required Monthly Savings at (3.00%). The 'Assumptions' section includes: Initial Investment (\$0), Average Tax Rate (40.00%), Interest Only (checked), Interest (6.00%), Capital Gains (0.00%), Dividends (0.00%), and Deferred Growth (0.00%). The 'Analysis Results' section at the bottom states: 'You need to save \$0 per month (indexed at 3.00% annually) from 2008 to 2013.' The dialog box has 'OK' and 'Cancel' buttons at the bottom right.

Figure 16: Calculators menu – Goals – Major Purchase Required Savings – Major Purchase Required Savings Calculator dialog box – Details tab

2. In the *Description* field, enter a unique description of the calculator.
3. Under *Major Purchase Information*, enter the value of the major purchase, when savings begin and end, and when the purchase occurs.

4. If applicable, do any of the following:

To...	Do this...
Index the value of the major purchase goal to inflation	Select the <current year> <b>Dollars</b> check box.
Index the value of the major purchase goal to a specified rate	In the <i>Index At</i> field, enter a new rate.
Increase the monthly contribution	Enter the annual percentage increase in the <i>Index Required Monthly Savings at</i> field.

5. If the clients already have major purchase savings in place or will be investing a lump sum for the major purchase, enter the amount under *Assumptions*, in the *Initial Investment* field. The lump-sum savings occurs in the year entered in the *Starting Year* field under *Major Purchase Information*.
6. Enter the average tax rate and the return rates that are expected for the investment. To enter return rates in fields other than *Interest*, you must first clear the **Interest Only** check box.
7. Under *Analysis Results*, a summary statement displays the monthly amount needed to fund the major purchase goal.

### Major Purchase Available Savings calculator

The *Major Purchase Available Savings* calculator determines how much money can be saved by your clients toward a major purchase based on a monthly savings amount.

To use the *Major Purchase Available Savings* calculator, follow these steps:

1. Open the **Major Purchase Available Savings Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

Figure 17: Calculators menu – Goals – Major Purchase Available Savings – Major Purchase Available Savings Calculator dialog box – Details tab

2. In the *Description* field, enter a unique description of the calculator.
3. Under *Major Purchase Information*, enter the amount the clients will save each month toward the major purchase, when the savings begin and end, and when the purchase occurs.
4. If applicable, do any of the following:

To...	Do this...
Increase the amount that is saved each year	Enter a rate of increase in the <i>Index at</i> field.
Increase the cost of the major purchase over time	Enter the annual percentage increase in the <i>Major Purchase Index At</i> field
Display in the report the amount saved in today's dollars	Select the <b>Report Results in Today's Dollars</b> check box.

5. If the clients already have major purchase savings in place or will be investing a lump sum for the major purchase, enter the amount under *Assumptions*, in the *Initial Investment* field. The lump-sum savings occurs in the year entered in the *Starting Year* field under *Major Purchase Information*.

6. Enter the average tax rate and the return rates that are expected for the investment. To enter return rates in fields other than *Interest*, you must first clear the **Interest Only** check box.
7. Under *Analysis Results*, a summary statement displays the amount (in today's dollars or in a specific year's dollars) that will be available to fund the major purchase.

## Education Savings calculator

The *Education Savings* calculator determines how much money your clients need to save each month to plan for a child's education.

To use the *Education Savings* calculator, follow these steps:

1. Open the **Education Savings Calculator** dialog box. See "Opening a calculator" on page 10. The dialog box opens to the *Details* tab.

Figure 18: Calculators menu – Goals – Education – Education Savings Calculator dialog box – Details tab

2. In the *Description* field, enter a unique description of this calculator.
3. Under *Education Information*, enter the name of the child who the education goal is for, the child's age, the education start age, estimated education costs, and duration. To change the annual rate at which education costs increase, enter a rate in the *Cost Indexed at* field.

4. If the clients already have education savings in place or will be investing a lump sum for education, enter the amount under *Assumptions*, in the *Initial Investment* field.
5. If the clients' future education savings will be directed to an RESP, select the **Registered Education Savings Plan** check box. If the clients will be saving to an RESP and they want to maximize the Canada Education Savings Grant (CESG) on the savings based on their income, select the **Maximize CESG** check box, and then enter the family's previous year's net income in the *Estimated Net Family Income* field.
6. In the *Starting Year* field, enter the year when the regular and lump-sum savings will occur.
7. Enter the contributor tax rate, and other return rates. To enter return rates in fields other than *Interest*, you must first clear the **Interest Only** check box. To index the savings, enter a rate in the *Index Required Monthly Savings at* field.
8. Under *Analysis Results*, a summary statement displays the monthly amount needed to fund the education goal.

## Life Insurance calculator

The *Life Insurance* calculator estimates how much life insurance your clients may require based on the expenses, income needs, and existing assets entered.

To use the *Life Insurance* calculator, follow these steps:

1. Open the **Life Insurance Calculator** dialog box. See "Opening a calculator" on page 10. The dialog box opens to the *General* tab.

Life Insurance Information		Assumptions	
Description	Life Insurance	Inflation Rate	3.00%
Insured	Insured	Assumed Return Rate	6.00%
Beneficiary	Beneficiary	Less: Tax Rate	40.00% = -2.4%
		After-Tax Yield on Capital	3.60%
		Less: Inflation Rate on Income and Expenses	-3.00%
		Real Return on Capital (after tax and inflation)	0.60%

Figure 19: Calculators menu – Goals – Life Insurance – Life Insurance Calculator dialog box – General tab

2. In the *Description* field, enter a unique name for this calculator.

3. Under *Life Insurance Information*, enter the names of the insured client and the beneficiary.
4. Under *Assumptions*, to change the inflation rate that will be used to calculate the *Deficit or (Surplus)* (insurance required) amount, click the **Details** button. The *Sensitivity Analysis* dialog box opens.

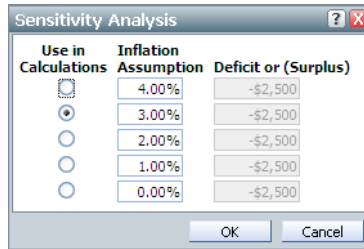


Figure 20: Sensitivity Analysis dialog box

5. Under *Use in Calculations*, select the option for the inflation assumption that should be used in calculating the final *Deficit or (Surplus)* (insurance required) amount, and then click **OK** to close the dialog box.
6. Enter the assumed return rate and, in the *Less: Tax Rate* field, the beneficiary's expected tax rate.
7. Go to the **Expenses at Death** tab, and then enter all the lump-sum expenses that the surviving co-client will incur following the client's death.
8. Go to the **Future Income Needs** tab. On this tab you determine the annual income required by the survivor. The calculator assumes that the insured dies at the end of the current year.

Three columns are available under *Future Income Needs* for modeling the survivor's annual income and expense needs throughout the survivor's lifecycle. For example, the survivor may incur \$70,000 in annual living expenses when the children are dependent, but may incur only \$50,000 in annual living expenses during retirement.

9. If the insured and the survivor have dependent children, under *Until Children are self-supporting*, enter the number of years between the current year and the final year during which income will be required to support dependent children.
10. If the insured and the survivor have self-supporting children or independent children, under *After Children are self-supporting*, enter the number of years from the year the last child is self-supporting to the survivor's year of retirement.

11. Under *During Retirement*, enter the number of years between the survivor's retirement and the survivor's death.
12. For each applicable time period, enter expected income, living expenses, and CPP/QPP benefits. If a time period has 0 entered in the *Number of Years* field, any amounts entered for that time period are excluded from the calculation.

NaviPlan calculates the taxes payable on the total income and displays it in the *Plus: Taxes Payable* field. NaviPlan determines the family's total annual income needs by subtracting the incomes from the expenses and taxes payable. The income surplus or deficit is displayed in the *Annual Income Needs - Deficiency (Surplus)* field. Surplus values have a minus sign.

13. Under *Capital Needs*, select the method used to calculate the family's required capital when the insured dies. The following table explains both options.

Select...	If you want to...
<b>Capital Retention</b>	Leave the bulk of the client's estate untouched. <b>Note:</b> Only the growth on both the life insurance proceeds and realizable net worth is used to cover expenses. A higher amount of insurance coverage is needed for this method.
<b>Capital Depletion</b>	Use the client's life insurance proceeds and realizable net worth to cover required expenses. <b>Note:</b> The growth and principal on both the life insurance proceeds and realizable net worth is used to cover expenses. Lower insurance coverage is needed. However, the client's net worth is significantly reduced.

14. Go to the **Current Assets & Insurance** tab.
15. In the *Realizable Assets* field, enter the total amount of the family's realizable assets, which includes the following:
  - all registered and non-registered assets (regardless of any tax penalties) that can be liquidated
  - all proceeds used toward the surviving family members' expenses
16. Enter the amount of the insured's existing life insurance coverage.
17. If the insured expects to receive a death benefit payment from the Canada/Quebec Pension Plan, enter the amount in the field.
18. Go to the **Reports** tab. A summary of the clients' life insurance needs appears.

## Critical Illness calculator

The *Critical Illness* calculator analyzes the clients' critical illness needs over time.

To use the *Critical Illness* calculator, follow these steps:

1. Open the **Critical Illness Calculator** dialog box. See "Opening a calculator" on page 10. The dialog box opens to the *Details* tab.

Figure 21: Calculators menu – Critical Illness – Critical Illness Calculator dialog box – Details tab

2. Under *Financial Security in the Event of Critical Illness*, answer the questions provided.
3. Under *Portion of Gross Coverage Provided by Existing Insurance*, enter the amount and duration of existing critical illness coverage.
4. Under *Analysis Results*, a summary statement displays how much additional capital the clients require in the event of critical illness. The report on the *Reports* tab addresses the three classes of need: non-medical lump sum, medical lump sum, and supplementary income. This report compares each need to what has already been provided and identifies shortfalls for which additional insurance should be purchased.

## Non-registered calculators

Three types of non-registered asset calculators are available:

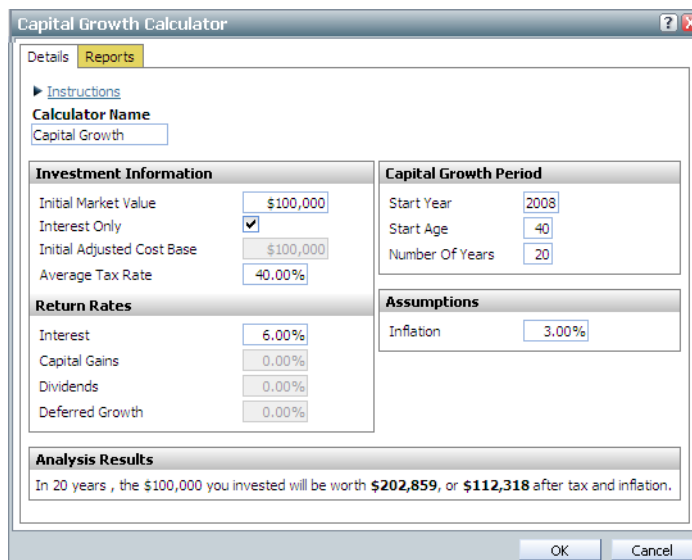
- Capital Growth calculator
- "Regular Investments calculator" on page 34
- "Payout Duration calculator" on page 35
- "Indexed Payout calculator" on page 36

### Capital Growth calculator

The *Capital Growth* calculator shows the effect of inflation on the growth of a non-registered asset.

To use the *Capital Growth* calculator, follow these steps:

1. Open the **Capital Growth Calculator** dialog box. See "Opening a calculator" on page 10. The dialog box opens to the *Details* tab.



Capital Growth Calculator

Details Reports

Instructions

Calculator Name  
Capital Growth

Investment Information	Capital Growth Period
Initial Market Value: \$100,000	Start Year: 2008
Interest Only: <input checked="" type="checkbox"/>	Start Age: 40
Initial Adjusted Cost Base: \$100,000	Number Of Years: 20
Average Tax Rate: 40.00%	

Return Rates	Assumptions
Interest: 6.00%	Inflation: 3.00%
Capital Gains: 0.00%	
Dividends: 0.00%	
Deferred Growth: 0.00%	

**Analysis Results**

In 20 years, the \$100,000 you invested will be worth **\$202,859**, or **\$112,318** after tax and inflation.

OK Cancel

Figure 22: Calculators menu – Non-Registered – Capital Growth – Capital Growth Calculator dialog box – Details tab

2. Under *Investment Information*, enter the details of the non-registered asset.
3. Under *Return Rates*, enter the applicable return rates.
4. Under *Capital Growth Period*, enter the year and age when the investment begins and the duration.
5. Under *Assumptions*, enter the expected inflation rate.

- Under *Analysis Results*, a summary statement displays the value of the capital investment at the end of the the specified time period, after tax and inflation.

## Regular Investments calculator

The *Regular Investments* calculator shows the effects of periodic savings on the growth of a non-registered asset.

To use the *Regular Investments* calculator, follow these steps:

- Open the **Regular Investments Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

Figure 23: Calculators menu – Non-Registered – Regular Investments – Regular Investments Calculator dialog box – Details tab

- Under *General Information*, enter the general details for the non-registered asset.
- Under *New Investments*, enter the regular savings amount, and then select the frequency.  
If you selected *Annual* from the *Frequency* list, select the time of year when the investment is made.
- To increase the amount of the monthly investments on an annual basis, enter the rate of increase in the *Index At* field.

5. Under *Return Rates*, enter the applicable return rates. To enter return rates in fields other than *Interest*, you must first clear the **Interest Only** check box.
6. Under *Analysis Results*, a summary statement displays the amount that the investment will have earned in this scenario after taxes.

## Payout Duration calculator

The *Payout Duration* calculator calculates the length of time payouts from a non-registered investment will last.

To use the *Payout Duration* calculator, follow these steps:

1. Open the **Payout Duration Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

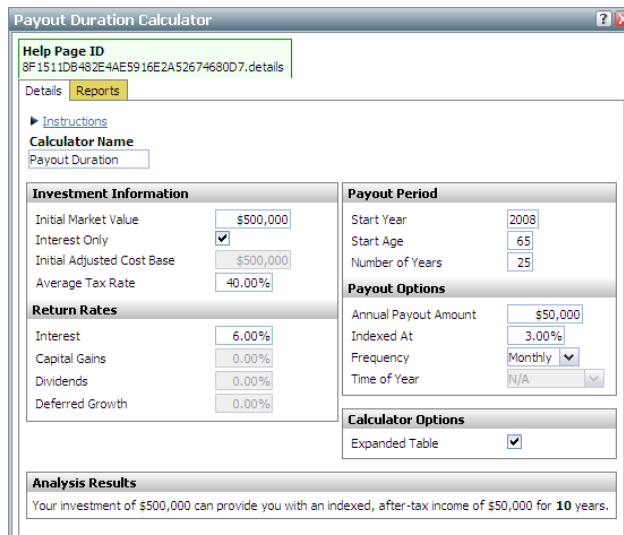


Figure 24: Calculators menu – Non-Registered – Payout Duration – Payout Duration Calculator dialog box – Details tab

2. Under *Investment Information*, enter the initial market value of the investment, indicate whether the investment earns interest only, and then enter the average tax rate.
3. Under *Return Rates*, enter the expected rates of return for interest, capital gains, dividends, and deferred growth if applicable.
4. Under *Payout Period*, enter the year and the age that the investment starts.
5. Under *Payout Options*, enter the annual payout amount, the expected indexation rate, the payout frequency, and if *Annual* is selected in the *Frequency* field, the time of year that payouts will be made.

6. To include columns in the calculator table that show how the after-tax annual adjusted indexed payout and cost base are calculated, select the **Expanded Table** check box.
7. Under *Analysis Results*, a summary statement displays the length of time payouts will last in this scenario.

## Indexed Payout calculator

The *Indexed Payout* calculator calculates how much income the non-registered investment can provide over a specific period of time.

To use the *Indexed Payout* calculator, follow these steps:

1. Open the **Indexed Payout Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'Indexed Payout Calculator' dialog box with the 'Details' tab selected. The 'Calculator Name' is 'Indexed Payout'. The 'Investment Information' section includes: Initial Market Value (\$500,000), Interest Only (unchecked), Initial Adjusted Cost Base (\$500,000), and Average Tax Rate (40.00%). The 'Return Rates' section includes: Interest (6.00%), Capital Gains (0.00%), Dividends (0.00%), and Deferred Growth (0.00%). The 'Payout Period' section includes: Start Year (2008), Start Age (65), and Number of Years (25). The 'Payout Options' section includes: Indexed At (3.00%), Frequency (Monthly), and Time of Year (N/A). The 'Calculator Options' section includes: Expanded Table (checked). The 'Analysis Results' section shows: 'Your investment of \$500,000 can provide an indexed, after-tax payout of \$1,815 per month for 25 years.'

Figure 25: Calculators menu – Non-Registered – Indexed Payout – Indexed Payout Calculator dialog box – Details tab

2. Under *Investment Information*, enter the initial market value of the investment, indicate whether the investment earns interest only, and then enter the average tax rate.
3. Under *Return Rates*, enter the expected rates of return for interest, capital gains, dividends, and deferred growth if applicable.
4. Under *Payout Period*, enter the year and the age that the investment starts.
5. Under *Payout Options*, enter the expected indexation rate, the payout frequency, and if *Annual* is selected in the *Frequency* field, the time of year that payouts will be made.

6. To include columns in the calculator table that show how the after-tax annual adjusted indexed payout and cost base are calculated, select the **Expanded Table** check box.
7. Under *Analysis Results*, a summary statement displays how much income the non-registered investment can provide in this scenario.

## Registered calculators

Six types of registered asset calculators are available:

- RRIF Payout Duration calculator
- "RRIF Indexed Payout calculator" on page 40
- "RRIF Minimum Payout calculator" on page 41
- "LRIF Minimum Payout calculator" on page 42
- "LRIF Maximum Payout calculator" on page 43
- "LIF Minimum Payout calculator" on page 44
- "LIF Maximum Payout Calculator" on page 46
- "Life Annuity Payout calculator" on page 47
- "Term Annuity Payout calculator" on page 48
- "RRSP Savings calculator" on page 49

### RRIF Payout Duration calculator

The *RRIF Payout Duration* calculator shows the length of time a registered retirement income fund (RRIF) will provide a specified amount of income.

To use the *RRIF Payout Duration* calculator, follow these steps:

1. Open the **RRIF Payout Duration Calculator** dialog box. See "Opening a calculator" on page 10. The dialog box opens to the *Details* tab.

Figure 26: Calculators menu – Registered – RRIF Payout Duration – RRIF Payout Duration Calculator dialog box – Details tab

2. Under *RRIF Information*, enter the amount of the RRIF and the applicable return and tax rates.

To indicate that the RRIF was in existence at the start of the year, select the **Existing RRIF** check box.

If the RRIF was set up before 1993 and has not had any funds or property transferred to it since 1992, except funds that were transferred from another qualifying RRIF, select the **Qualifying RRIF** check box.

3. Under *Payout Period*, enter the year and the age of the client or co-client when the RRIF starts providing income and the number of years the RRIF will provide income.
4. Under *Payout Options*, enter the amount of income to be withdrawn annually, the payout frequency, and the rate at which the income will increase each year.  
If you selected *Annual* from the *Frequency* list, select the month or time of year to withdraw income.
5. To ignore RRIF minimum payout rules, select the **Ignore RRIF Minimums** check box.

To use RRIF minimum payout rules, enter the age when RRIF minimums apply.

6. Under *Analysis Results*, a summary statement displays how long the RRIF can provide the specified amount of income in this scenario.

## RRIF Indexed Payout calculator

The *RRIF Indexed Payout* calculator shows how much income the registered retirement income fund (RRIF) can provide over a specified period of time.

To use the *RRIF Indexed Payout* calculator, follow these steps:

1. Open the **RRIF Indexed Payout Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'RRIF Indexed Payout Calculator' dialog box with the 'Details' tab selected. The 'Calculator Name' is 'RRIF Indexed Payout'. Under 'RRIF Information', 'Initial Capital' is \$500,000, 'Return Rate' is 6.00%, and 'Average Tax Rate' is 40.00%. There are checkboxes for 'Existing RRIF' and 'Qualifying RRIF'. Under 'Payout Period', 'Start Year' is 2008, 'Start Age' is 65, and 'Number of Years' is 25. Under 'Payout Options', 'Frequency' is set to 'Monthly', 'Time of Year' is 'N/A', 'Indexed At' is 3.00%, and 'Delay RRIF Minimums Until Age' is 70. The 'Analysis Results' section displays: 'Your RRIF worth \$500,000 can provide you with an indexed, after-tax payout of the equivalent of \$17,029 per annum.' There are 'OK' and 'Cancel' buttons at the bottom.

Figure 27: Calculators menu – Registered – RRIF Indexed Payout – RRIF Indexed Payout Calculator dialog box – Details tab

2. Under *RRIF Information*, enter the amount of the RRIF and the applicable return and tax rates.

To indicate that the RRIF was in existence at the start of the year, select the **Existing RRIF** check box.

If the RRIF was set up before 1993 and has not had any funds or property transferred to it since 1992, except funds that were

transferred from another qualifying RRIF, select the **Qualifying RRIF** check box.

3. Under *Payout Period*, enter the year and the age of the client or co-client when the RRIF starts providing income and the number of years the RRIF will provide income.
4. Under *Payout Options*, enter the payout frequency, and the rate at which the income will increase each year.

If you selected *Annual* from the *Frequency* list, select the time of year to withdraw income.

5. To ignore RRIF minimum payout rules, select the **Ignore RRIF Minimums** check box. To use RRIF minimum payout rules, enter the age when RRIF minimums apply.
6. Under *Analysis Results*, a summary statement displays how much income the RRIF can provide in this scenario.

## RRIF Minimum Payout calculator

The *RRIF Minimum Payout* calculator shows the minimum annual withdrawal required for a specified registered retirement income fund (RRIF).

To use the *RRIF Minimum Payout* calculator, follow these steps:

1. Open the **RRIF Minimum Payout Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

Figure 28: Calculators menu – Registered – RRIF Minimum Payout – RRIF Minimum Payout Calculator dialog box – Details tab

2. Under *RRIF Information*, enter the amount of the RRIF and the applicable return and tax rates.

To indicate that the RRIF was in existence at the start of the year, select the **Existing RRIF** check box.

If the RRIF was set up before 1993 but has not had any funds or property transferred to it since 1992, except funds that were transferred from another qualifying RRIF, select the **Qualifying RRIF** check box.

3. Under *Payout Period*, enter the year and the age of the client or co-client when the RRIF starts providing income and the number of years the RRIF will provide income.
4. Under *Payout Options*, enter the payout frequency. If you selected *Annual* from the *Frequency* list, select the month or time of year to withdraw income.
5. Under *Analysis Results*, a summary statement displays the minimum annual withdrawal required in this scenario.

### **LRIF Minimum Payout calculator**

The *LRIF Minimum Payout* calculator calculates the minimum annual withdrawal required for a specified locked-in retirement fund (LRIF) based on the information entered and current provincial legislation.

To use the *LRIF Minimum Payout* calculator, follow these steps:

1. Open the **LRIF Minimum Payout Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

Figure 29: Calculators menu – Registered – LRIF Minimum Payout – LRIF Minimum Payout Calculator dialog box – Details tab

2. Under *LRIF Information*, enter the value of the LRIF, the return rate, and the average tax rate.
3. If the LRIF existed at the start of the year, select the **Existing LRIF** check box.
4. Under *Life Annuity Information*, indicate whether the LRIF is to be converted to an annuity, enter the annual interest rate for the annuity, and then indicate the gender of the annuitant.
5. Under *Payout Options*, select the payment frequency.  
If you selected *Annual* from the *Frequency* list, select the time of year to withdraw income.
6. Under *Payout Period*, enter the year when payouts begin and the age when the client or co-client starts and stops receiving payouts.
7. Under *Analysis Results*, a summary statement displays the minimum annual withdrawal required in this scenario.

## LRIF Maximum Payout calculator

The *LRIF Maximum Payout* calculator calculates the maximum annual withdrawal required for a specific locked-in retirement fund (LRIF).

To use the *LRIF Maximum Payout* calculator, follow these steps:

1. Open the **LRIF Maximum Payout Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

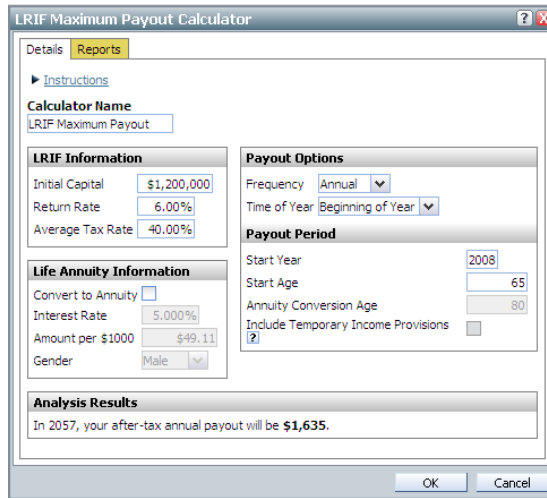


Figure 30: Calculators menu – Registered – LRIF Maximum Payout – LRIF Maximum Payout Calculator dialog box – Details tab

2. Under *LRIF Information*, enter the value of the LRIF, the return rate, and the average tax rate.
3. Under *Life Annuity Information*, indicate whether the LRIF is to be converted to an annuity, enter the annual interest rate for the annuity, and then indicate the gender of the annuitant.
4. Under *Payout Options*, select the payment frequency.  
If you selected *Annual* from the *Frequency* list, select the time of year to withdraw income.
5. Under *Payout Period*, enter the year when payouts begin, the age when the client or co-client starts and stops receiving payouts, and, if applicable, indicate whether temporary income provisions are to be included. The *Include Temporary Income Provisions* check box is not accessible for some provinces.
6. Under *Analysis Results*, a summary statement displays the maximum annual withdrawal required for this scenario.

## LIF Minimum Payout calculator

LIFs are not available under Prince Edward Island legislation.

The *LIF Minimum Payout* calculator calculates the minimum annual withdrawal for a specified life income fund (LIF).

To use the *LIF Minimum Payout* calculator, follow these steps:

1. Open the **LIF Minimum Payout Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows a software window titled "LIF Minimum Payout Calculator" with a "Details" tab selected. The window contains several input sections:

- Calculator Name:** LIF Minimum Payout
- LIF Information:**
  - Initial Capital: \$1,200,000
  - Return Rate: 6.00%
  - Average Tax Rate: 40.00%
  - Governing Province: Quebec
  - Existing LIF:
- LIF Payout Period:**
  - Start Year: 2008
  - Start Age: 65
  - Annuity Conversion Age: 80
- Life Annuity Information:**
  - Convert to Annuity:
  - Interest Rate: 5.000%
  - Gender: Male
- Payout Options:**
  - Frequency: Annual
  - Time of Year: Beginning of Year
- Analysis Results:** In 2057, your after-tax annual payout will be **\$1,849**.

Figure 31: Calculators menu – Registered – LIF Minimum Payout – LIF Minimum Payout Calculator dialog box – Details tab

2. Under *LIF Information*, enter the initial value of the LIF, the return rate, and the average tax rate of the client or co-client.
3. From the *Governing Province* list, select the province that governs the LIF. This may be different from the province where the client or co-client resides.
4. If the LIF was already in existence at the start of the year, select the **Existing LIF** check box.
5. If the LIF is to be converted to an annuity, under *Life Annuity Information*, select the **Convert to Annuity** check box, enter the interest rate, and then select the gender of the client or co-client.
6. Under *LIF Payout Period*, enter the year and age when LIF payouts start and, if the *Convert to Annuity* check box is selected, the age when the LIF converts to an annuity.
7. Under *Payout Options*, select the payment frequency.  
If you selected *Annual* from the *Frequency* list, select the time of year to withdraw income.
8. Under *Analysis Results*, a summary statement displays the minimum annual withdrawal required in this scenario.

## LIF Maximum Payout Calculator

The *LIF Maximum Payout* calculator calculates the maximum annual withdrawal for a specified life income fund (LIF).

To use the *LIF Maximum Payout* calculator, follow these steps:

1. Open the **LIF Maximum Payout Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'LIF Maximum Payout Calculator' dialog box with the 'Details' tab selected. The 'Calculator Name' is 'LIF Maximum Payout'. The 'LIF Information' section includes: Initial Capital (\$1,200,000), Return Rate (6.00%), Average Tax Rate (-0.00%), CANSIM Rate (-4.220%), Reference Rate (6.000%), Inflation Rate (3.00%), and Governing Province (Quebec). The 'Life Annuity Information' section includes: Convert to Annuity (unchecked), Interest Rate (5.000%), and Gender (Male). The 'LIF Payout Period' section includes: Start Year (2008), Start Age (65), Annuity Conversion Age (80), and Include Temporary Income Provisions (unchecked). The 'Payout Options' section includes: Frequency (Annual) and Time of Year (Beginning of Year). The 'Analysis Results' section shows: In 2057, your after-tax annual payout will be \$555.

Figure 32: Calculators menu – Registered – LIF Maximum Payout – LIF Maximum Payout Calculator dialog box – Details tab

2. Under *LIF Information*, enter the initial value of the LIF, the return rate, and the average tax rate of the client or co-client.
3. From the *Governing Province* list, select the province that governs the LIF. This may be different from the province where the client or co-client resides.
4. Depending on the province selected from the *Governing Province* list, enter the CANSIM rate or reference rate, and then enter the inflation rate. The types of rates you can enter depend on the province selected in the *Governing Province* list.
5. If the LIF is to be converted to an annuity, under *Life Annuity Information*, select the **Convert to Annuity** check box, enter the interest rate, and then select the gender of the client or co-client.
6. Under *LIF Payout Period*, enter the year and age when LIF payouts start and, if the *Convert to Annuity* check box is selected, the age when the LIF converts to an annuity.

To include temporary income provisions for a client or co-client who has not reached age 65, select the **Include Temporary Income Provisions** check box. NaviPlan assumes that the LIF is the only source of temporary income. This check box may not be accessible for some provinces.

7. Under *Payout Options*, select the payment frequency.  
If you selected *Annual* from the *Frequency* list, select the time of year to withdraw income.
8. Under *Analysis Results*, a summary statement displays the maximum annual withdrawal required in this scenario.

## Life Annuity Payout calculator

The *Life Annuity Payout* calculator shows the maximum lifetime payout that a specified life annuity can support.

To use the *Life Annuity Payout* calculator, follow these steps:

1. Open the **Life Annuity Payout Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'Life Annuity Payout Calculator' dialog box with the 'Details' tab selected. The 'Reports' tab is also visible. The 'Calculator Name' is 'Life Annuity Payout'. The 'Annuity Information' section includes: Initial Capital (\$1,200,000), Interest (5.00%), Average Tax Rate (40.00%), and Gender (Male). The 'Payout Period' section includes: Start Year (2008) and Start Age (65). The 'Payout Options' section includes: Frequency (Monthly) and Time of Year (N/A). The 'Analysis Results' section states: 'Your annuity worth \$1,200,000 can provide a maximum life-time payout of \$67,385 per year.' The dialog box has 'OK' and 'Cancel' buttons at the bottom.

Figure 33: Calculators menu – Registered – Life Annuity Payout – Life Annuity Payout Calculator dialog box – Details tab

2. Under *Annuity Information*, enter the initial value of the life annuity, the interest rate, the average tax rate of the client or co-client, and select the client’s or co-client’s gender.

3. Under *Payout Period*, enter the year and age when the annuity starts paying out.
4. Under *Payout Options*, select the payment frequency.  
If you selected *Annual* from the *Frequency* list, select the time of year to withdraw income.
5. Under *Analysis Results*, a summary statement displays the maximum lifetime payout the investment can provide in this scenario.

## Term Annuity Payout calculator

The *Term Annuity Payout* calculator shows the annual after-tax payouts that a term annuity can support.

To use the *Term Annuity Payout* calculator, follow these steps:

1. Open the **Term Annuity Payout Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows a dialog box titled "Term Annuity Payout Calculator" with two tabs: "Details" (selected) and "Reports". Under "Details", there is a link for "Instructions" and a "Calculator Name" field containing "Term Annuity Payout". The "Annuity Information" section includes: "Initial Capital" (\$1,200,000), "Interest" (5.00%), and "Average Tax Rate" (40.00%). The "Payout Period" section includes: "Start Year" (2008), "Start Age" (65), and "End Age" (90). The "Payout Options" section includes: "Frequency" (Monthly) and "Time of Year" (N/A). The "Analysis Results" section displays: "Your annuity worth \$1,200,000 can provide a 25 year payout of \$48,766 per year." At the bottom are "OK" and "Cancel" buttons.

Figure 34: Calculators menu – Registered – Term Annuity Payout – Term Annuity Payout Calculator dialog box – Details tab

2. Under *Annuity Information*, enter the initial value of the term annuity, the interest rate, and the average tax rate of the client or co-client.
3. Under *Payout Period*, enter the year and age when the annuity starts paying out.
4. Under *Payout Options*, select the payment frequency.

If you selected *Annual* from the *Frequency* list, select the time of year to withdraw income.

5. Under *Analysis Results*, a summary statement displays the annual after-tax payouts that the annuity can provide in this scenario.

## RRSP Savings calculator

The *RRSP Savings* calculator shows the effect regular contributions have on the growth of an RRSP.

To use the *RRSP Savings* calculator, follow these steps:

1. Open the **RRSP Savings Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'RRSP Savings Calculator' dialog box with the 'Details' tab selected. The 'Calculator Name' is 'RRSP Savings'. The 'General Information' section includes: Initial Market Value (\$1,000), Marginal Tax Rate (40.00%), Start Year (2008), Start Age (40), and Number of Years (20). The 'New Investments' section includes: Amount (\$100), Frequency (Monthly), Time of Year (N/A), Index At (3.00%), and Return Rate (6.00%). The 'Analysis Results' section states: 'In 20 years, your RRSP will have a market value of \$61,037.' Buttons for 'OK' and 'Cancel' are at the bottom.

Figure 35: Calculators menu – Registered – RRSP Savings – RRSP Savings Calculator dialog box – Details tab

2. Under *General Information*, enter the market value of the initial RRSP investment, the marginal tax rate of RRSP income, the year and age when the investments begin, and the number of years to invest.
3. Under *New Investments*, enter the regular savings amount, and then select the frequency.  
If you selected *Annual* from the *Frequency* list, select the month or time of year when the investment is made.
4. To increase the amount of the monthly investments on an annual basis, enter the rate of increase in the *Index At* field.
5. Enter the return rate that applies to the investment.
6. Under *Analysis Results*, a summary statement displays the value of the investment for the specified number of years in this scenario.

## Other calculators

Four types of other calculators are available:

- RRSP vs. Mortgage calculator
- "Leverage vs. Savings calculator" on page 52
- "Loan Comparison calculator" on page 53
- "Mortgage Comparison calculator" on page 54

### RRSP vs. Mortgage calculator

The *RRSP vs. Mortgage* calculator allows you to compare the effects that combinations of RRSP savings and mortgage payment strategies have on net worth and annual payouts.

To use the *RRSP vs. Mortgage* calculator, follow these steps:

1. Open the **RRSP vs. Mortgage Calculator** dialog box. See "Opening a calculator" on page 10. The dialog box opens to the *Details* tab.

	RRSP w/ Savings	Mortgage w/ Savings	RRSP w/ Mortgage	Mortgage w/ RRSP
Net Worth	\$512,800	\$546,589	\$541,852	\$563,499
Annual Payout	\$9,298	\$9,605	\$10,563	\$12,405

Figure 36: Calculators menu – Other – RRSP vs. Mortgage – RRSP vs. Mortgage Calculator dialog box – Details tab

2. Under *Investment Information*, enter the tax rate that will be applied to savings income and the expected rates of return that will be

earned by the investment. If the investment only earns interest, select the **Interest Only** check box.

3. Under *Mortgage Information*, enter the details that apply to the mortgage.
4. Under *Retirement Information*, enter retirement details and retirement payout details.
5. Under *Payment Information*, enter the details of the payment that the client is considering towards an investment or as an additional mortgage payment.
6. Under *Payment Strategies*, select the check boxes for each of the following payout strategies you want included in the *RRSP vs. Mortgage* report:
  - **RRSP with Savings**—The savings amount is put into RRSPs and the corresponding tax deduction is invested into a savings plan.
  - **Mortgage with Savings**—The savings amount is put towards the mortgage principal. After the mortgage is paid off, that amount is put into the savings plan.
  - **RRSP with Mortgage**—The savings amount is put into RRSPs and the corresponding tax deduction is put towards the mortgage principal. Once the mortgage is paid off, an amount equal to the original mortgage payments plus the tax refunds is invested into a non-registered savings plan.
  - **Mortgage with RRSP**—The savings amount is put towards the mortgage principal until the mortgage is paid off, then into RRSPs. The tax deduction from RRSP contributions is put into a non-registered savings plan each year.
7. Under *Analysis Results*, a summary statement displays a table comparing the net worth and annual payout of various strategies. The *RRSP vs. Mortgage* report displays graphs and tables illustrating the effect that each alternative strategy has on net worth, payouts, accumulations, and redemptions.

## Leverage vs. Savings calculator

The *Leverage vs. Savings* calculator compares strategies for borrowing to invest and investing from savings.

To use the *Leverage vs. Savings* calculator, follow these steps:

1. Open the **Leverage vs. Savings Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'Leverage vs. Savings Calculator' dialog box with the 'Details' tab selected. The 'Calculator Name' is 'Leverage vs. Savings'. The 'Liability Information' section includes: Loan Amount (\$200,000), Interest Rate (8.00%), Compounded (Monthly), Payment Method (Interest Only), Number of Years (20), and Percentage of Interest on Loan that is Tax Deductible (100.00%). The 'Investment Information' section includes: Marginal Tax Rate (40.00%). The 'Return Rates' section includes: Interest Only (checked), Interest (6.00%), Dividends (0.00%), Capital Gains (0.00%), and Deferred Growth (0.00%). The 'Please Note' section contains two bullet points: 'Proposals for leveraging should include an explanation of potential risk in the transaction and projections of potential negative outcomes.' and 'Interest on a loan obtained for investment purposes may not be fully deductible for tax purposes, if the funds were used to acquire an investment that does not earn income. Clients should consult their tax advisors if they require information on their own situation.' The 'Analysis Results' section states: 'In 20 years, you could earn \$14,098 after tax from leverage, compared to \$9,561 after tax from savings.'

Figure 37: Calculators menu – Other – Leverage vs. Savings – Leverage vs. Savings Calculator dialog box – Details tab

2. Under *Liability Information*, enter the details of the loan.
3. Under *Investment Information*, enter the marginal tax rate for the investment.
4. Under *Return Rates*, enter the return rates that apply to the investment. To enter return rates in fields other than *Interest*, you must first clear the **Interest Only** check box.
5. Under *Analysis Results*, a summary statement compares investing with and without leverage. The *Leverage vs. Savings* report displays a graph and tables illustrating the effect that the leverage and savings strategies have on cash flow and the market value of the investment.

## Loan Comparison calculator

The *Loan Comparison* calculator allows you to compare multiple loan payment scenarios that have different interest rates, amortization periods, or payment amounts.

To use the *Loan Comparison* calculator, follow these steps:

1. Open the **Loan Calculator Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'Loan Comparison Calculator' dialog box with the 'Details' tab selected. The 'Loan Information' section includes 'Start Date' (Jan 1 2008), 'Loan Amount' (\$100,000), and 'Payment Type' (Principal and Interest). The 'Loan Comparison' section has 'Field to Calculate' set to 'Payment Amount'. It compares three alternatives: Original, Alternative 1, and Alternative 2. The 'Original' alternative has a monthly payment of \$1,310. 'Alternative 1' has a monthly payment of \$1,062. 'Alternative 2' has a monthly payment of \$894. The dialog also shows 'Total Payments in Year' and 'Total Remaining Interest' for each alternative.

	Original	Alternative 1	Alternative 2
Payment Frequency	Monthly	Monthly	Monthly
Compound Frequency	Semi-annual	Semi-annual	Semi-annual
Interest Rate	10.000%	10.000%	10.000%
Amortization (yrs/periods)	10.00   120	15.00   180	25.00   300
Payment Amount	\$1,310	\$1,062	\$894
Total Payments in Year	\$15,724	\$12,747	\$10,734
Total Remaining Interest	\$57,240	\$91,209	\$168,346

Figure 38: Calculators menu – Other – Loan Comparison – Loan Comparison Calculator dialog box – Details tab

2. Under *Loan Information*, enter a start date and a loan amount, and then select an option from the *Payment Type* list.
3. Select the variable you want to solve for from the *Field to Calculate* list. This will make the appropriate fields accessible or inaccessible. You can compare up to three loan scenarios and solve for interest rate, amortization, payment amount, or original principal. To enable additional scenarios for comparison, select the check box next to the alternative you want to illustrate.
4. For each alternative, enter the details of the known variables. To include an amortization schedule in the report, select an option from the *Include Amortization Schedule for* list.
5. To compare payment frequencies, select an option from the *Compare Payment Frequencies* list.

- Go to the **Reports** tab. The *Loan Calculator* report displays a breakdown of the included loan scenarios.

## Mortgage Comparison calculator

The *Mortgage Comparison* calculator allows you to compare multiple mortgage payment scenarios that have different interest rates, amortization periods, or payment amounts.

To use the *Mortgage Comparison* calculator, follow these steps:

- Open the **Mortgage Comparison Calculator** dialog box. See “Opening a calculator” on page 10. The dialog box opens to the *Details* tab.

The screenshot shows the 'Mortgage Comparison Calculator' dialog box with the 'Details' tab selected. The 'Reports' tab is also visible. The 'Calculator Name' is 'Mortgage Calculator'. Under 'Loan Information', the 'Start Date' is 'Jan 1 2008' and the 'Original Principal' is '\$100,000'. The 'Mortgage Comparison' section has 'Field to Calculate' set to 'Payment Amount'. It compares three alternatives: 'Original', 'Alternative 1', and 'Alternative 2'. The 'Original' alternative has a payment amount of \$1,310. 'Alternative 1' has a payment amount of \$1,062. 'Alternative 2' has a payment amount of \$894. The 'Include Amortization Schedule for Compare Payment Frequencies' is set to 'None'.

	Original	Alternative 1	Alternative 2
Payment Frequency	Monthly	Monthly	Monthly
Mortgage Type	Fixed Rate	Fixed Rate	Fixed Rate
Term (years)			
Interest Rate	10.000%	10.000%	10.000%
Amortization (yrs/periods)	10.00 120	15.00 180	25.00 300
Accelerated to	10.00 120	15.00 180	25.00 300
Payment Amount	\$1,310	\$1,062	\$894
Total Payments in Year	\$15,724	\$12,747	\$10,734
Total Interest Cost for Amortization Period	\$57,240	\$91,209	\$168,346

Figure 39: Calculators menu – Other – Mortgage Comparison – Mortgage Comparison Calculator dialog box – Details tab

- Under *Loan Information*, enter a start date and a principal amount.
- Under *Mortgage Comparison*, select an option from the *Field to Calculate* list. The remaining fields and lists may change depending on the payment type selected. You can compare up to three mortgage scenarios and solve for interest rate, amortization, payment amount, or original principal. To enable additional scenarios for comparison, select the check box next to the alternative you want to illustrate.
- For each alternative, enter the details of the known variables.

5. To include an amortization schedule in the report, select an option from the *Include Amortization Schedule for* list.
6. To compare payment frequencies, select an option from the *Compare Payment Frequencies* list.
7. Go to the **Reports** tab. The *Mortgage Comparison* report displays a breakdown of the included mortgage scenarios.



# Glossary

<b>Accounts</b>	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).
<b>Asset Allocation Assessment</b>	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.
<b>Average tax rate</b>	The average tax rate as entered into NaviPlan is applied to the salary, bonus, self-employed, defined benefit pension, and other taxable income types.
<b>Client</b>	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.
<b>Client file</b>	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.
<b>Client report</b>	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.
<b>Co-client</b>	For a <i>Joint Analysis</i> client file, the co-client is the second person entered when creating the client file.
<b>Deferred growth</b>	Annual growth on investments (capital gain or loss) as determined by the deferred growth return rate assigned to an account or holding. Represents growth that is earned but not yet realized. Deferred growth is not taken into income for tax purposes until the year the asset is redeemed or sold.
<b>Deferred profit sharing plan (DPSP)</b>	Contributions to a DPSP are not a taxable benefit to the employee until the money is paid out. At payout, the proceeds are fully taxable to the employee unless transferred directly into the employee's personal RRSP. They must be taken into income as a lump sum or as an annuity no later than the end of the year in which the employee attains the age of 71. Contributions to a DPSP are factored into the Pension Adjustment (PA) calculation for RRSP contribution room purposes.
<b>Engagement</b>	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

	<p>engagement results in a completed financial plan or assessment delivered to and accepted by a client.</p>
<b>Financial Assessment</b>	<p>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.</p>
<b>Frequency</b>	<p>The number of times an occurrence repeats during a specified time. This is a list of all possible options. In any given situation, some or all of these options may appear.</p> <ul style="list-style-type: none"><li>• annually (once per year)</li><li>• bimonthly (every two months)</li><li>• biweekly (every two weeks)</li><li>• daily (every day)</li><li>• monthly (every month)</li><li>• quarterly (four times per year)</li><li>• semi-annually (twice per year, often in the middle and at the end)</li><li>• semimonthly (twice monthly, twice per month)</li><li>• semiweekly (twice per week)</li><li>• weekly (every week)</li></ul>
<b>Holding</b>	<p>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).</p>
<b>Inflation rate</b>	<p>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.</p>
<b>Interest</b>	<p>Annual interest income for accounts and holdings as determined by the interest return rate assigned to the account or holding.</p> <p>Unless the investment is qualified, all interest earned is fully taxable each year whether paid or reinvested. Interest income is taxed at the marginal tax rate.</p>
<b>Level 1 Plan</b>	<p>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.</p>
<b>Level 2 Plan</b>	<p>A plan type that can encompass all available planning modules. It is suitable for clients with complex financial situations.</p>

<b>Life income fund (LIF)</b>	A LIF, similar to a locked-in RRIF, is funded with registered pension money. Legislation in the respective jurisdictions determines the required minimum payments the annuitant must receive each year and the maximum withdrawal amounts.
<b>Locked-in retirement account (LIRA)</b>	A LIRA is similar to an RRSP in that it can build tax free until taken into income. LIRAs are funded with locked-in pension money from employer-sponsored pensions. Depending on the governing provincial jurisdictions, the funds must be converted to a life annuity, a life income fund (LIF), or a locked-in retirement income fund (LRIF), no later than the end of the year in which they turn age 71.
<b>Locked-in retirement income fund (LRIF)</b>	An LRIF is similar to the LIF except that the LRIF does not have to be converted to a life annuity at age 80. Money in the LRIF is funded with locked-in pension money and, with some specific exceptions, it cannot be withdrawn. It is governed by the respective provincial jurisdictions.
<b>Non-registered</b>	Accounts that are not tax advantaged.
<b>Owner</b>	Person who has ownership rights and privileges of the contract.
<b>Plan type - Current</b>	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.
<b>Plan type - Recommended</b>	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.
<b>Registered assets</b>	Assets which adhere to specific rules and are assigned special tax privileges set by the Canada Revenue Agency (CRA). The registered assets supported in NaviPlan are each defined separately.
<b>Registered education savings plan (RESP)</b>	A savings plan in which money grows tax-free until it is withdrawn for a post-secondary education. Any person can set up the plan and make contributions on behalf of one or more beneficiaries (a child) named in the plan.
<b>Registered pension plan (RPP money purchase)</b>	A contributory plan with the employee contribution based on a percentage of earnings and the employer paying the balance to meet the required pension benefit formula within the plan. Legislation limits the contributions that can be made into the plan or assessment each year. These contributions to a pension plan included in the calculation of the pension adjustment used to reduce the RRSP contribution room each year.

**Registered retirement income fund (RRIF)**

A registered income vehicle that provides an alternative to cashing out or purchasing an annuity with RRSP funds at maturity. Payments must not be less than the minimum amount set by the Canada Revenue Agency (CRA). There is no minimum amount required in the year the RRIF is established.

**Registered retirement savings plan (RRSP)**

A plan registered with the Canada Revenue Agency (CRA), allowing an individual to make contributions to the plan, within RRSP contribution limits, set up for the purpose of providing retirement income at maturity of the plan. For tax purposes, contributions are deductible and the income earned inside the RRSP is tax-deferred until withdrawn from the plan. All RRSPs must be converted to either a RRIF or a life annuity by the end of the year in which the client turns 71.

**Note:** Where the plan or assessment has not provided for the conversion of an RRSP to an income vehicle to begin at some future date, NaviPlan Standard will convert all RRSPs to a RRIF when the client reaches age 71.

**Retirement**

A time period starting from January 1 of the year the first client retires until the last client dies.

# Index

## A

Accounts, definition, 57  
 Asset Allocation Assessment, definition, 57  
 Average tax rate  
     definition, 57

## B

Buttons  
     Help, 4, 5, 7

## C

Calculators  
     Capital Growth, 33  
     Cost of Living, 14  
     Critical Illness, 32  
     Education Savings, 28  
     Historical Returns, 18  
     Indexed Payout, 36  
     Inflation History, 17  
     Leverage vs. Savings, 52  
     LIF Maximum Payout, 46  
     LIF Minimum Payout, 44  
     Life Annuity Payout, 47  
     Life Insurance, 29  
     Loan Comparison, 53  
     LRIF Maximum Payout, 43  
     LRIF Minimum Payout, 42  
     Major Purchase Available Savings, 26  
     Major Purchase Required Savings, 25  
     managing, 13  
     Mortgage Comparison, 54  
     Payout Duration, 35  
     Purchasing Power, 16  
     Regular Investments, 34  
     Retirement Available Savings, 21  
     Retirement Capital Available, 24  
     Retirement Capital Required, 22  
     Retirement Required Savings, 20  
     RRIF Indexed Payout, 40  
     RRIF Minimum Payout, 41  
     RRIF Payout Duration, 38  
     RRSP Savings, 49  
     RRSP vs. Mortgage, 50

    Term Annuity Payout, 48  
 Calculators menu, 13  
 Capital Growth calculator, 33  
 Client file, definition, 57  
 Client report  
     definition, 57  
 Client, definition, 57  
 Co-client, definition, 57  
 Conventions used in the reference guide, 3  
 Cost of Living calculator, 14  
 Critical Illness calculator, 32

## D

Deferred growth, definition, 57  
 Deferred profit sharing plan (DPSP),  
     definition, 57

## E

Education Savings calculator, 28  
 EISI.com, 5  
 Engagement, definition, 57

## F

Financial Assessment  
     definition, 58  
 Frequency, definition, 58

## H

Help  
     accessing, 4  
     button, 4, 5, 7  
     navigating, 4  
     sections, 4  
 Historical Returns calculator, 18  
 Holding, definition, 58

## I

Indexed Payout calculator, 36  
 Inflation History calculator, 17  
 Inflation rate, definition, 58  
 Interest, definition, 58

## **L**

Level 1 Plan, definition, 58  
Level 2 Plan, definition, 58  
Leverage vs. Savings calculator, 52  
LIF Maximum Payout calculator, 46  
LIF Minimum Payout calculator, 44  
Life Annuity Payout calculator, 47  
Life income fund (LIF)  
    definition, 59  
Life Insurance calculator, 29  
Loan Comparison calculator, 53  
Locked-in retirement account (LIRA),  
    definition, 59  
Locked-in retirement income fund (LRIF),  
    definition, 59  
LRIF Maximum Payout calculator, 43  
LRIF Minimum Payout calculator, 42

## **M**

Major Purchase Available Savings calculator, 26  
Major Purchase Required Savings calculator, 25  
Mortgage Comparison calculator, 54

## **N**

NaviPlan Standard  
    About dialog box, 7  
    essential Windows skills, 3  
    finding more information, 4  
    Reference Guide Series, 2  
    resources, 5  
Non-registered, definition, 59

## **O**

Owner, definition, 59

## **P**

Payout Duration calculator, 35

Plan type - Current, definition, 59  
Plan type - Recommended, definition, 59  
Purchasing Power calculator, 16

## **R**

Registered assets, definition, 59  
Registered education savings plan (RESP),  
    definition, 59  
Registered pension plan (RPP money purchase),  
    definition, 59  
Registered retirement income fund (RRIF),  
    definition, 60  
Registered retirement savings plan (RRSP),  
    definition, 60  
Regular Investments calculator, 34  
Retirement  
    definition, 60  
Retirement Available Savings calculator, 21  
Retirement Capital Available calculator, 24  
Retirement Capital Required calculator, 22  
Retirement Required Savings calculator, 20  
RRIF Indexed Payout calculator, 40  
RRIF Minimum Payout calculator, 41  
RRIF Payout Duration calculator, 38  
RRSP Savings calculator, 49  
RRSP vs. Mortgage calculator, 50  
RRSPs  
    using calculators for, 49

## **S**

Support, accessing, 5

## **T**

Term Annuity Payout calculator, 48

## **W**

Web site, accessing, 5