

NaviPlan Standard

General Canadian version 11.0.3.6

Summary

EISI Release Notes highlight program updates in the latest NaviPlan Standard release.

In this document, you will find information about NPS version 11.0.3.6 Offline.

Should you wish to learn more about the program or its individual features, please consult any of our NaviPlan product resources. You can choose to rely on the greater detail presented in the application Help, or in the NaviPlan Standard reference guides or the learning guides available at the following [address](http://support.eisi.com/support_cdn/nps_offline/v11/index.htm) (http://support.eisi.com/support_cdn/nps_offline/v11/index.htm).

The following are the program updates and new features highlighted in this document:

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v11.0.3.6 enhancements

- The latest CrypKey files (copyright CrypKey (Canada) Inc.) are incorporated in this release of NaviPlan to address intermittent authorization issues some users may have had when running the Microsoft® Windows 7 operating system and NaviPlan on the same computer
- In projected plans, the conversion of LIRA accounts to LRIF accounts now occurs correctly according to the applicable provincial legislation

v11.0.3.5 enhancements

This version of NaviPlan Standard features updated tax tables, inflation rate values, and tax credit calculations, incorporating new federal and provincial legislation in effect up to the release date of v11.0.3.5. These updates are incorporated into all applicable calculators, and reports and graphs. Updates include, but are not limited to, the following.

Note that at the time of this software release, measures announced up to September 1, 2009, are included. EISI endeavours to keep the rates used in this software current; however, these rates are subject to change at any time as per federal and provincial legislation. The rates, figures, and values included in this release are believed to be accurate and reliable, although they cannot be guaranteed as accurate, complete, or reliable in all instances. Details should be considered for information purposes only.

Rate updates

- Federal and (where applicable) provincial personal income tax rates for 2009, as well as federal and (where applicable) provincial average and marginal income tax rates for 2009
- Basic personal tax credit
- Marginal tax rate tables
- CESG qualifying net family income amounts
- Spousal/equivalent-to-spouse amount or dependant amount credit
- Age amount credit for clients born in 1943 or earlier
- General factor percentage for New Brunswick (updated to 9.65% for 2009)
- Dividend tax credit for British Columbia, Alberta, and Newfoundland and Labrador
- Employment insurance premium amounts
- These rate updates include the latest British Columbia budget updates, which take effect January 1, 2010

End-of-Year Market Value field

This new field is available in both simple and detailed Asset Allocation Assessments (*Asset Allocation* section – *Asset Allocation* category – *Accounts* page) as well as Level 1 and 2 Plans (*Financial Picture* section – *Net Worth* category – *Accounts* page). It only appears when the *Plan Type* selected is a RRIF, LIF, or LRIF.

The screenshot shows the 'Account Details' dialog box with the 'Account Setup' tab selected. The 'Setup' section contains the following fields:

- Use younger partner's age for minimums
- End-of-Year Market Value as of 2007 ? (highlighted with a red box) with a value of \$15,000

Other fields in the 'Setup' section include 'Annuity Information (Optional)' with a dropdown arrow. The dialog also has 'Return Rates' and 'Account Setup' tabs, and buttons for 'Add Account', 'Previous Entry', 'Next Entry', 'OK', and 'Cancel'.

Financial Picture section – Net Worth category – Accounts page – Details button – Account Details dialog box – Account Setup tab (Level 2 Plan)

The default for the *End-of-Year Market Value as of <plan year minus 1>* field is the market value of the RRIF, LIF, or LRIF as of the valuation date associated with the assessment's or plan's analysis date.

When the override check box located beside this field is selected, you can change the dollar value field:

- If you change the default value to \$0, you indicate that the plan is a new plan that did not exist at the end of the previous year. Payout will begin the year following the plan year (*Plan Analysis Date*, plus 1).
- If you don't change the default value OR if you change the value to a figure greater than \$0 if the default was \$0, you indicate that the plan is an existing plan. Payout will begin the month following the plan month (plan month, plus 1). NaviPlan will then use the value in this field to calculate the first year minimum (and/or maximum, if applicable) payout.

Note: If minimum payouts are not required in the initial plan year, NaviPlan calculates future payouts using the projected value of the account as of the year the payments are required to begin. For more information on this new field, access the application Help.

Related reports and graphs are updated to reflect the addition of the *End-of-Year Market Value as of <plan year minus 1>* field.

Miscellaneous

- Users generating the *Estate Analysis* report (*Reports* menu – *Estate*) can now select whether the analysis should be for the current or recommended plan
- The asset allocation of TFSAs linked to major purchase and education goals is now correctly displayed in the applicable *Asset Allocation Details* dialog box (*Goals* section – *Education/Major Purchase* category – *Objectives* page – *Asset Allocation* button)
- If a surplus strategy is linked to clients' TFSA accounts, the surplus is now correctly withdrawn from the clients' cash flow surplus

v11.0.3.4 update, June 2009

This latest release of NaviPlan Standard v11.0.3.4 Offline includes updates to the following items.

TFSA Savings & Comparison calculator

- The values entered in the *Start Year* and *Start Age* fields in the *TFSA Savings & Comparison* calculator now correspond correctly to the *End of Year* and *Age* columns in the *TFSA Savings & Comparison* report
- The information in the *TFSA Savings & Comparison* report is updated to more accurately reflect how NaviPlan Standard v11.0.3.4 calculates and accounts for this investment vehicle
- When a TFSA is compared to an RRSP using the *TFSA Savings & Comparison* calculator, the estimated deferred tax item that appears in the *TFSA Savings & Comparison* report is now calculated correctly by applying the tax rate during retirement to the total market value of the RRSP asset
- The treatment of unused TFSA contribution room is updated to ensure that surplus savings strategies applied to TFSAs are calculated correctly

Miscellaneous

- If surplus savings strategies have been entered into the clients' plan, these are now reported in the *Planning Assistant*TM
- All RRIF minimum calculations in NPS v11.0.3.4 are now based on the client's age at the beginning of the year, not at the end of the year
- The *LIF Maximum Payout* calculator is updated so that payout percentages match the federal government limit of 6.2912%
- If users change the default value of 6% in the *Reference Rate* field in the *LIF Maximum Payout* calculator—a field that can only be edited for certain provinces—the new user-entered value becomes the default rate for all provinces, even including those provinces where the rate cannot be edited
- When migrating client files from NPS v8.3g Windows-based to NPS v11.0.3.4 Offline, non-registered accounts linked to the retirement goal are no longer automatically treated as community property
- The amortization schedules for liabilities on residences where the mortgage payment frequency is bi-weekly are now calculated correctly in client files that have been migrated from NPS v8.3g Windows-based to NPS v11.0.3.4 Offline

Reports and graphs

- Reports and graphs related to TFSAs are updated to ensure consistency in formatting and to correctly display account values for all applicable plan years
- The French-language version of NPS v11.0.3.4 is updated to help ensure the application does not fail when users generate reports containing graphs with legends
- Issues affecting title pages and tables have been resolved to help ensure that client reports now generate properly

v11.0.3.4 enhancements

This version of NaviPlan Standard features updated tax tables, inflation rate values, and tax credit calculations, incorporating new federal and provincial legislation in effect up to the release date of v11.0.3.4. These updates are incorporated into all applicable calculators, and reports and graphs. Updates include, but are not limited to, the following.

Note that at the time of this software release, measures announced up to December 31, 2008, are included. EISI endeavours to keep the rates used in this software current; however, these rates are subject to change at any time as per federal and provincial legislation. The rates, figures, and values included in this release are believed to be accurate and reliable, although they cannot be guaranteed as accurate, complete, or reliable in all instances. Details should be considered for information purposes only.

Rate updates

- Federal and provincial personal income tax rates for 2009
- Federal and provincial average and marginal income tax rates for 2009
- Federal and provincial non-refundable credit rates
- Federal CANSIM rate for applicable accounts
- RRSP contribution limits (updated to \$21,000 for 2009)
- Dividend tax credits – updates to both federal and provincial rates (for British Columbia, Alberta, Manitoba, and Ontario only)
- Average return rates
- General factor percentage for British Columbia (updated to 5.06% for 2009), Manitoba (updated to 10.8% for 2009), and Newfoundland (updated to 7.7% for 2009) only
- Old Age Security (OAS) rates
- Canada Pension Plan/Québec Pension Plan (CPP/QPP) rates
- Yearly maximum pensionable earnings (YMPE)
- Employment insurance premiums
- Consumer Price Index rate (updated to 2.3%); this new value is reflected in the *Inflation History* calculator

Tax-free savings account

In accordance with recent federal legislation changes, NaviPlan Standard v11.0.3.4 now supports the tax-free savings account (TFSA) in Financial Assessments, Asset Allocation Assessments, and Level 1 and 2 Plans.

Note: NaviPlan Standard v11.0.3.4 does not limit you to entering the current annual contribution value of \$5,000, and it does not calculate the overcontribution penalty tax. To ensure you are aware of any overcontributions entered for your clients, access the *Planning Assistant*[™] to view

the total value of contributions for your clients. For more information on the *Planning Assistant* and TFSAs, see the “Planning Assistant” section of this document on page 5.

- TFSAs are classified as registered assets (except in certain reports).
- The \$5,000 contribution limit will be adjusted by inflation each year after 2009, rounded to the nearest \$500.
- In Simple Financial Assessments, the total value of TFSAs owned by the client and co-client are entered on the *Financial Assessment* section – *Financial Assessment* category – *Retirement* page.
- In Detailed Financial Assessments, the total value of TFSAs owned by the client and co-client are entered on the *Financial Assessment* section – *Financial Assessment* category – *Retirement* page – *TFSA* tab.
- In Simple and Detailed Asset Allocation Assessments, individual TFSAs are entered on the *Asset Allocation* section – *Asset Allocation* category – *Accounts* page by selecting *TFSA* from the *Plan Type* list.
- In Level 1 and 2 Plans, individual TFSAs are entered on the *Financial Picture* section – *Net Worth* category – *Accounts* page by selecting *TFSA* from the *Plan Type* list.
- You can enter an unlimited number of individual TFSAs in Asset Allocation Assessments, as well as Level 1 and Level 2 Plans.
- In Financial Assessments, historical data for TFSAs is entered on the *Financial Assessment* section – *Financial Assessment* category – *Assumptions* page, under *TFSA Contributions*. In Level 1 and 2 Plans, it is entered on the *Plan Management* section – *Assumptions* category – *Historical Data* page – *TFSA Contributions* tab. **Note:** You can only enter historical data for TFSAs in assessments and plans with a creation date of 2010 or later. Historical data is not applicable to Simple or Detailed Asset Allocation Assessments.

Taxation of TFSAs and death of owner

- As per federal budget legislation, TFSA earned income and withdrawals are not taxed in NaviPlan.
- Upon the death of the owner of the TFSA, NPS excludes the asset’s value from income taxation.
- Upon the death of the owner of the TFSA, NPS transfers the account to a surviving spouse or common-law partner. **Note:** Transfers only occur in plans where the clients’ marital status is married or common-law.
- Unused contribution room associated with the deceased client is not transferred to the surviving client.
- If no surviving spouse or common-law partner exists, NaviPlan liquidates the TFSA at market value and excludes the liquidation from income taxation.

TFSA's and savings strategies

- In Level 1 Plans, savings strategies can be applied to TFSA's on the *Financial Picture* section – *Net Worth* category – *Accounts* page, by clicking the *Savings Strategies* button.
- In Level 2 Plans, savings strategies can be applied to TFSA's in two ways: on the *Financial Picture* section – *Net Worth* category – *Accounts* page, by clicking the *Savings Strategies* link; and on the *Financial Picture* section – *Strategies* category – *Savings* page, under *Registered*. The start date for all savings defaults to January 1 of the plan year; the end date defaults to retirement.
- Only the owner of the TFSA can contribute savings to the account. **Note:** NaviPlan does not prevent you from creating TFSA's for dependants under the age of 18.
- For the retirement goal only, when creating What-if scenarios, you can specify the amount of additional monthly savings that are to be directed to your clients' TFSA's in Detailed Financial Assessments on the *Financial Assessment* section – *Financial Assessment* category – *Retirement* page, and in Level 1 and 2 Plans on the *Goals* section – *Retirement* category – *Scenarios* page – *Savings* tab.
- Also on this tab in Level 1 and 2 Plans, under *Savings Preferences*, you can select whose TFSA will be used if NaviPlan recommends further additional monthly savings in order to meet the clients' retirement goal.

Asset allocation

- TFSA's are separated from other registered accounts for the purposes of asset allocation.
- The asset allocation mix of TFSA's can be manually adjusted in the *Asset Class Weightings Details* dialog box, by going to the *Financial Picture* section – *Net Worth* category – *Accounts* page, and then selecting *Manual Classification* from the *Asset Class Weightings* list.
- For the retirement goal only, you can define a separate asset allocation mix for TFSA's, if they are linked to the retirement goal, by going to the *Goals* section – *Retirement* category – *Objectives* page, and then clicking the *Asset Allocation* button.

Goal funding and asset availability

- In Level 1 and 2 Plans only, there are two ways that TFSAs can be linked to retirement and any other accumulation goals (major purchase, education, and emergency fund), regardless of who owns the accounts: by going to the *Goals* section – *Retirement/Education/Major Purchase/Emergency Fund* category – *Objectives* page, and then clicking *Goal Funding*, or by going to the *Goals* section – *Goal Funding* category – *Goal Funding* page.
- In Level 2 Plans only, TFSAs can be excluded from, or made available for, liquidation at disability and retirement on the *Goals* section – *Survivor Income/Disability Income* – *Client/Co-client* category – *Asset Availability* page.

Deficit coverage

- For deficit coverage in Level 1 and 2 Plans in NaviPlan Standard, TFSAs are considered separately from non-registered and registered accounts. The default deficit coverage order of assets is non-registered – TFSA – registered. **Note:** In NPS, deficit coverage only applies to the retirement period.
- You can change this order in two ways: by going to the *User Preferences* menu, and then selecting *Plan Settings* to open the *User Preferences – Plan Settings* dialog box, or by going to the *Plan Management* section – *Assumptions* category – *Deficit Coverage Order* page. You can then select one of three deficit coverage options:
 - *Non-registered – TFSA – Registered*
 - *TFSA – Non-registered – Registered*
 - *Non-registered – Registered – TFSA*
- If users change the deficit coverage order (using the *User Preferences* menu), only plans created after this change are affected; the default deficit coverage order in existing plans is not affected.

Planning Assistant

The *Planning Assistant*, available in Level 1 and 2 Plans, now includes a *TFSA Contribution Limits* report that accounts for the following:

- unused contribution room for the client and co-client
- contributions made by a client under the minimum age
- excess contributions

Calculators

A new *TFSA Savings & Comparison* calculator is now available from the *Calculators* menu or through the *Plan Creation* dialog box – *Plan Selection* stage. On the *Details* tab of this calculator you can do the following:

- demonstrate the growth of a TFSA over a specific period of time using an initial investment and systematic savings
- compare the growth rate of a TFSA investment amount (and savings), for a specific period of time using the same rate of return, to an RRSP asset and/or non-registered asset

The *Reports* tab of this calculator displays, through graphs and tables, the results of the data entered on the *Details* tab.

Reports

- All reports and graphs that list investment assets have been updated to include TFSAs. They are listed as registered accounts (except in certain reports).

Miscellaneous

- In Level 1 and 2 Plans, variable life insurance policies are no longer available from the *Policy Type* list on the *Financial Picture* section – *Insurance Coverage* category – *Insurance Coverage* page.