



Tips for transitioning from NaviPlan Extended to NaviPlan Select

This document was created for current NaviPlan® Extended (NPE) users transitioning to NaviPlan® Select (NPSE) v12.0.

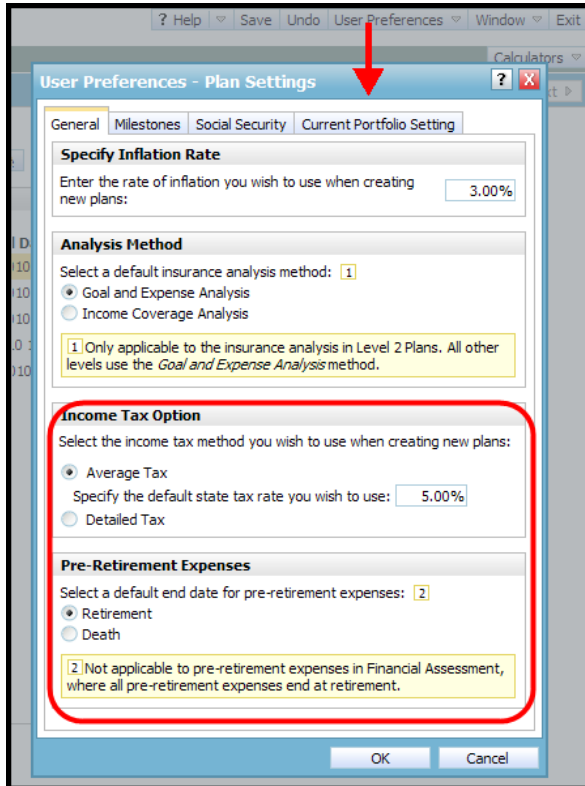
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Setting plan defaults (preferences) for all new plans

Regardless of which application you are using, it is important to establish default settings that apply to the plans you create. In NPSE you can do the following:

- Select the tax method you wish to apply as the default (NPE uses the Detailed Tax method).
- Choose to have pre-retirement expenses end at retirement and have a separate retirement goal made up of a new set of expenses (NPE continues pre-retirement expenses throughout the entire plan).



USER PREFERENCES – PLAN SETTINGS – GENERAL TAB

Client creation process using the client creation wizard

Client creation

Creating a client file is the same in NPSE, except you have the help of a new client creation wizard that walks you through the creation of a new client file.

Plan selection

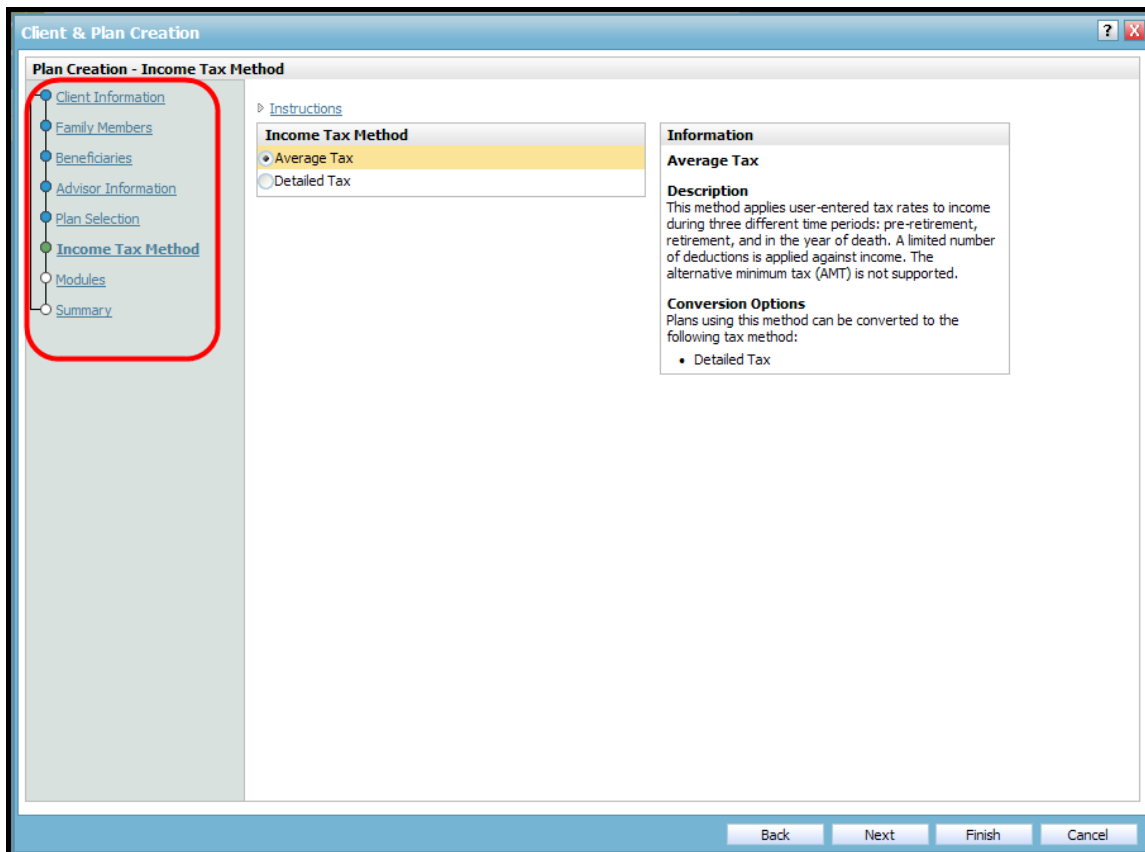
New to NPE users, the Asset Allocation Assessment allows you to create a simple or detailed assessment to review the clients' current asset allocation, establish their risk tolerance, and create a proposed allocation. Compare the clients' current allocation to the proposed allocation, and view the results.

Tax method

In NPSE you can change the default income tax method used for your plans.

- The Average Tax method applies user-entered tax rates to income during three different time periods: pre-retirement, retirement, and in the year of death. A limited number of deductions are applied against income. The alternative minimum tax (AMT) is not supported. When you choose the Average Tax method, simple cash flow is used.
- The Detailed Tax method automatically applies the bracketed federal and state rates to taxable income on a year-by-year basis. An extensive number of deductions and credits is supported in the calculations (the AMT is supported). When you choose the Detailed Tax method, detailed cash flow is used.
- When importing an existing NPE client file into NPSE, the Detailed Tax method is automatically used.

For additional information on the client creation wizard, watch the *Client and plan creation* Help Video Clip.



CLIENT & PLAN CREATION DIALOG BOX (CLIENT CREATION WIZARD)

Creating and recommending a plan: From base plan to presenting results

In NPE you would have created a base plan, made a duplicate copy of the base plan, and then made your recommendations in the duplicated plan. Lastly you would have generated a client report to display the differences between the current and the recommended plan.

In NPSE you still have to create a current plan, but all recommendations are located within a plan; therefore, there is no need to duplicate the current plan.

For additional information on the planning process, view the *Start planning* Learning Guide or Training Video Clip.

Compare plan scenarios using the Scenario Manager

In NPSE all recommendations can be entered within the *Results* section – *Analyze Goals* category. Duplicated plans are no longer required. On the *Scenarios* page you can view the results of the current plan and create alternative plan scenarios to make recommendations for your clients. By default, this page displays the *Current Plan* scenario and a *Recommended Plan* scenario (Alternative 1) which is the clients’ current plan with the assets reallocated to the suggested asset mix. The *Scenarios* page also displays any asset reallocations you performed, as well as the proposed estate planning scenario.

To meet your clients’ retirement needs, you can change goal variables, including start dates (retirement age), life expectancy, inflation rate assumptions, investment profiles, rates of return, and fixed and/or discretionary expenses for each goal. The effects of the changes on the ability to meet the goal are immediately displayed. Click any of the line items to go into more detail and make specific recommendations.

You can also create multiple What-if alternatives by clicking the *Create Alternative* button.

If you are not concerned with analyzing your clients’ goals, don’t use this page. Instead, use the reports and client reports to present cash flow and net worth information to your clients.

For additional information on the new Scenario Manager, access the *Analyze, compare, and create plan scenarios* Learning Guide or Training Video Clip.

The screenshot shows the NaviPlan software interface. The main window is titled 'Analyze Goals' and displays a comparison between two scenarios: 'Current Plan' and 'Recommended Plan' (Alternative 1). The interface includes a sidebar with navigation options like 'Client Management', 'Plan Management', and 'Results'. The main content area is divided into sections for 'Modify Financial Data', 'Analyze Goals', and 'Survivor Income'. A red box highlights the comparison table.

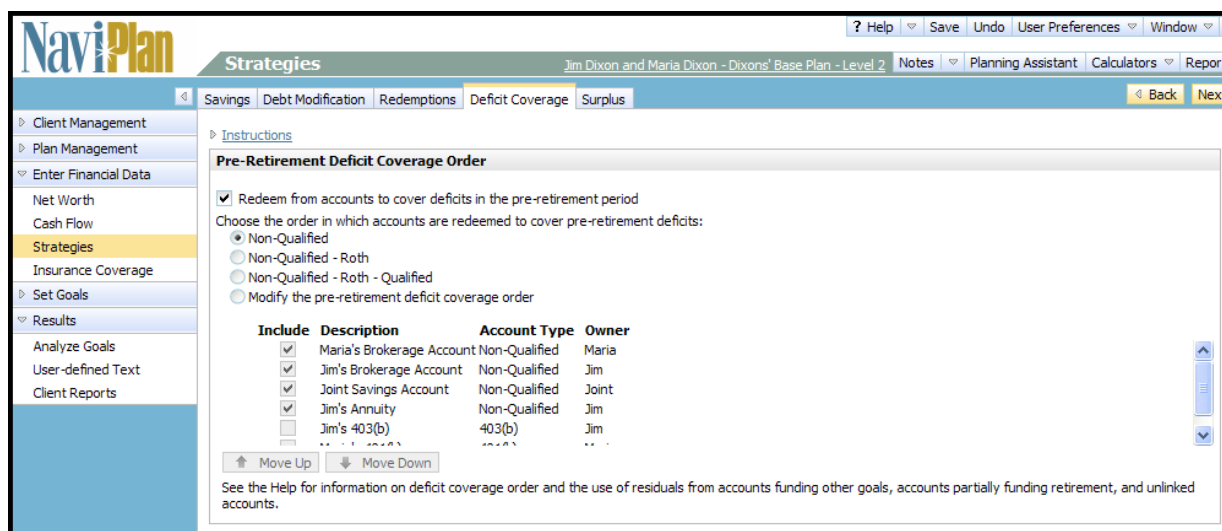
	Current Plan	Recommended Plan
Modify Financial Data		
Assumptions		Details
Net Worth		
2010 End of Year	\$2,314,937	\$2,313,817
At Death	\$1,435,995	\$5,135,130
Cash Flow		
2010 Surplus/Deficit	\$9,522	\$3,431
Pre-retirement	✓ 100%	✓ 100%
Retirement	✗ 70%	✓ 100%
Strategies		Details
Insurance Coverage		Details
Analyze Goals		
Retirement	■ 70%	■ 100%
Education		
Sophie's College	■ 81%	■ 93%
Major Purchase		
Vacation Trailer	■ 100%	■ 100%
Emergency Fund	■ 0%	■ 0%
Survivor Income		
Client	---% [?]	Details
Co-Client	---% [?]	Details
Both	---% [?]	Details
Goal Funding		Details
	Calculate All	Calculate All

RESULTS SECTION – ANALYZE GOALS CATEGORY – SCENARIOS PAGE

Deficit coverage

When the Detailed Tax method is selected, users have access to pre-retirement deficit coverage. Modifications to the default deficit coverage order entered in NPE will migrate with your plan when it is opened with NPSE. It is possible for the order to change upon migration because NPE lists by holdings and NPSE lists by accounts.

In NPE, the term *deficit coverage* spanned both the pre-retirement and retirement periods; however, in NPSE deficit coverage refers to the pre-retirement period only. The *Deficit Coverage* page still allows you to control the automatic redemption functionality in the pre-retirement period. The accounts are organized by types (Non-qualified, Qualified, Roth, and Stock Options). You can use one of the available ordering options, or you can modify the order based on individual accounts.



Pre-Retirement Deficit Coverage Order

Redeem from accounts to cover deficits in the pre-retirement period

Choose the order in which accounts are redeemed to cover pre-retirement deficits:

- Non-Qualified
- Non-Qualified - Roth
- Non-Qualified - Roth - Qualified
- Modify the pre-retirement deficit coverage order

Include	Description	Account Type	Owner
<input checked="" type="checkbox"/>	Maria's Brokerage Account	Non-Qualified	Maria
<input checked="" type="checkbox"/>	Jim's Brokerage Account	Non-Qualified	Jim
<input checked="" type="checkbox"/>	Joint Savings Account	Non-Qualified	Joint
<input checked="" type="checkbox"/>	Jim's Annuity	Non-Qualified	Jim
<input type="checkbox"/>	Jim's 403(b)	403(b)	Jim

↑ Move Up ↓ Move Down

See the Help for information on deficit coverage order and the use of residuals from accounts funding other goals, accounts partially funding retirement, and unlinked accounts.

ENTER FINANCIAL DATA SECTION – STRATEGIES CATEGORY – DEFICIT COVERAGE PAGE

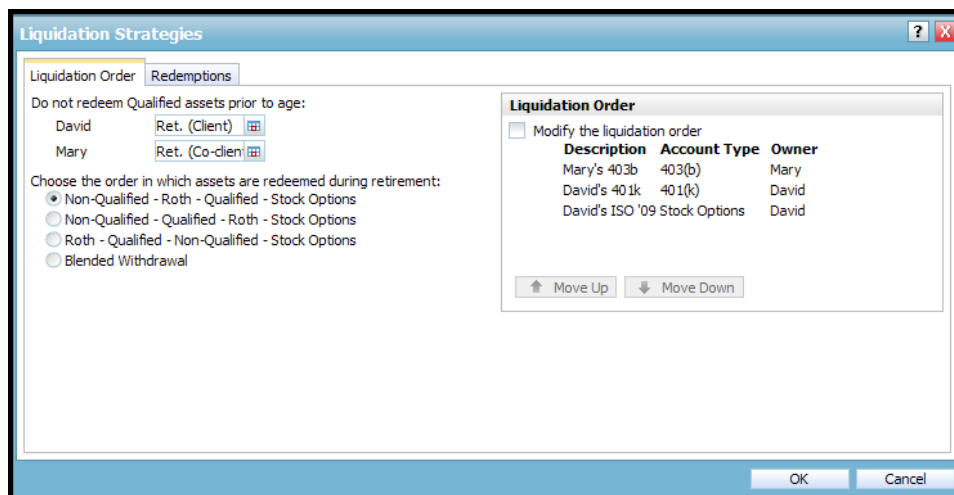
Accumulated surpluses and deficits: What happens once retirement occurs?

In NPE, any surpluses or deficits can remain in cash flow from the start of the plan to the end and be used as needed. NPSE clears out accumulated surpluses and deficits at the beginning of the retirement period in order to calculate a relevant recommended savings amount to fund the retirement goal. Regardless of the application, planners should always address pre-retirement cash flow issues, whether they are surpluses or deficits.

Liquidation order of assets during retirement

In NPSE, liquidation order refers to the liquidation order of assets during the retirement period only. You can modify the order based on account types or the individual accounts themselves just like you can for pre-retirement deficit coverage.

For additional information on liquidation order details, access the application Help in NPSE.



SET GOALS SECTION – RETIREMENT CATEGORY – RETIREMENT PAGE – LIQUIDATION STRATEGIES DIALOG BOX

Liabilities linked to lifestyle assets

Liabilities linked to assets that get sold in NPSE are automatically paid off and you can identify what happens to the resulting after-tax proceeds. You no longer need to worry about selling a lifestyle asset and then having to enter a matching early payoff date like you did in NPE.

If you had multiple assets linked to a liability in NPE, upon moving to NPSE those linkages will be dropped and only the last linked asset will remain linked.

Tax effects of reallocation: How do taxes get paid?

In NPE, reallocated holdings are linked to a specific goal based on a minimal or complete reallocation. One hundred percent of the market value may be reallocated and any resulting taxes are paid out of cash flow.

In NPSE, all accounts linked to goals will be reallocated to the suggested asset mix for that goal. The account, net of any taxes, will be reallocated so that taxes will not be paid from cash flow, but instead from the account itself.

The affect of the reallocations can be seen on the *Results* section – *Analyze Goals* category – *Scenarios* page – *Alternative 1* plan scenario, within each goal.

For additional information on the tax effects of reallocation, access the *Tax effects of reallocation* functional document.

Holding types are the same type as the account type

In NPE, you can create one account with multiple holding types (e.g., stock holding, mutual fund holding, bond holding). In NPSE, you can specify the type of account (e.g., simple account, investment portfolio account, mutual fund account, cash account) and all holdings within that account will be the same type as the account.

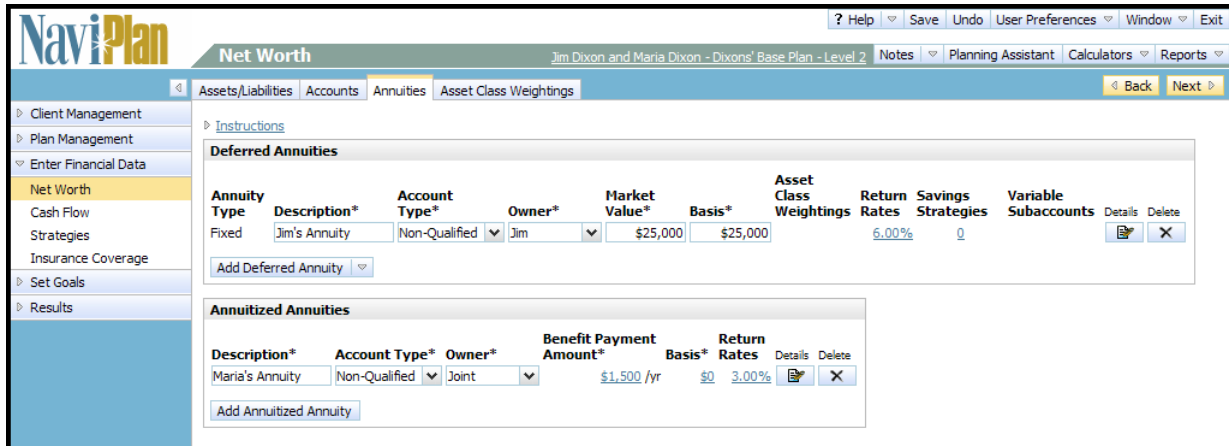
For existing NPE client files moving into NPSE, if the holding types are all of the same type, and the type is a mutual fund or a cash account, then the NPE account will migrate to an NPSE account of the same type. Otherwise, the NPE account becomes an NPSE account with *Investment Portfolio* as the account type.

The screenshot displays two software windows. The top window, 'Account List', shows a table with columns: Description, Plan Type, Owner, Current Market Value, Current Cost Basis, Asset Class Weightings, Number of Holdings, and Delete. A row for 'Test Account' is visible. Below this is a 'Holdings' section with a 'Savings' tab. The bottom window, 'Account Details', is titled 'Account Details (Investment Portfolio)'. It contains fields for Description, Account Type, Owner, and Community Property. Below these are fields for Market Value, Cost Basis, and Goal Funding. A 'Holdings' tab is active, showing a table with columns: Description, Symbol, Market Value, Hold %/\$, Cost Basis, Valuation Date, Asset Class Weightings, Return Rates, and Delete. The table lists four holdings (A, B, C, D) with their respective values and return rates. A red box highlights the 'Asset Type' column in the Holdings table, and another red box highlights the window title. A red double-headed arrow connects the 'NaviPlan Extended' label in the Account List window to the 'NaviPlan Select' label in the Account Details window.

ENTER FINANCIAL DATA SECTION – NET WORTH CATEGORY – ACCOUNTS PAGE – ACCOUNT DETAILS DIALOG BOX

Annuities

In NPSE, the data-entry for annuities has moved from the *Accounts* page to a separate *Annuities* page. Annuities entered in NPE on the *Accounts* page will appear on the new *Annuities* page within NPSE. Any savings that were allocated to all holdings will get divided and be pro-rated based on market value of those individual holdings.

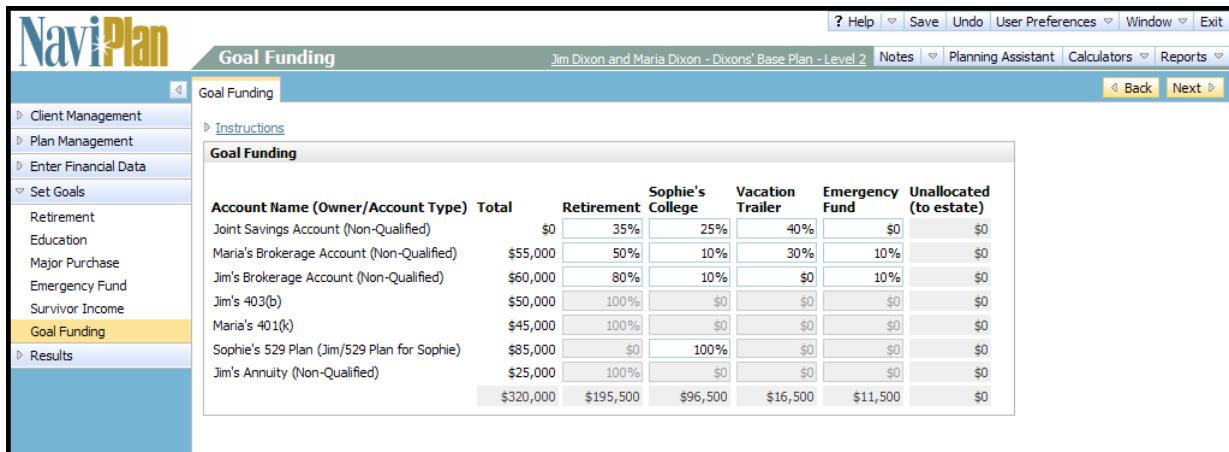


ENTER FINANCIAL DATA SECTION – NET WORTH CATEGORY – ANNUITIES PAGE

Goal funding: Allocating accounts to fund a goal

In NPE, specified accounts were used to fund the education, major purchase and emergency fund goals on the *Funding Accounts* page within each specific goal category. In NPSE, the single *Goal Funding* page allows you to specify which accounts or portions of accounts will be used to fund the goals in your plan. By default qualified accounts are automatically allocated to retirement.

For additional information on goal funding, access the application Help in NPSE.



SET GOALS SECTION – GOAL FUNDING CATEGORY – GOAL FUNDING PAGE

Reinvestment income: Is the before-tax or after-tax amount reinvested?

NPE reinvests the gross earnings amount. Any taxes triggered by the gross earnings are paid out of cash flow. NPSE reinvests the after-tax amount into the account.

The example below shows a \$1,000,000 account which earns 10% interest annually.

Asset Summary								
Jim's Brokerage Account (Non-Qualified)								
Dixon								
Plan (2010)								
Year	Start of Year Market Value	Buys	Transfers from Trust	Sells	Total Reinvested	Deferred Growth	End of Year Market Value	End of Year Market Value (Buying Power)
2010	1,000,000	0	0	0	70,000	0	1,070,000	1,070,000
2011	1,070,000	0	0	0	74,900	0	1,144,900	1,111,553
2012	1,144,900	0	0	0	80,143	0	1,225,043	1,154,721
2013	1,225,043	0	0	0	85,753	0	1,310,796	1,199,564
2014	1,310,796	0	0	0	91,756	0	1,402,552	1,246,149
2015	1,402,552	0	0	0	98,179	0	1,500,730	1,294,543
2016	1,500,730	0	0	0	105,051	0	1,605,781	1,344,817
2017	1,605,781	0	0	0	112,405	0	1,718,186	1,397,043
2018	1,718,186	0	0	0	120,273	0	1,838,459	1,451,297
2019	1,838,459	0	0	0	128,692	0	1,967,151	1,507,658
2020	1,967,151	0	0	0	137,701	0	2,104,852	1,566,208
2021	2,104,852	0	0	0	147,340	0	2,252,192	1,627,031
2022	2,252,192	0	0	0	157,653	0	2,409,845	1,690,217
2023	2,409,845	0	0	0	168,689	0	2,578,534	1,755,856
2024	2,578,534	0	0	0	180,497	0	2,759,032	1,824,045
2025	2,759,032	0	0	0	193,132	0	2,952,164	1,894,882
2026	2,952,164	0	0	0	206,651	0	3,158,815	1,968,469
2027	3,158,815	0	0	0	221,117	0	3,379,932	2,044,915
2028	3,379,932	0	0	0	236,595	0	3,616,528	2,124,329
2029	3,616,528	0	0	0	253,157	0	3,869,684	2,206,827

REPORTS MENU – NET WORTH – ASSETS – SINGLE ASSET SUMMARY

Transfers

When the Detailed Tax method is selected, users have access to transfers within NPSE. Any transfer strategies currently entered in NPE will not migrate into NPSE. NPSE does not support transfers between accounts or holdings in the current plan, but does offer transfer capability between accounts in the proposed plan and alternative scenarios for retirement and education goals.

NPSE does support the ability to do the following types of transfer activity within the *Alternative Plan* scenario for retirement and education goals:

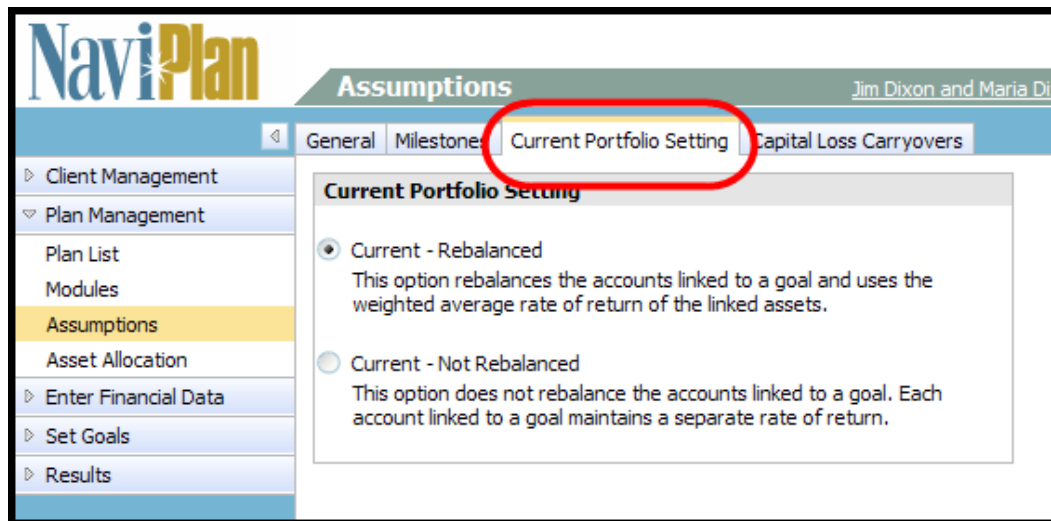
- Transfers between relevant source and destination accounts.
- Stock option transfers in the retirement goal.
- Roth conversion transfers in the retirement goal.

Life insurance proceeds can be transferred in the policy details of where to direct proceeds of the policy in the current plan (not available in the *Alternative Plan* scenario).

Rebalancing accounts: Maintaining a consistent asset class weighting for accounts over time

On the *Current Portfolio Setting* page, when *Current - Rebalanced* is selected, NPSE rebalances the current accounts linked to a goal by applying a weighted average rate of return. In cases where the advisor will regularly be rebalancing the accounts to bring the percentages back to their original values, this selection is often useful as the clients' return stays constant, and the level of risk in the portfolio fluctuates less.

When *Current - Not Rebalanced* is selected, the weighted average fluctuates because each account continues to earn its fixed rate of return. This is currently applied in NPE.



PLAN MANAGEMENT SECTION – ASSUMPTIONS CATEGORY - CURRENT PORTFOLIO SETTING PAGE

Cash Flow Assistant

The initial release of NPSE does not include the *Cash Flow Assistant*[™]. Future versions of NPSE may include the *Cash Flow Assistant*. With the addition of the Scenario Manager and report enhancements in NPSE, the *Cash Flow Assistant* functionality isn't required.

Using stand-alone reports and graphs

In NPSE, you can access stand-alone reports and graphs from one location (the *Reports* menu displayed in the upper-right corner of the NaviPlan window). You have the ability to create reports based on data from the current plan or data from any *Alternative Plan* scenario. The new reports and graphs in NPSE provide new features for quick analysis. At the top of the report window you now have the ability to duplicate, refresh, and add reports as favorites so that they appear at the bottom of the *Reports* list.

Within a stand-alone report or graph, you can quickly make a duplicate copy and change the settings, so that the current and recommended plans are displayed side by side to show the results.

The following reports will not appear in NPSE:

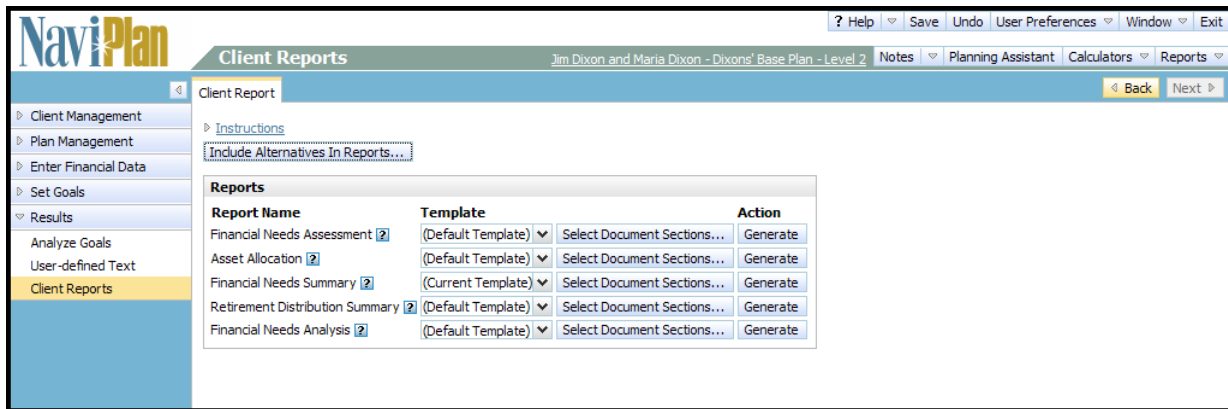
- *Cash Flow Management* report
- *Summary* report
- *Difference* report

New client report enhancements

NPSE provides new client reports, including the *Retirement Distribution Summary* report, which is geared to clients who are nearing or at retirement and provides an in-depth review of the plan retirement period and the distribution of income the clients may expect in retirement.

The existing *Preliminary*, *Comparative* and *Comprehensive* client reports in NPE are not available in NPSE because of the addition of the Scenario Manager and the ability to compare alternatives within the same plan.

In NPSE, users can reorder sections within the client reports based on what is important to their clients.



RESULTS SECTION – CLIENT REPORTS CATEGORY – CLIENT REPORT PAGE

It is always a good idea to confirm the accuracy of the data in your plan before generating output for your clients. The *Synopsis* report is useful for viewing most of the data entered in a plan, and can be accessed from the *Reports* menu by selecting *Summary – Synopsis Report*.

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