

Preliminary Analysis report

One of the most important steps in the planning process is to verify the data you entered into the base plan. Virtually any data-entry error could skew the results of the plan significantly. Ensuring the correct data has been entered is essential to producing a good quality plan.

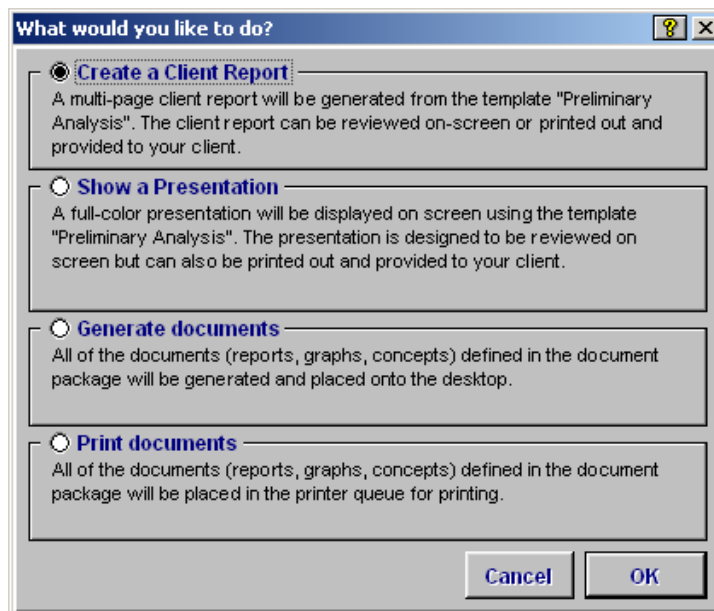
There are numerous tools available to assist in the data verification process. One of these is the *Preliminary Analysis* report. This report provides a comprehensive summary of all aspects of the plan. In particular, all goals are presented along with a summary of whether the goals will be achieved using the current financial strategies. A net worth statement and cash flow statement are also included, which makes it easy to check for obvious errors.

Procedure

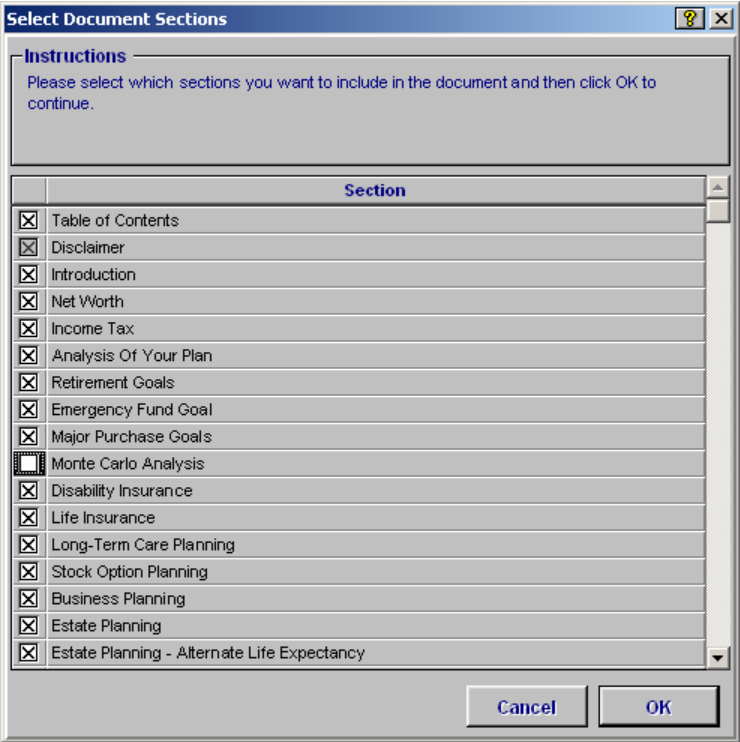
1. Drop the **Base Plan** icon onto the **Preliminary Analysis** icon on the NaviPlan Extended desktop. The *What would you like to do?* dialog box opens.



2. Select the **Create Client Report** option, and then click **OK**. The *Select Document Sections* dialog box opens.



- 3. Select the sections of the report that you would like produced, and then click **OK**. For the purposes of verifying plan data, it is not necessary to perform a Monte Carlo analysis.



- The *Preliminary Analysis* report appears on your screen after a few seconds. Scroll down the report to the *Current Financial Position* section to see details under *Net Worth Summary*, *Cash Flow Details* (current year), and *Income Tax Details*. A review of these items will help to identify data entry errors. For example, a review of asset values under *Net Worth Summary* could reveal that you entered a market value entered.

Net Worth - as of January 19, 2005					
	Mark	Barb	Joint	Community Property	Total
Non-Qualified Assets					
Cash Account			25,000		25,000
CD Portfolio			550,000		550,000
Bond Portfolio		700,000			700,000
Mutual Fund			900,000		900,000
Stock Portfolio	500,000				500,000
Total Non-Qualified Assets	500,000	700,000	1,475,000		2,675,000
Qualified Assets					
XYZ co. 401(k)	777,000				777,000
Roth IRA	175,000				175,000
ABC co. 401(k)		390,000			390,000
Roth IRA - Spousal		160,000			160,000
Total Qualified Assets	952,000	550,000			1,502,000
Lifestyle Assets					
Lifestyle			350,000		350,000
Vacation Property			320,000		320,000
Vehicle	15,000				15,000
Vehicle		20,000			20,000
Total Lifestyle Assets	15,000	20,000	670,000		705,000
Life Insurance Cash Value					
Life Insurance	100,000				100,000
Total Life Insurance Cash Value	100,000				100,000
Total Assets	1,567,000	1,270,000	2,145,000		4,982,000
Liabilities					
Principal & Interest (vacation home)			(92,226)		(92,226)
Total Liabilities			(92,226)		(92,226)
Total Net Worth	1,567,000	1,270,000	2,052,772		4,889,772

Reviewing *Cash Flow Details* lets you check for an error in income or expense entries. If your clients usually don't have cash surpluses, yet this report shows a significant cash surplus, this could be an indication that an income or expense was omitted or entered incorrectly. Conversely, if deficits are reported but your clients usually have a surplus, you may have accidentally inflated an expense or omitted or entered an income incorrectly. Because *Cash Flow Details* provides itemized entries, it is easy to pinpoint which data item is incorrect.

The next section, *Asset Allocation for your Entire Portfolio*, compares the current asset mix to the recommended model portfolio allowing you to ensure this information is correct.

Asset Allocation for your Entire Portfolio

The following graphs outline your current and suggested asset allocations. The graph on the left illustrates your current asset allocation. The graph on the right illustrates the suggested asset allocation based on your investment and risk profile.

The table below the graph illustrates the changes that are required to reach the suggested asset mix.

Asset Allocation Recommendations for Complete Portfolio

Profile: Moderate
 Time Horizon: Blended between all goals

Current Asset Mix

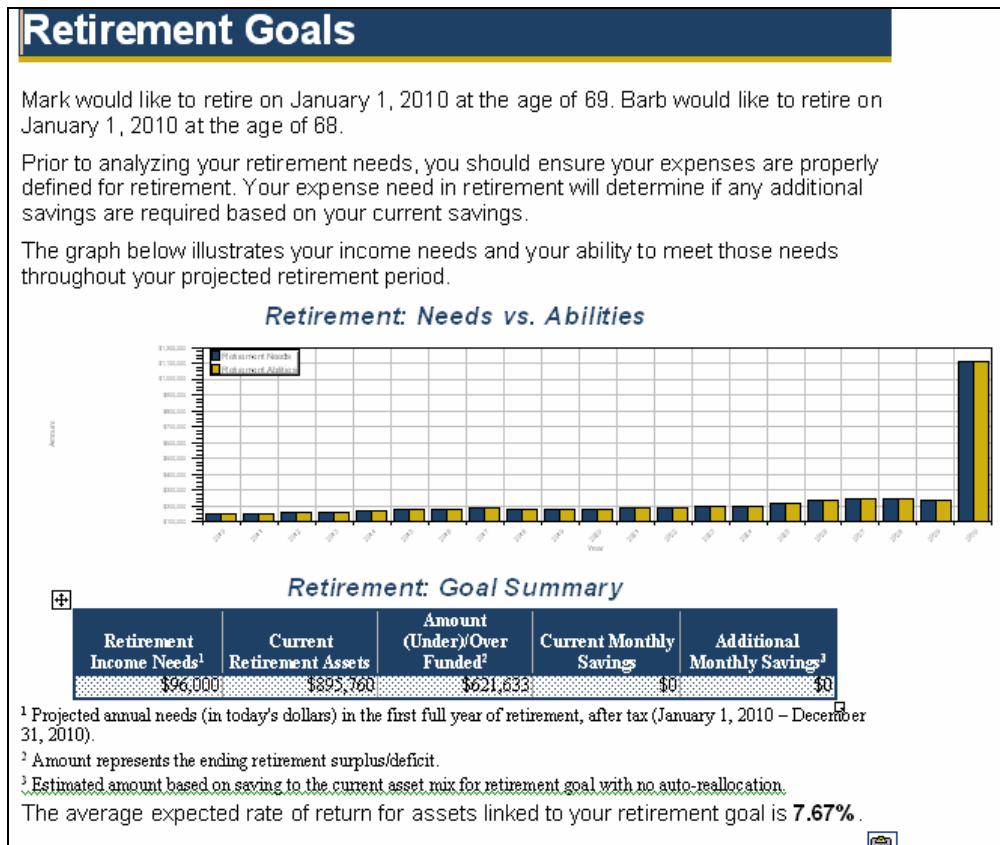
Suggested Asset Mix

		Current Asset Mix		Suggested Asset Mix	
Expected Rate of Return		7.69%		7.75%	
Standard Deviation (Risk)		0.00%		0.00%	

Asset Class	Current Asset Mix		Change		Suggested Asset Mix	
	(%)	(\$)	(%)	(\$)	(%)	(\$)
Cash	0.6	25,780	+9.4	+409,598	10.0	435,359
Fixed Income	41.5	1,803,767	-16.5	-715,370	25.0	1,088,397
Int'l Equity	9.8	427,162	+10.2	+443,556	20.0	870,717
Small Cap Equity	10.3	450,017	+4.7	+203,021	15.0	653,038
Large Cap Equity	37.8	1,646,881	-7.8	-340,805	30.0	1,306,076
Total	100.0	4,353,587	+0.0	+0	100.0	4,353,587

Consider the following:

Next, all goals identified in the plan are presented in terms of goal objectives and how the needs stack up against the clients' ability to meet those goals. Goals include retirement, education, major purchase, emergency fund, and life and disability insurance. Below is an example of the information presented for a plan's retirement goal.



The *Preliminary Analysis* report also provides a review of stock options and the clients' current estate plan. You can use the *Preliminary Analysis* report for more than just data verification. Because it also contains general financial planning information and strategic alternatives, this report can be used to present the current plan to the clients, to present available opportunities, and to counsel the clients on areas which need improvement.