

# ***Profiles*** ***Forecaster*** Version 4.2 ***Desktop***



## ***Learning Guide***

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10/29/09

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# Profiles Forecaster v4.2

## Course objectives

This course will enable you to

- Create a client file and manage client cases
- Establish planning defaults
- Capture your clients' financial needs and position
- Perform a financial needs analysis on a modular basis
- Generate and interpret key reports and graphs

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## Profiles Forecaster

Profiles Forecaster provides personal analyses in the areas of *Needs in the Event of Death, College Funding, Retirement, Asset Allocation, Disability Income, and Long-Term Care*. These analyses can be used individually or combined to address your clients' specific financial situations.

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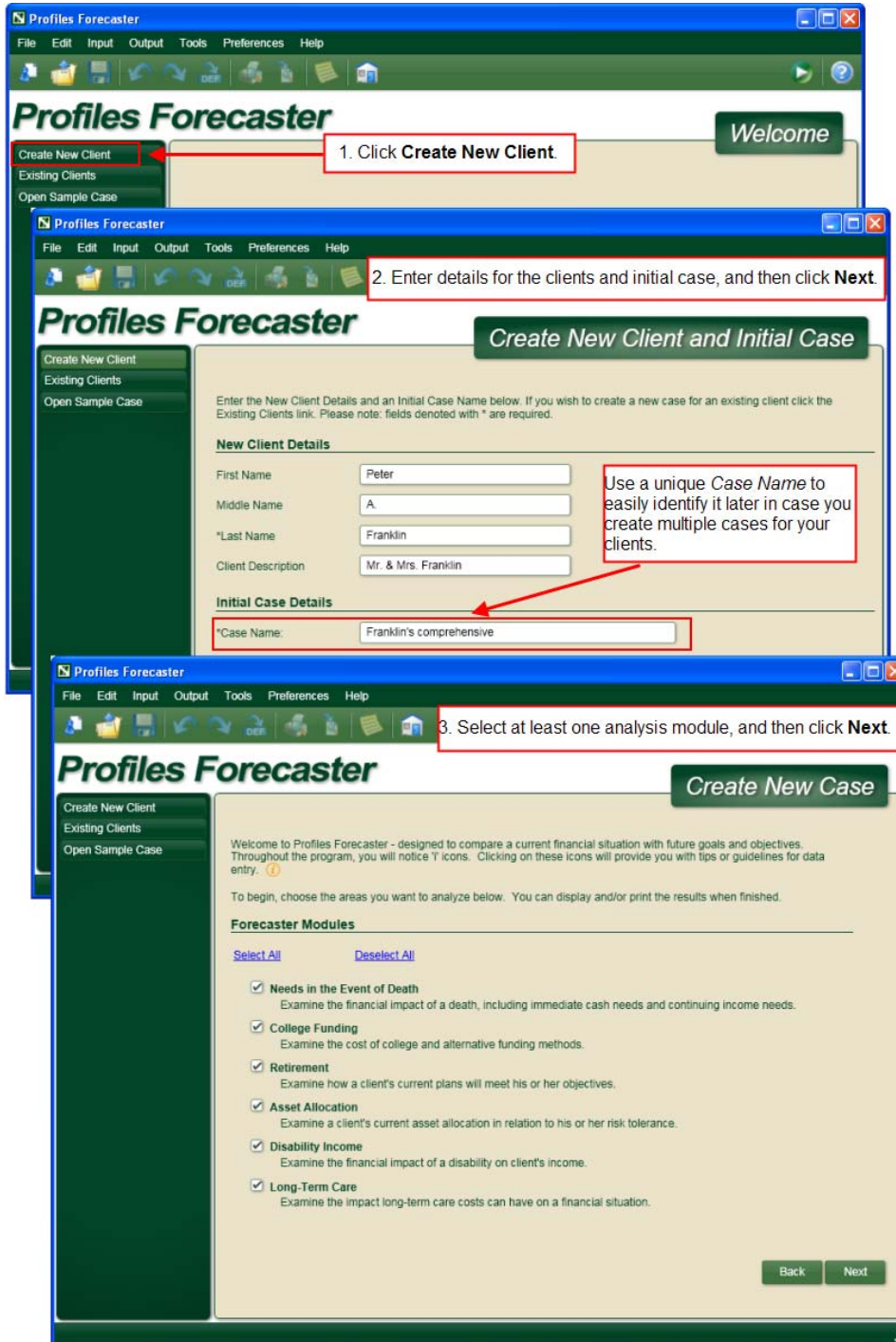
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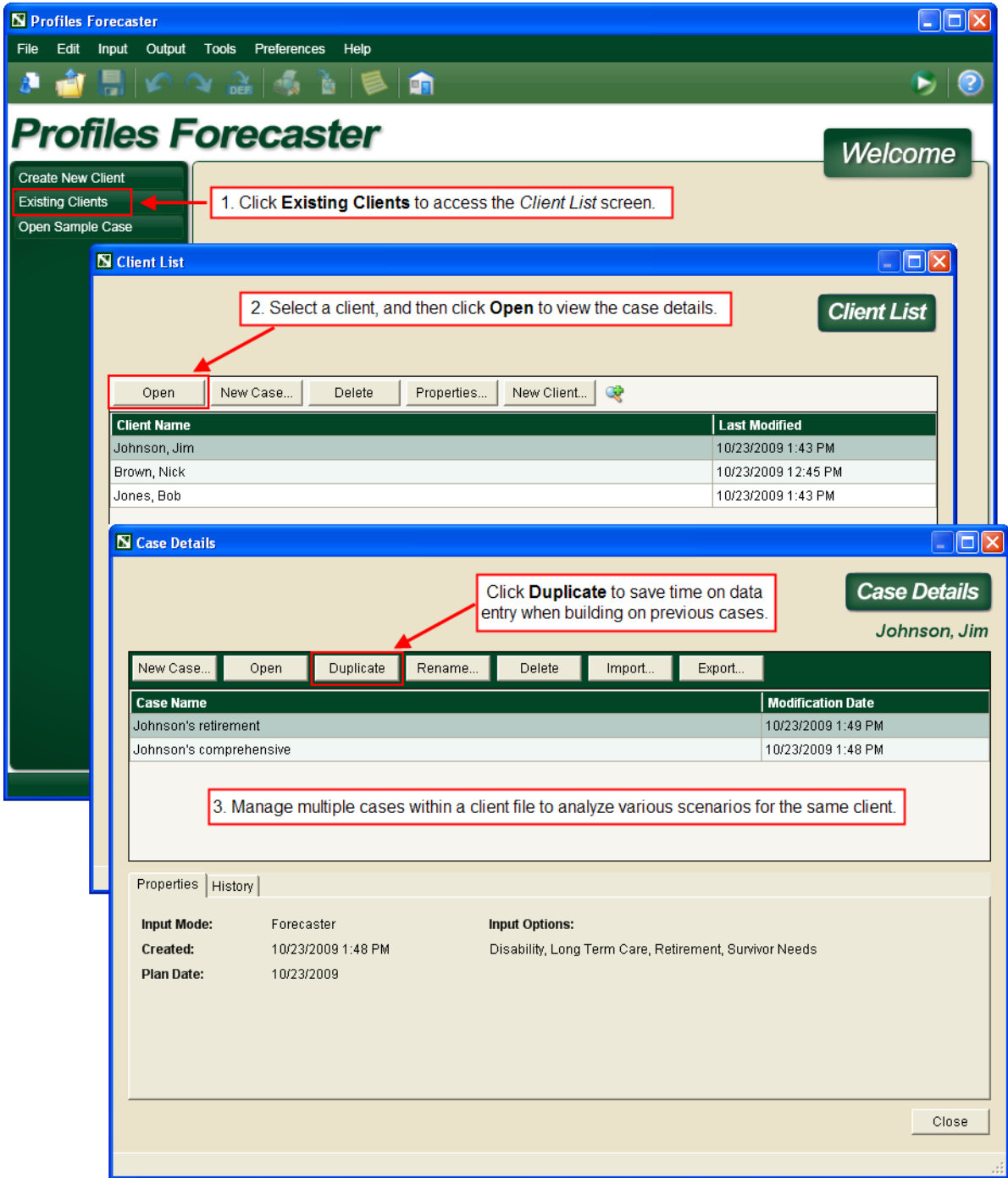
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## Creating a new client case



# Working with existing client files



## Establishing planning preferences

The default planning assumptions are predefined when you first launch Profiles Forecaster.

Enter the Planning Preferences you would like to use for all new plans in the Default column. Any preference that you wish to override for the current plan should be changed in the Current column.

	Defaults for New Plans	Used for Current Plan
What rate of return on assets should be assumed:		
During retirement?	7 %	7 %
In the event of a death?	6 %	6 %
How many years should a rent fund provide?	10	10
How many months income should be set aside for emergency reserves?	3	3
What long-term inflation rate should be used?	4 %	3 %
What inflation rate should be used for Social Security?	2.5 %	2.5 %
What long-term inflation rate should be used for college costs?	6 %	6 %
What should the assumed life expectancy be?	90	90
What should be assumed for final expenses?	\$10,000	\$10,000

These initial defaults can be changed in a client case.

Reset Global Defaults      Save      Cancel

# Entering personal information

The screenshot shows the 'Profiles Forecaster' software interface. The title bar reads 'Sample Case 1'. The menu bar includes 'File', 'Edit', 'Input', 'Output', 'Tools', 'Preferences', and 'Help'. The main window title is 'Profiles Forecaster' with a sub-header 'Personal Information'. A sidebar on the left lists various case setup categories, with 'Personal Information' selected. The main area contains a form for entering personal information for two individuals, Peter and Susan. The form includes fields for marital status, first and middle names, last names, dates of birth, address, city, state, zip, phone, and email. A red box highlights the state 'MO' in the 'State' field, with an arrow pointing to a callout box that says 'Long-term care costs may be affected by the clients' state of residence.' Below the personal information section is a table for 'Dependent Information' with columns for 'Child's Name', 'Date of Birth', and 'Delete'. The table lists two children: Jennifer (DOB: 7/29/2007) and Daniel (DOB: 12/12/2005). A red box highlights the names 'Jennifer' and 'Daniel' in the first column, with an arrow pointing to a callout box that says 'Forecaster automatically creates an education goal beginning at age 18 for each child entered in the plan.' The interface also includes an 'Employment Info' button, 'Back' and 'Next' buttons, and a 'Plan date' field at the bottom.

Case Setup  
Case Data  
Personal Information  
Survivor Needs  
College Funding  
Retirement  
Earnings and Assets  
Savings/Investments  
Other Income Sources  
Disability Income  
Notes  
Client Objective Notes  
Recommendation Notes  
Client Presentation  
Planning Preferences

Enter personal information below. Please note: fields denoted with \* are required.

**Peter**      **Susan**

\*Marital Status: Married      \*Analysis Date: 4/15/2009

\*First Name: Peter      Susan

Middle Name: A.      L.

Last Name: Franklin      Franklin

\*Date of Birth: 4/22/1975      3/1/1976

Address: 143 South Reed St.

City: Middletown      State: MO      Zip: 64318

Phone: (818) 555-4875      E-mail: [redacted]

**Dependent Information**

Child's Name	Date of Birth	Delete
Jennifer	7/29/2007	X
Daniel	12/12/2005	X
		X

Back      Next

Plan date

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## Defining goals

Select a maximum of six financial analyses which cover a broad range of financial planning strategies.

### College Funding

With the ever-increasing cost of college, it's important to begin planning as soon as possible. Use the College Cost Database to find the costs for a specific college, or enter an estimate.

Enter any savings already accumulated for the children's college education under current savings.

#### College Funding Needs

Child's Name	School	Annual Amount* (in today's dollars)	Years To Attend	Percent Clients Want to Provide	College Cost
Jennifer	Missouri State University	\$12,100	4	100	<a href="#">Search</a>
Daniel	Missouri State University	\$12,100	4	100	<a href="#">Search</a>

Goal value

Time horizon

#### Current Savings

Total Saved To Date: \$14,400

Monthly Savings: \$200

Average Rate of Return: 9 %

Funding sources

Back Next

Education goal

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# Entering earnings and assets

The screenshot shows the Profiles Forecaster software interface. The main window is titled "Sample Case 1" and has a menu bar with "File", "Edit", "Input", "Output", "Tools", "Preferences", and "Help". The main area is titled "Earnings and Assets".

**Earnings and Assets Screen:**

- Case Setup:** A sidebar menu with options: Case Data, Personal Information, Survivor Needs, College Funding, Retirement, Asset Allocation, Earnings and Assets (selected), Savings/Investments, Other Income Sources, Disability Income, Long-Term Care, Notes, Client Objective Notes, and Recommendation Notes.
- Instructions:** "Enter annual employment income on this screen. Include income received from employers as well as self-employment income. All other sources of income should be entered on the Other Income Sources screen." and "For assets and liabilities, include your residence, retirement or investment assets that will be..."
- Earnings Section:** A red box highlights the instruction "Enter gross pre-tax wages and annual salary." with an arrow pointing to input fields for Peter (72500) and Susan (54,200). Below are radio buttons for "Do clients contribute to Social Security?" (Yes/No).
- Assets and Liabilities Section:** A red box highlights the instruction "Click the **Details** button to access the *Loan Calculator*." pointing to a "Details" button. Another red box highlights the "Rent" radio button with the instruction "If *Rent* is selected, a rent fund will be provided to survivors."
- Personal Residence:** Includes "Own" (selected) and "Rent" radio buttons, "Mortgage Amount" (\$269,520), and "Market Value of House" (\$390,000).
- Credit Cards and Personal Loans:** Includes an input field for \$3,750 and a "Details" button.

**Loan Calculator Window:**

- Original Loan Amount: \$500,000.00
- Original Loan Date: 1/1/2010
- Interest Rate: 6.5
- Loan Term: 25 Years
- Payment: \$3,376.04
- Remaining Balance: \$497,986.02
- Last Payment: 12/1/2034
- Buttons: Calculate, Print
- Table:

Pmt	Date	Begin Bal.	Interest	Principal	End Bal.	Cumulative Int.	Total Paid
1	01/2010	\$500,000.00	\$2,708.33	\$667.70	\$499,332.30	\$2,708.33	\$3,376.04
2	02/2010	\$499,332.30	\$2,704.72	\$671.32	\$498,660.98	\$5,413.05	\$6,752.07
3	03/2010	\$498,660.98	\$2,701.08	\$674.96	\$497,986.02	\$8,114.13	\$10,128.11
4	04/2010	\$497,986.02	\$2,697.42	\$678.61	\$497,307.41	\$10,811.55	\$13,504.14
5	05/2010	\$497,307.41	\$2,693.75	\$682.29	\$496,625.12	\$13,505.30	\$16,880.18

## Entering other income sources

The screenshot shows the Profiles Forecaster software interface. The main window is titled "Sample Case 1" and has a menu bar with "File", "Edit", "Input", "Output", "Tools", "Preferences", and "Help". The "Other Income Sources" window is open, displaying a table with one entry for "Susan" with a "Pension" description and an amount of "\$1,000". An "Edit" button is highlighted with a red box and an arrow pointing to it. A callout box says: "1. Click the **Edit** button to enter the details of additional incomes for your clients."

The "Other Income Source Details" window is also open, showing fields for "Number" (1), "Type" (Other Income), "Name" (Pension), "Recipient" (Susan), "Amount" (\$1,000), "Present Value or Future Value" (Future Value), "Annual Increase" (2.5%), "\*Beginning" (Specified Year, 2041), and "\*Ending" (Recipient's Death, 0). A callout box says: "Use the spin bars to advance through the additional income sources added." Another callout box says: "2. Enter the details of the other income source." A third callout box says: "Enter the number of years to offset from the timing event." The "Apply this income to the following analysis:" section has checkboxes for "Retirement Analysis" (checked), "Survivor Needs Analysis: Client A Dies", and "Survivor Needs Analysis: Client B Dies". A "Close" button is at the bottom right.

Name	Description	Amount	Edit	Delete
Susan	Pension	\$1,000		

Other Income Source Details

Number: 1

\*Type: Other Income

Name: Pension

\*Recipient: Susan

Amount (Monthly - Except for Lump Sum): \$1,000

Present Value or Future Value: Future Value

Annual Increase: 2.5%

\*Beginning: Specified Year, Year: 2041, Ages 65/65

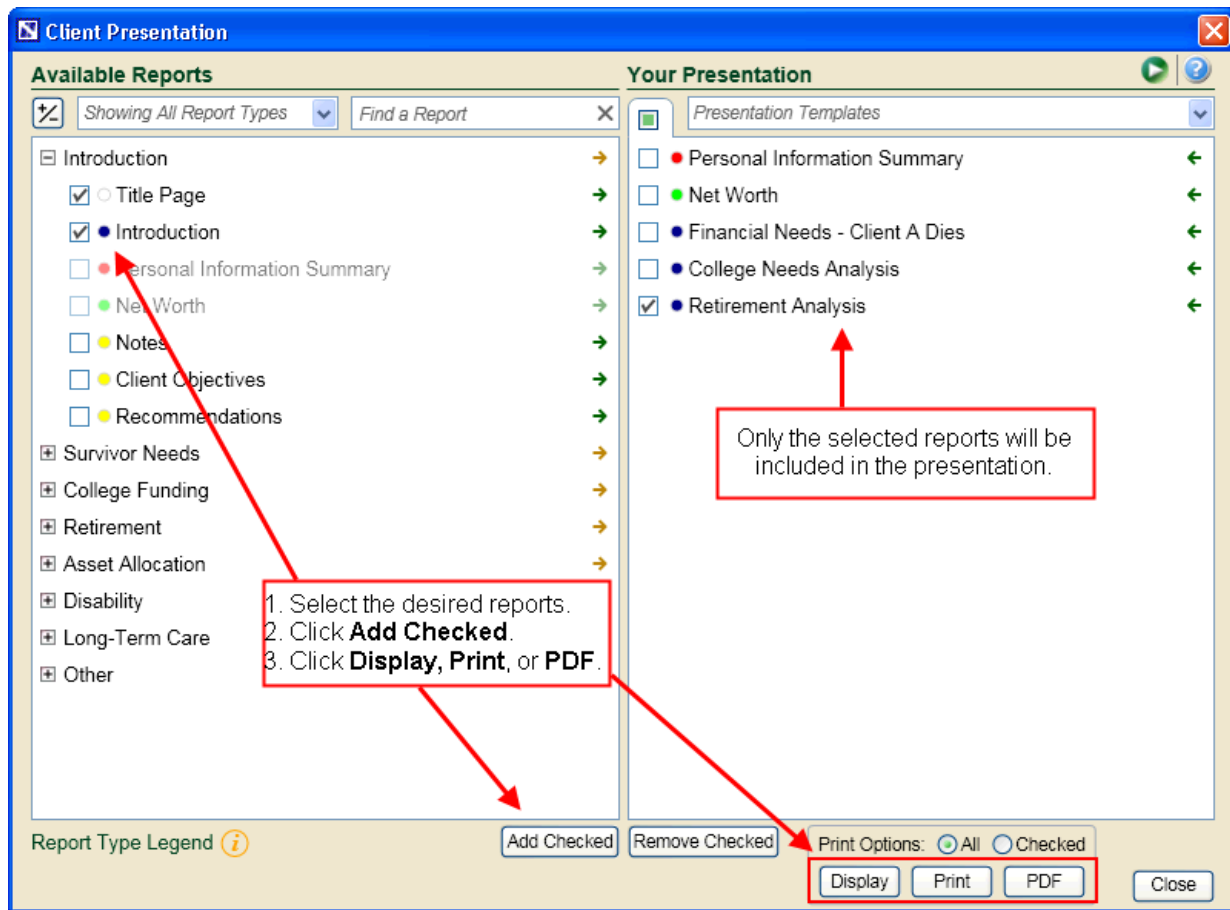
\*Ending: Recipient's Death, +/- Years: 0, Ages --/--

Apply this income to the following analysis:

- Retirement Analysis
- Survivor Needs Analysis: Client A Dies
- Survivor Needs Analysis: Client B Dies

Close

## Navigating client reports



## Client reports

- Choose from over 40 individual reports to make your custom presentation
- Customize client reports to design a financial presentation that best suits your style and your clients' profile
- Client reports analyze data and then allow you to present it in the form of graphs, tables, and charts

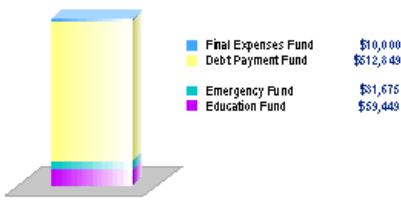
Profiles Forecaster
Peter and Susan Franklin

## Financial Needs in the Event of Peter's Death

*This survivor needs analysis shows the impact Peter's death can have on your family. Funds need to be available for both Cash Needs and a family's continuing Income Needs. Peter and Susan, you need \$613,973 for your immediate cash needs. Cash Needs include:*

- A Final Expenses fund for medical, legal, funeral, and other expenses
- A Debt Payment Fund to pay off your debts, including your mortgage
- An Emergency Reserve Fund for unexpected bills not readily payable from current income
- An Education Fund to provide for your children's education

**Total Immediate Cash Needs: \$613,973**




Final Expenses Fund	\$10,000
Debt Payment Fund	\$512,849
Emergency Fund	\$81,675
Education Fund	\$69,449

*After a death, income generally comes from four different sources:*

- Social Security
- Savings and Investments
- Life Insurance Proceeds
- Survivor's Earnings

Inset box contains all information required to make a powerful presentation.

**Total Income Needs: \$416,559**



■ Deficit
 ■ Social Security
 ■ Other

Summary	
Cash Needs:	\$613,973
Income Needs	416,559
<i>Less Present Funds</i>	<i>271,250</i>
<b>Additional Capital Needs</b>	<b>\$759,282</b>

Client report pages are designed to show clients graphically how close they are to meeting their goal.

Detailed reports support the information that appears in presentation.

Profiles Forecaster
Peter and Susan Franklin

## Survivor Needs Analysis Detail In the Event of Peter's Death

**Assumptions**

Income Replacement % of Total Household Income with Dependents	70%
Income Replacement % of Total Household Income without Dependents	50%
Inflation	3.00%
Survivor Rate of Return	6.00%
Susan's Mortality	90

**Income Objective**

Susan's Age	Income Need %	Annual Need (Today's Dollars)	Annual Need (Future Dollar)	Capital Value
33	70%	\$88,690	\$88,690	\$1,178,485
50	50%	63,350	104,708	913,602

**Total Capital Needed to Provide Income Objective** **\$2,092,087**

**Income Sources**

Susan's Income Source	Payment In			COLA	First Year's Payment	Capital Value
	Today's Dollars	From	To			
Employment	\$54,200	33	64	3.00%	\$54,200	\$1,099,055
Social Security	36,658	33	90	2.50%	36,658	576,473

**Total Income Sources** **\$1,675,528**

**Capital Needed to Meet Income Goals** **\$416,559**

**Immediate Cash Needs**

Final Expenses	\$10,000
Debt Payment Fund	\$512,849
Mortgage	497,986
Peter's Car	11,113
Credit Card	3,750
Emergency Reserve Fund	\$81,675
Education Fund	\$59,449
Jennifer: Lump Sum redeemed today	\$28,895
\$12,100 redeemed for 4 years starting in 17 years.	
Daniel: Lump Sum redeemed today	\$30,554
\$12,100 redeemed for 4 years starting in 15 years.	
<b>Total Immediate Cash Needs</b>	<b>\$613,973</b>

# Annotated reports

The *Financial Needs in the Event of Death* report contains an overview of the clients' insurance needs.

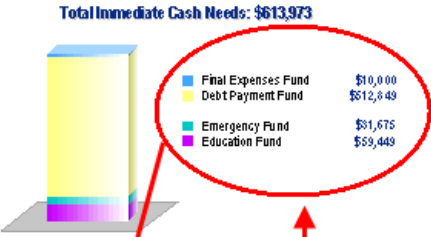
Death occurs as of the plan analysis date.

Peter and Susan Franklin

## Financial Needs in the Event of Peter's Death

*This survivor needs analysis shows the impact Peter's death can have on your family. Funds need to be available for both Cash Needs and a family's continuing Income Needs. Peter and Susan, you need \$613,973 for your immediate cash needs. Cash Needs include:*

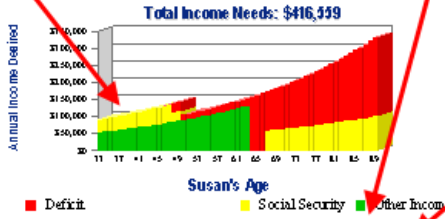
- A Final Expenses fund for medical, legal, funeral, and other expenses
- A Debt Payment Fund to pay off your debts, including your mortgage
- An Emergency Reserve Fund for unexpected bills not readily payable from current income
- An Education Fund to provide for your children's education



Cash needs are calculated based on

- amount defined in *Planning Preferences*
- current value of outstanding liabilities
- gross employment x months
- current value of all education costs

Dependent's survivor benefits until age 18.



*This survivor needs analysis assumes that 70% of total household income be available after the death of a wage earner while there are children at home and 50% thereafter.*

*Based on the above assumptions, this survivor needs analysis suggests that you may not meet all of your goals. Your current household income is \$126,700. If Peter were to die today, it is estimated that your assets would be insufficient to meet your family's immediate*

Income needs (based on % of annual employment income) indexed to inflation rate defined in *Planning Preferences*.

<i>Summary</i>	
Cash Needs:	\$613,973
Income Needs:	416,539
Less Present Funds	271,250
<b>Additional Capital Needs</b>	<b>\$759,282</b>

Life insurance need

Present value of capital available, including non-qualified/qualified accounts and existing life insurance policies.

The *Survivor Needs Analysis Detail* report summarizes all of the assumptions, needs, income sources, assets, and life insurance benefits used in the survivor needs analysis.

*Profiles Forecaster* *Peter and Susan Franklin*

## *Survivor Needs Analysis Detail*

*In the Event of Peter's Death*

<b>Immediate Cash Needs</b>	
<i>Final Expenses</i>	
<i>Debt Payment Fund</i>	
Mortgage	497,986
Peter's Car	11,113
Credit Card	3,750
<i>Emergency Reserve Fund</i>	
	\$31,675
<i>Education Fund</i>	
Jennifer: Lump Sum needed today	\$59,449
\$12,100 needed for 4 years starting in 17 years.	\$28,895
Daniel: Lump Sum needed today	\$30,554
\$12,100 needed for 4 years starting in 15 years.	
<b>Total Immediate Cash Needs</b>	<b>\$613,973</b>

*Total Immediate Cash Needs - Total Capital Available = Additional Capital Needed to Meet Objectives.*

Gross employment income x months (of income set aside) as defined in *Planning Preferences*.

<b>Capital Available</b>	
	<b>Market Value</b>
	\$14,400
	3,650
	8,000
	12,000
	12,000
	6,000
	21,000
<b>Total Capital Available</b>	<b>\$271,250</b>
<b>Additional Capital Needed to Meet Objectives</b>	<b>\$759,282</b>

*Total Immediate Cash Needs - Total Capital Available = Additional Capital Needed to Meet Objectives.*

The *Education Fund* is the sum total of all college costs. Each expense is calculated individually based on

- time horizon
- inflation rate
- rate of return on savings accounts

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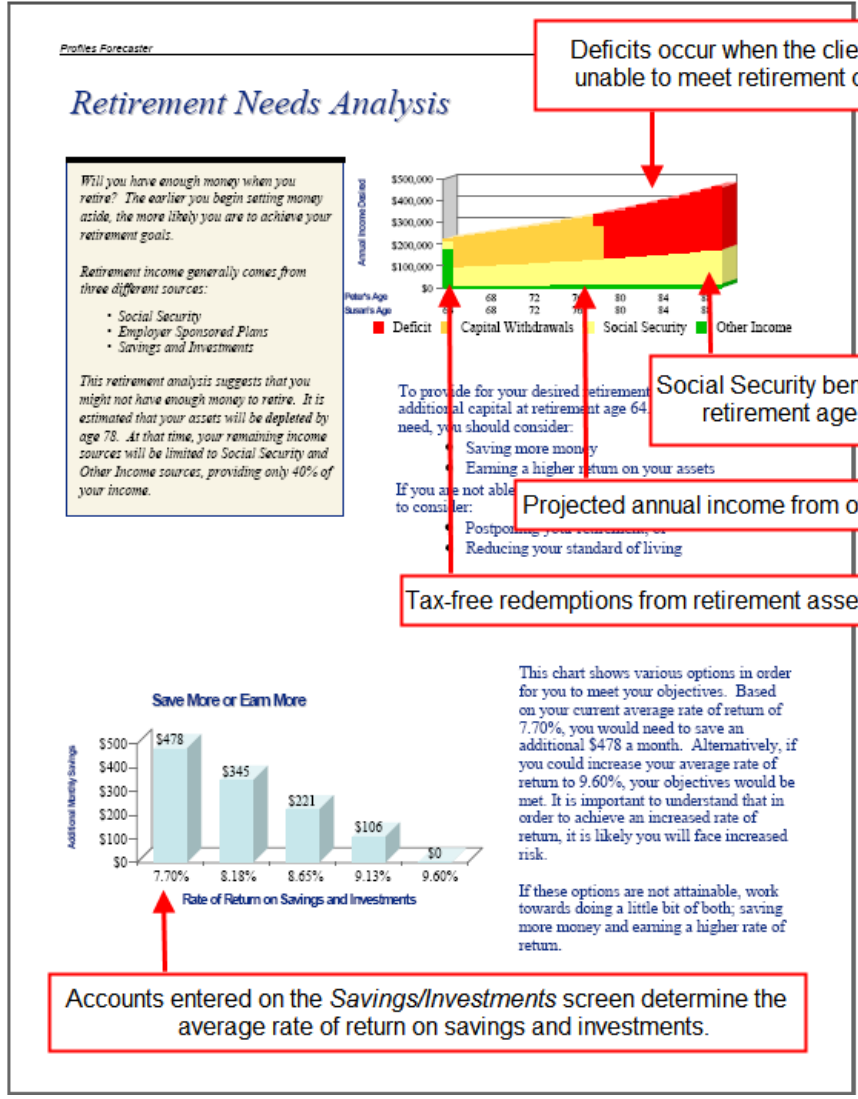
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The Retirement Needs Analysis report illustrates the clients' ability to meet their retirement objectives.



Deficits occur when the clients are unable to meet retirement objectives.

Social Security benefits begin at full retirement age (i.e., 67 years).

Projected annual income from other sources.

Tax-free redemptions from retirement assets.

Accounts entered on the Savings/Investments screen determine the average rate of return on savings and investments.

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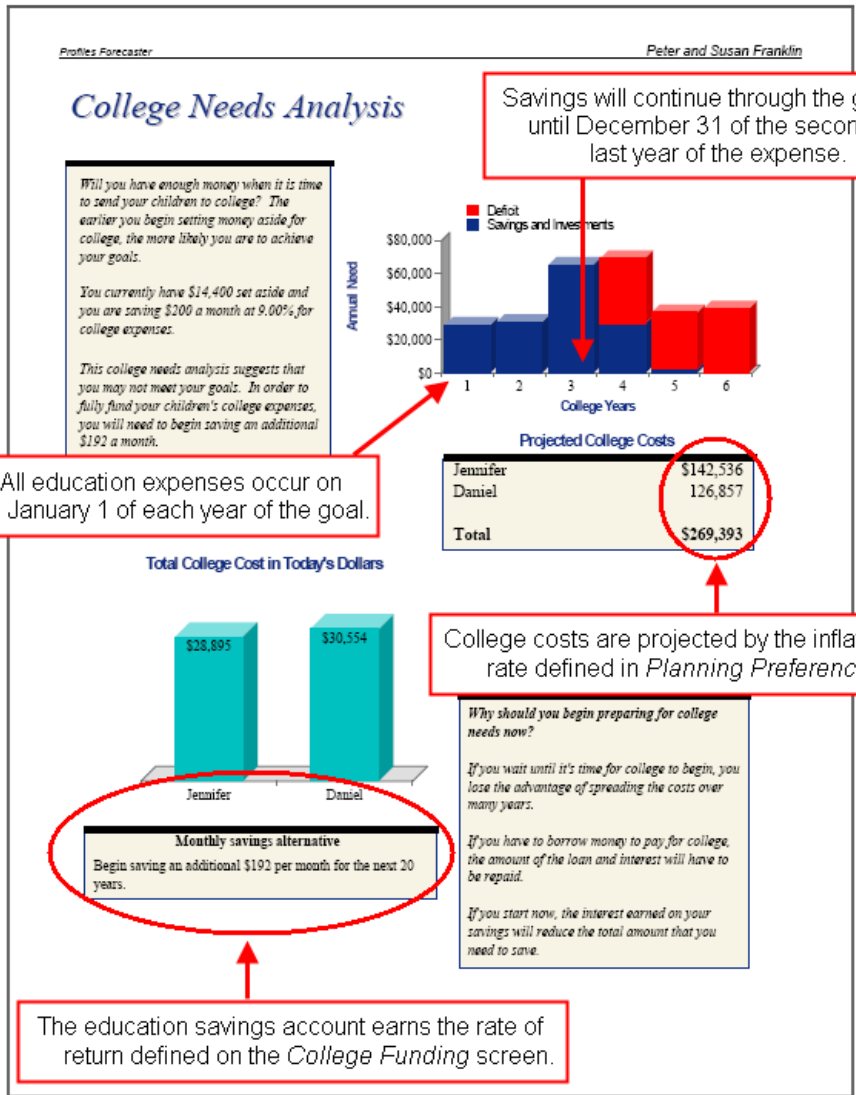


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The *College Needs Analysis* report illustrates whether the clients will be able to meet their children's college funding needs.



Savings will continue through the goal until December 31 of the second-to-last year of the expense.

All education expenses occur on January 1 of each year of the goal.

College costs are projected by the inflation rate defined in *Planning Preferences*.

The education savings account earns the rate of return defined on the *College Funding* screen.

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## Case study: Nick and Lisa Brown

### Exercise 1: Client file creation

This exercise will familiarize you with the data entry required for creating a client file and starting a client case.

A couple walks into your office and after a few minutes you have discovered the following:

- Their names are Nick and Lisa Brown and they are in their 50s with a 10-year-old son
- Financial concerns:
  - They hope to retire in about 15 years but are unsure if they are on track
  - Their son Kevin will begin college in 8–10 years and they are wondering if enough is set aside
  - They own modest life insurance policies
- Their net worth is approximately \$530,000
- They have not provided you with detailed information about their financial situation because they are not sure they need your help and would first like to build trust with you
- They would like to determine whether or not you can provide them with any assistance

Based on the limited information you have received, and the fact that you want to provide useful information to Nick and Lisa in a timely manner, you feel a simple analysis of their current financial situation will enable you to provide them with advice regarding their financial objectives.

1. On the *Welcome* screen, click **Create New Case**. The *Create New Client and Initial Case* screen opens.
2. Enter the Browns' details under *New Client Details* and *Initial Case Details*, and then click **Next**. The *Create New Case* screen opens.
3. Select the *Needs in Event of Death*, *College Funding*, and *Retirement* modules.

**What concerns you the most?**

There are a number of different areas to consider when preparing for your future financial security. Start now by identifying your financial goals.

Which of the following areas are important to you?

<input checked="" type="checkbox"/> Needs in the Event of Death	Examine the financial impact of death, including immediate cash needs and continuing income needs.
<input checked="" type="checkbox"/> College Funding	Find out the cost of education and alternative funding methods.
<input checked="" type="checkbox"/> Retirement	Assess how your current retirement strategy will meet your objective.
<input type="checkbox"/> Asset Allocation	Examine your current asset allocation strategy in relation to your risk tolerance.
<input type="checkbox"/> Disability Income	Assess the financial effect of a disability on your income.
<input type="checkbox"/> Long-Term Care	Evaluate the impact that long-term care costs can have on your financial situation.


- Nick and Lisa have filled in some of their financial details in the *Fact Finder*. Use the portions of the *Fact Finder* provided below to enter data into the case.

Section 1 - Personal Information			
Marital Status	<input type="checkbox"/> Single	<input checked="" type="checkbox"/> Married	<input type="checkbox"/> Domestic Partner
	Client A		Client B
First Name	<u>Nick</u>		<u>Lisa</u>
Middle Name			
Last Name	<u>Brown</u>		<u>Brown</u>
Date of Birth	<u>Feb. 8 1965</u>		<u>Aug. 22 1967</u>
Address			
City	<u>Eerie</u>	State	<u>IN</u> Zip _____
Phone	E-mail _____		

- Use the details below to define their son Kevin’s education needs.

Dependent Information	
Child’s Name	Date of Birth
<u>Kevin</u>	<u>Jun. 10 1996</u>

- Now that the family structure is defined, it is a good idea to save the case before you continue to enter more information. Save this client case.

**Hint:** As a shortcut, click the  button, or select of **File – Save As**.

### Exercise 2: Defining goals

In this exercise you will define the Browns' survivor needs, college funding, and retirement objectives.

#### Survivor needs

- 1. Nick and Lisa recognize that their expenses would change drastically in the event of Nick's death. Enter the details below on the *Survivor Needs* screen.

**Section 2 - Survivor Needs**

The death of a wage earner can have a significant impact on household income. Financial experts recommend that every strategy include an analysis of needs in the event of a death.

**Survivor Income Needs**

In the event of death, what percentage of income should be provided for your family's continuing income needs?

With children at home                      70 %

No children at home                         65 %

Provided income for how long?         \_\_\_\_\_ years or  Lifetime


In the event of death, should your children's education be funded? (If yes, also complete Section 3.)     Yes    No

**Current Life Insurance**

Name of Insured	Insurance Benefit	Insurance Company	Annual Premium	Type*
<i>Nick</i>	\$ <u>350,000</u>	<i>MetLife</i>	\$ <u>750</u>	<u>Term 20</u>
<i>Lisa</i>	\$ <u>250,000</u>	<i>MetLife</i>	\$ <u>750</u>	<u>Term 20</u>
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____

\*Insurance types include: Group, Term, Whole Life, Universal Life, and Other

- 2. Which types of expenses should not be included in the calculation of survivor income needs?

**Hint:** Click the  button beside *Enter the % of income that should be provided in the event of a death.*

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**Education**

- Based on the *Fact Finder* information below, Nick and Lisa would like you to estimate college costs for their son, Kevin. They are hopeful that Kevin will attend DeVry University in Indianapolis. Search the *College Cost* database for tuition fees, in-state tuition, and books and supplies costs to incorporate them into your analysis. Use the *Fact Finder* information to enter the Browns' savings for Kevin's education.

**Section 3 - College Funding**

Many people want to help fund education costs for their children. The sooner you begin to develop a strategy for education savings, the more time your money will have to accumulate.

**Average College Cost 2008 – 2009**  
 Public College \$14,333  
 Private College \$34,132  
Source: Trends in College Pricing. Copyright © 2008 The College Board. All rights reserved

**College Funding Needs**

Child's Name	School	College Cost Search *	OR	Amount Needed per year	Years to Attend	Percent to provide
Kevin	DeVry University	<input checked="" type="checkbox"/>		\$ Unknown	4 yrs	100 %
_____	_____	<input type="checkbox"/>		\$ _____	_____ yrs	_____ %
_____	_____	<input type="checkbox"/>		\$ _____	_____ yrs	_____ %
_____	_____	<input type="checkbox"/>		\$ _____	_____ yrs	_____ %
_____	_____	<input type="checkbox"/>		\$ _____	_____ yrs	_____ %

\* Include in college costs:  Tuition (in-state);  Tuition (Out-of-state);  Room only;  Room & Board;  Books & Supplies

**Current Savings**  
Enter any savings already accumulated for your children's education.

Total saved to date	Monthly Savings	Average Rate of Return
\$ 25,000	\$ 175	7 %

**Retirement**

- The Browns have provided you with specifics about their retirement objectives in the *Fact Finder*. Enter the goal details found below on the *Retirement* screen.

**Section 4 - Retirement**

Many people underestimate the amount of money they will need to enjoy a comfortable retirement. Begin saving as soon as possible to ensure you will have enough to maintain a comfortable lifestyle during retirement.

	Client A	Client B
At what age do you plan to retire?	63	61
At what age will you begin to collect Social Security?	67	67

Retirement Need

Percentage of current income (e.g., 80%) 80 %

or  Annual need (in today's dollars) \$ \_\_\_\_\_

Does your employer offer any retirement plans into which contributions can be made, such as a 401(k) or SIMPLE IRAs?  Yes  No  Yes  No

If yes, are you contributing the maximum amount?  Yes  No  Yes  No

### Exercise 3: Financial information

In this exercise, you will define the Browns' current financial details using the *Earnings and Assets*, *Retirement Savings and Investments*, and *Other Income Sources* screens.

1. Enter the financial information captured in the *Fact Finder* regarding the Browns' current financial position.

Section 5 - Earnings and Assets		
Enter your annual employment income in this section. Include income received from employers as well as self-employment income. All other sources of income should be entered in the Other Income Sources section.		
For assets and liabilities, include your residence, personal property, real estate, and business. Do not include any retirement or investment assets that will be used to meet your retirement or survivor needs.		
<b>Earnings</b>	Client A	Client B
Annual Employment Income	\$ <u>65,000</u>	\$ <u>35,000</u>
Do you contribute to Social Security?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

2. Nick and Lisa own a residence with a current market value of \$525,000. They have provided the following information regarding the mortgage for their home: They took out a \$250,000 mortgage with a 6.5% interest rate on January 1, 2002. The mortgage has a 25-year amortization period. Use the *Mortgage Calculator* to determine the current value of the mortgage.

**Hint:** The market value of the residence should be entered on the *Mortgage Details* screen.

Assets and Liabilities			
Personal Residence			
<input type="checkbox"/> Rent - Monthly Rent	\$ _____		
<input checked="" type="checkbox"/> Own - Mortgage Amount	\$ <u>About \$220,000</u>	Approximate Market Value of Home	\$ <u>525,000</u>
<i>Mortgage Details</i>			
Lender	Current Liability	Monthly Payment	Interest Rate
<u>Mortgage</u>	\$ <u>About \$220,000</u>	\$ <u>About \$1,700</u>	<u>6.5 %</u>
Total Liabilities (Credit Cards and Personal Loans) \$ _____			

- Define the funding sources for the retirement goal identified in the *Fact Finder* on the *Savings/Investments* screen.

**Hint:** Click **Add Account** to create the accounts before entering the details.

**Section 6 - Savings and Investments**

Please provide information regarding retirement plans you may have. Include IRAs, Roth IRAs, SEP IRAs, SIMPLE IRAs, 401(k)s (including any employer match), 403(b)s, Profit Sharing Plans, 457 plans, variable annuities, etc.

**Retirement Funds**

For this section either enter total amounts or details

Total Amount                      Total Monthly Savings                      Average Rate of Return

\$ \_\_\_\_\_                      \$ \_\_\_\_\_                      \_\_\_\_\_ %

*Retirement Fund Details*

Owner	Account Name	Asset Name	Amount	Rate of Return	Monthly Savings	Company Match	Savings Increase
Nick	Nick's 403b	Mutual Funds	\$ 85,000	8 %	\$ 200	\$ 200	3 %
Lisa	Lisa's 401k	Mutual Funds	\$ 65,000	7 %	\$ 150	\$ 150	3 %
_____	_____	_____	\$ _____	_____ %	\$ _____	\$ _____	_____ %
_____	_____	_____	\$ _____	_____ %	\$ _____	\$ _____	_____ %
_____	_____	_____	\$ _____	_____ %	\$ _____	\$ _____	_____ %

**Bank Accounts and Investments**

For this section either enter total amounts or details

Total Amount                      Total Monthly Savings                      Average Rate of Return

\$ 35,000                      \$ 200                      8 %

- Lisa expects to receive a \$10,000 inheritance from her late uncle's estate this year. Include this information on the *Other Income Sources* screen.

**Hint:** You will need to click **Edit** to incorporate this information into your analysis.

**Section 7 - Other Income Sources**

Enter other income sources that you currently receive or expect to receive in the future. Be sure to include alimony, child support, defined benefit pension plans, fixed annuities, part-time income during retirement, expected inheritance, etc.

**Other Income Sources Details**

Type <sup>1</sup>	Name	Recipient	Amount <sup>2</sup>	Present or Future Value	Annual Increase	Begin When?	End When?	Income Applies to
1	Lisa's Inheritance	<input type="checkbox"/> Client A <input checked="" type="checkbox"/> Client B	\$ 10,000	<input checked="" type="checkbox"/> Present <input type="checkbox"/> Future	0%	<input checked="" type="checkbox"/> Today <input type="checkbox"/> Retirement <input type="checkbox"/> Year _____	<input type="checkbox"/> Retirement <input type="checkbox"/> Death <input type="checkbox"/> Year _____	<input checked="" type="checkbox"/> Retirement <input checked="" type="checkbox"/> Survivor A Dies <input type="checkbox"/> Survivor B Dies
_____	_____	<input type="checkbox"/> Client A <input type="checkbox"/> Client B	\$ _____	<input type="checkbox"/> Present <input type="checkbox"/> Future	_____ %	<input type="checkbox"/> Today <input type="checkbox"/> Retirement <input type="checkbox"/> Year _____	<input type="checkbox"/> Retirement <input type="checkbox"/> Death <input type="checkbox"/> Year _____	<input type="checkbox"/> Retirement <input type="checkbox"/> Survivor A Dies <input type="checkbox"/> Survivor B Dies

### Exercise 4: Data verification

You recognize that the Brown family is anxious to see the analysis of their situation, however, you know that it is important to verify that the data in the plan is accurate before performing an analysis. It is paramount to ensure that the information used to conduct an analysis is accurate so that your recommendations are appropriate.

This exercise is designed to familiarize you with helpful data-verification reports and learn how to use them to analyze and update plan information.

#### Personal Information Summary report

Go to the **Client Presentation** category and generate the *Personal Information Summary* report. Use this report to answer the next two questions.

1. What is the current value of the mortgage?

---

2. What long-term inflation rate is currently being applied to college costs?

---

3. Where can this information be changed for the current plan?

**Hint:** This information can be found under *Used for Current Plan*.

---

#### Net Worth Statement report

The *Net Worth Statement* report lists the clients' total assets, liabilities, and net worth. Use this report to answer the following questions.

1. What is the current value of all assets owned by the Browns?

---

2. What is the Brown family's total net worth?

---

### Exercise 5: Output

After reviewing the *Personal Information Summary* and *Net Worth Statement* reports, Nick and Lisa see no discrepancies in the data. In this exercise you will generate and review output pages.

#### Survivor needs

1. Generate the *Financial Needs - Client A Dies* report. Are the Browns adequately insured in the event of Nick's Death?

**Hint:** This report is available under *Survivor Needs*.

- a) Yes
  - b) No
2. Which report will answer Nick's question: "What is included in the *Immediate Cash Needs* value in the *Financial Needs in the Event of Nick's Death* report?"
    - a) *Survivor Needs Analysis Detail - Client A Dies*
    - b) *Survivor Needs Analysis Timeline - Client A Dies*
    - c) *Financial Needs - Client B Dies*
    - d) *Types of Life Insurance*
  3. Which report clearly shows that Social Security survivor and retirement benefits are included in the survivor needs analysis?
    - a) *Survivor Needs Analysis Detail - Client A Dies*
    - b) *Survivor Needs Analysis Timeline - Client A Dies*
    - c) *Financial Needs - Client B Dies* (presentation page)
    - d) *Types of Life Insurance*

#### Retirement

Remove the survivor needs output pages from the *Pages Selected* column. Under *Retirement*, select **Retirement Analysis**. Generate the report, and then answer the following questions.

1. Will the Browns be able to meet their retirement objectives based on their current savings?  
\_\_\_\_\_
2. If the Browns decide to increase the average rate of return of their retirement accounts, will the retirement goal be fully funded?  
\_\_\_\_\_

3. Which report provides a summary of all of the assumptions, needs, income sources, and assets used in the *Retirement Analysis* presentation report?
  - a) *Your Retirement Timeline*
  - b) *Pay Yourself First*
  - c) *Retirement Needs Analysis Detail*
  - d) *Traditional IRA vs. Roth IRA*
4. Which report illustrates *Other Income* received by the clients throughout the retirement period?
  - a) *Retirement Needs Analysis Detail*
  - b) *Your Retirement Timeline*
  - c) *Retirement Statistics*
  - d) *Pay Yourself First*

### College funding

Remove the retirement output pages from the *Pages Selected* column. Under *College Funding*, select **College Needs Analysis**. Generate the report, and then answer the following questions.

1. How many years are used in the calculation of the education goal?  
\_\_\_\_\_
2. What does the *College Funding* graph display?  
\_\_\_\_\_
3. What do the blue bars represent?  
\_\_\_\_\_
4. Which report provides a summary of the Browns' current savings towards Kevin's college costs?  
\_\_\_\_\_

### Conclusion

This course has enabled you to

- Create a client file and manage client cases
- Establish planning defaults
- Capture your clients' financial needs and position
- Perform a financial needs analysis on a modular basis
- Generate and interpret key reports and graphs

## Answers to case study exercises

### Exercise 2: Defining goals

2. Housing costs, including mortgages or rent funds, college education, and other expenses should not be included in the calculation of survivor income needs.

### Exercise 4: Data verification

#### Personal Information Summary report

1. The current value of the mortgage is \$218,000.
2. The long-term inflation rate currently being applied to college costs is 6%.
3. This information be changed for the current plan on the *Planning Preferences* screen.

#### Net Worth Statement report

1. The current value of all assets owned by the Browns is \$755,000.
2. The Brown family's total net worth is \$537,000.

### Exercise 5: Output

#### Survivor needs

1. b) No, the Browns are not adequately insured in the event of Nick's Death.
2. a) The *Survivor Needs Analysis Detail - Client A Dies* report answers Nick's question.
3. b) The *Survivor Needs Analysis Timeline - Client A Dies* report clearly shows that Social Security survivor and retirement benefits are included in the survivor needs analysis.

#### Retirement

1. No, the Browns will not be able to meet their retirement objective.
2. Yes, if the Browns decide to increase the average rate of return of their retirement accounts, the retirement goal will be fully funded.
3. c) *Retirement Needs Analysis Detail* report
4. b) *Your Retirement Timeline* report

#### College funding

1. Four years are used in the calculation of the education goal.
2. The *College Funding* graph displays the annual projected need for each child.
3. The blue bars represent the clients' ability to meet their education needs.
4. The *College Funding Detail* report provides a summary of the Browns' current savings towards Kevin's college costs.