

Profiles ***Professional*** Version 9.3

Desktop



Start Planning Guide

Copyright

Copyright © 2010 Emerging Information Systems (USA), Inc. ("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.

4/20/10

Contents

Start planning	1
Learning objectives	1
Create a new client case in a suitable analysis mode	2
Save a client case	3
Select a Fact Finder.....	4
Set needs preferences.....	5
Enter personal data.....	6
Enter incomes.....	7
Enter direct income sources.....	8
Enter assets	9
Enter retirement objectives.....	10
Enter survivor income needs.....	11
Implement reallocation and saving strategies.....	12
Enter retirement scenarios.....	13
View the Retirement Summary Comparison output page.....	14
Prepare client presentations.....	15
Upgrade the client case	17
Exercises	18
Exercise 1: Analysis modes	18
Exercise 2: Using an Express case	19
Conclusion.....	20
Answers to exercises.....	20
Exercise 1: Analysis modes	20
Exercise 2: Using an Express case	20

Create a new client case in a suitable analysis mode

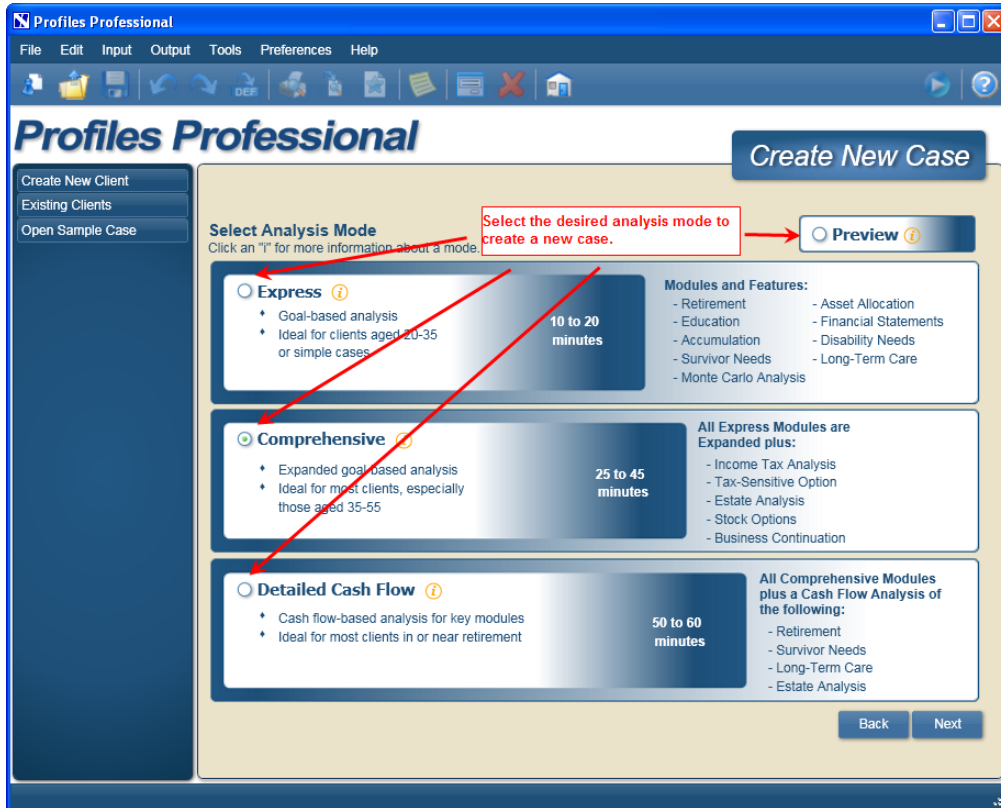


Figure 1: Create New Case screen

Enter personal data

The screenshot shows the 'Profiles Professional' software interface. The window title is 'Sample 1 - Express'. The menu bar includes 'File', 'Edit', 'Input', 'Output', 'Tools', 'Preferences', and 'Help'. The main window is titled 'Personal Data' and contains the following sections:

- Client A Information:** First Name (Brian), Last Name (Price), Date of Birth (2/18/1983), Age (26).
- Social Security Benefits:** A dropdown menu is open, showing options: '<Choose>', 'None', 'Earnings Based', and 'Maximum Benefit'. A red arrow points to the 'Earnings Based' option.
- Additional Client Information:** Name to Appear on Reports (Brian and Amy Price), Address 1 (9658 Midway Lane), Address 2 (Apt.# 3B), City (Los Angeles), State (CA), Zip (92138-0054), E-Mail (baprice@aol.com), Phone ((213) 555-1414), Fax ((213) 555-1415).

A red box highlights the Social Security Benefits list with the following text:

Social Security Benefits list
None - For those who don't contribute or won't have enough quarters to apply
Earnings Based - Will calculate based on earnings entered
Maximum Benefit - Pays out maximum benefit

Figure 6: Client Data category – Personal Data screen

Enter direct income sources

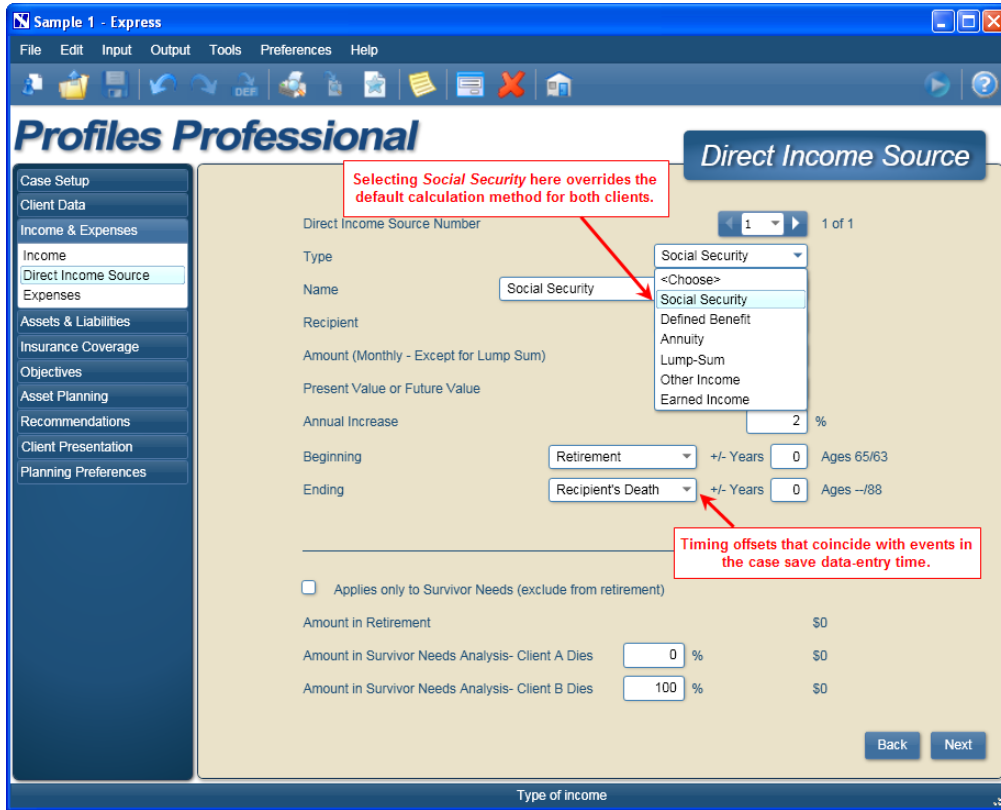


Figure 8: Income & Expenses category – Direct Income Source screen

Enter assets

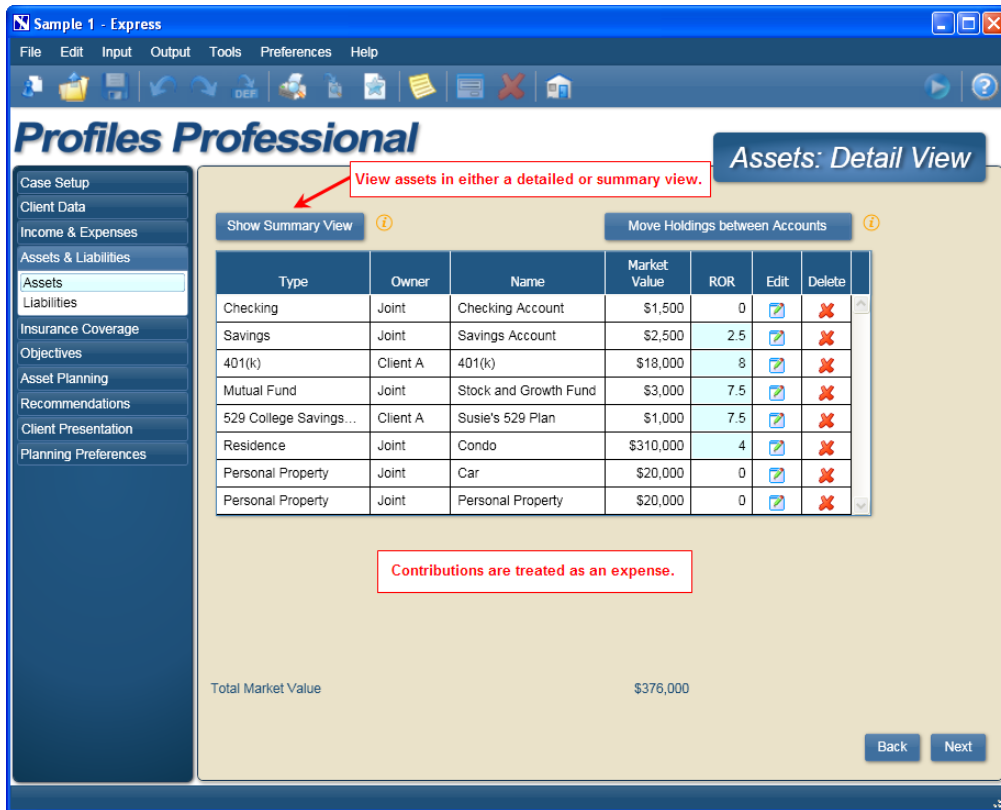


Figure 9: Assets & Liabilities category – Assets: Detail View screen

Enter retirement objectives

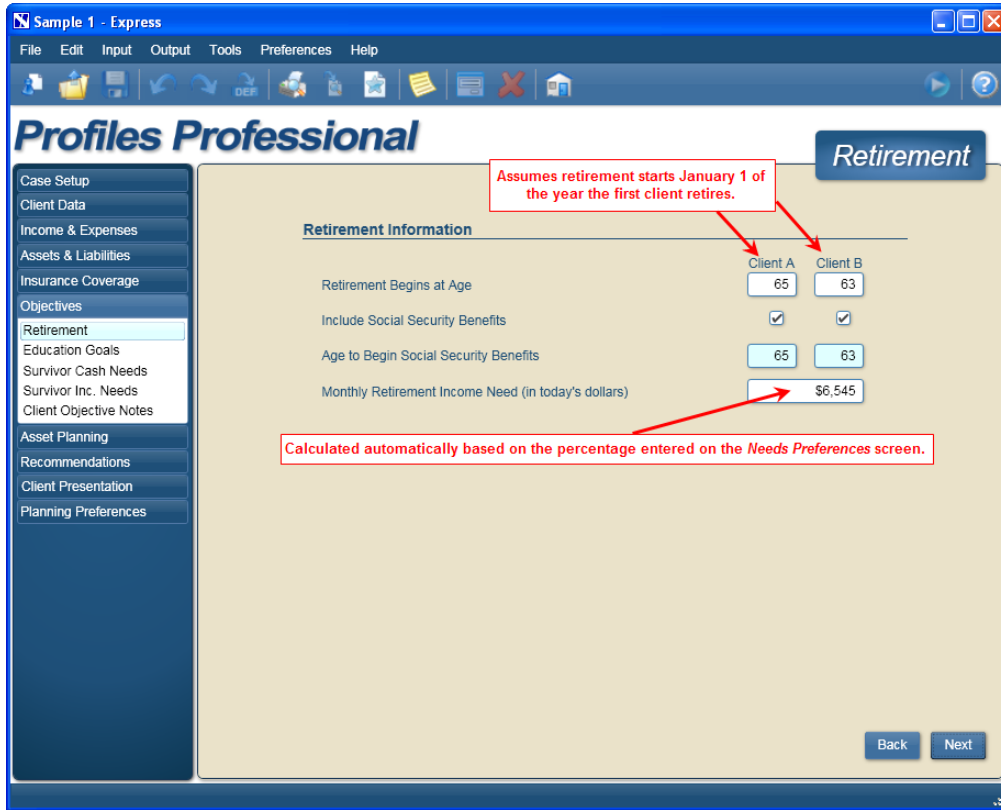


Figure 10: Objectives category – Retirement screen

Enter survivor income needs

Profiles Professional Survivor Income Needs

Case Setup
Client Data
Income & Expenses
Assets & Liabilities
Insurance Coverage
Objectives
Retirement
Education Goals
Survivor Cash Needs
Survivor Inc. Needs
Client Objective Notes
Asset Planning
Recommendations
Client Presentation
Planning Preferences

Client A Death

Client B's Age	Monthly Need	Survivor's Earnings
24	\$4,700	\$3,200
42	\$4,700	\$3,200
67	\$4,100	\$0

Client B Death

Client A's Age	Monthly Need	Client A Earnings
26	\$5,800	\$6,150
44	\$5,800	\$6,150
67	\$4,100	\$0

Callouts:
 - Pre-retirement with dependents (points to Client A Death, Age 24)
 - Pre-retirement without dependents (points to Client A Death, Age 42)
 - Retirement (points to Client A Death, Age 67)
 - Enter lump-sum needs at death (points to Client B Death, Age 67)

Buttons: Back, Next

Figure 11: Objectives category – Survivor Income Needs screen

View the Retirement Summary Comparison output page

Retirement Summary Comparison					
<i>An Overview of the Results</i>					
	<i>Current Plan</i>	<i>Alternative Retire Early</i>	<i>Alternative Retire Early & Spend Less</i>	<i>Alternative Retire Early & Save More</i>	<i>Recommended Retire Early, Save More & Reallocate</i>
Retirement Objective					
Change to Brian's age	65	73	62	62	62
Change to Amy's age	63	71	60	60	60
Change to overall retirement need	100%	--	64%	--	--
Age retirement begins	65/63	73/71	62/60	62/60	62/60
Retirement needs in 1st year	\$248,738	\$315,094	\$145,684	\$227,631	\$227,631
Retirement Portfolio					
Change to portfolio reallocations	--	--	--	--	Modified
Change to tax-deferred contributions	--	--	--	Modified	Modified
Retirement portfolio today	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total additions to portfolio	\$483,673	\$663,598	\$425,893	\$848,450	\$521,566
Total withdrawals from portfolio	\$3,859,023	\$7,919,180	\$3,378,770	\$6,798,812	\$5,845,349
Total growth in portfolio	\$3,350,330	\$8,339,920	\$2,927,877	\$5,925,363	\$5,298,782
SUMMARY OF RESULTS					
Retirement objective satisfied until	76/74	End of plan	78/76	82/80	80/78
Successful retirement years	12 of 27	19 of 19	17 of 30	21 of 30	19 of 30
Capitalized objective at retirement*	\$4,275,215	\$4,342,005	\$2,654,419	\$4,147,530	\$4,147,530
Capitalized income/assets applied*	\$2,587,606	\$4,342,005	\$1,923,910	\$3,418,858	\$3,172,143
Percentage of goal achieved	61%	100%	72%	82%	76%
End of plan portfolio value	\$0	\$1,109,338	\$0	\$0	\$0
Average expected portfolio return	7.33%	7.22%	7.12%	7.04%	8.20%
<small>*Capitalization treats a series of cash flows as a lump sum, deposited in a hypothetical account with a return of 7.00%</small>					
Financial Profiles EISI		Brian and Amy Price			

Figure 14: Client Presentation category – Client Presentation dialog box – Retirement Scenarios – Retirement Summary Comparison report

Prepare client presentations

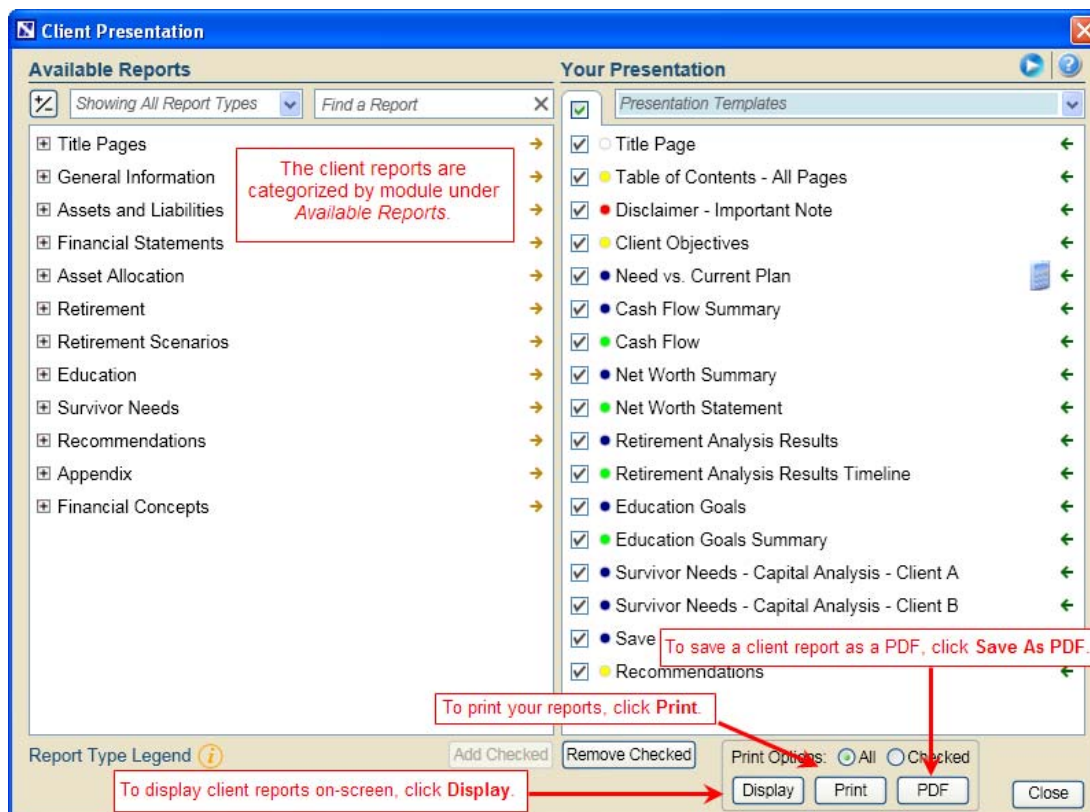


Figure 15: Client Presentation category – Client Presentation dialog box

There are eight types of client reports:

- **Cover** – Use to begin your presentation and indicate a change from one subject area to another.
- **Disclose** – Reveal all the client data-entry and planning assumptions (planning preferences) used in the calculations.
- **Presentation** – Contain graphs and charts. Use them to display specific data to back up financial concepts. Complicated calculations and numbers are easy to demonstrate using these pages.
- **Audit** – Provide a review of the calculations performed on a particular screen. Don't know how a number is calculated? Look to the audit page for an explanation. Audits are designed for your review and not intended to be point-of-sale output. However, you may decide to include them in presentations to help explain particularly complex financial issues or concepts, especially if you are interacting with people who are analytical.
- **Text** – Contain information on a specific topic, letting you provide additional information to back up your presentation and concept pages.

Upgrade the client case

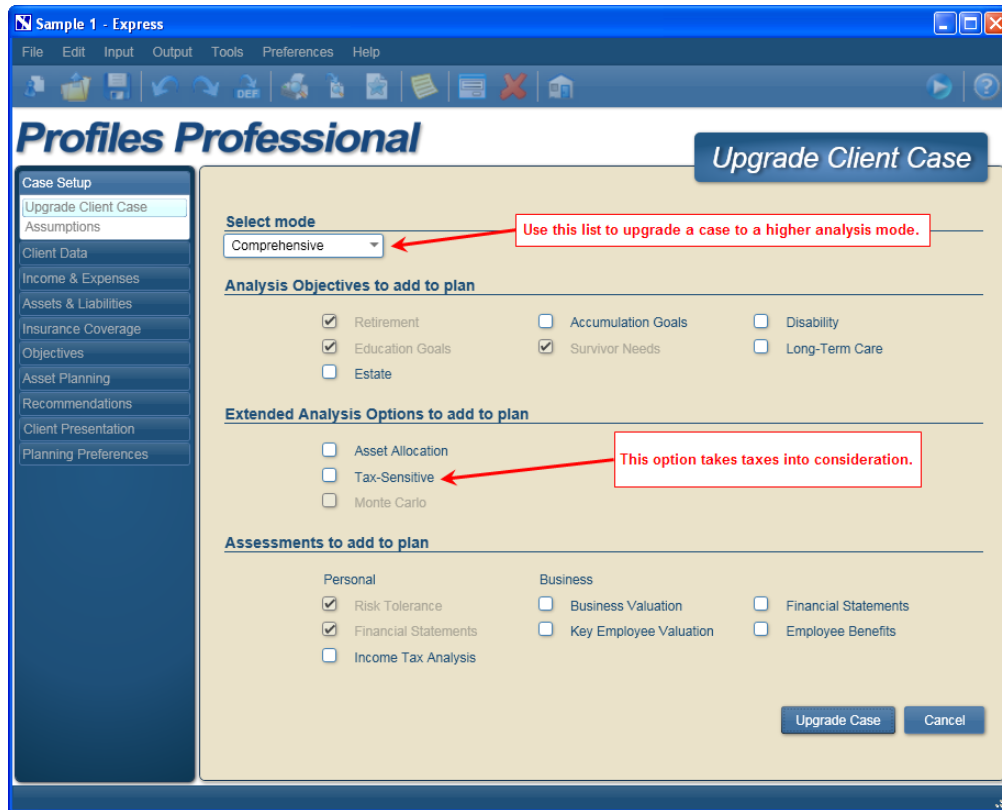


Figure 16: Case Setup category – Upgrade Client Case screen

Exercises

The exercises have been designed specifically for this module. The following questions will help you to explore the analysis modes available, navigation techniques, and the *Express* analysis mode.

Exercise 1: Analysis modes

1. You have had three clients contact you today, each with different needs. Below is a description of each client and their needs. Assign an analysis mode to each client.

a) **Client 1**

Rob and Marilyn Smith have previously met with you, and they want to look at their situation in more detail and get your recommendations. You have already used their information to create a *Preview* case and have provided them with some reports. They are both 26 years of age and are beginning new careers.

Recommended analysis mode: _____

b) **Client 2**

The Johnsons have just moved to your city for their retirement and were referred to you by their former financial planner, who has already provided you with their financial information. The Johnsons want a detailed look at how their portfolio will be distributed during their retirement years and they would like to start reviewing what is likely to be included in their estate.

Recommended analysis mode: _____

c) **Client 3**

Janet Parker has just walked in your office to get some information while she waits for her friend to finish work across the street. She has about ten minutes to spare and would like to see if the strategies she currently has in place are sufficient for her retirement.

Recommend analysis mode: _____

Exercise 2: Using an Express case

Open the sample *Express* case by going to the **File** menu, and then selecting **Open Sample Case**, or by clicking **Open Existing Case** on the navigation bar, and then selecting **Open Sample Case**.

1. You have learned that Amy is a talented local painter who occasionally sells her paintings and makes a small income from this. She estimates that she earns about \$500 a month from the sales of her paintings, and she expects this income to continue until approximately five years before her death. Enter this income in the case, and then answer the question below.

On which screen would you enter the income received from the client's paintings?

- a) *Income & Expenses* category – *Income* screen
 - b) *Income & Expenses* category – *Direct Income Source* screen
 - c) Both the *Income* screen and the *Direct Income Source* screen
2. The Prices hadn't previously told you about their vacation home because they didn't realize the effect it could have on their financial picture. Enter the asset into the case based on the following notes you made during your last meeting, and then answer the question below:

Brian and Amy jointly own the vacation property. They feel that it is currently worth approximately \$90,000, based on a growth rate of 5%. In which asset category should you enter the vacation home?

- a) *Investment Accounts*
 - b) *Real Estate Property*
 - c) *Personal Property*
 - d) *Business Assets*
3. Now that you have entered the new items affecting the clients' retirement, implement your recommendations into one scenario, or multiple scenarios, on the *Recommendations* category – *Retirement Scenarios* screen.
 4. Once you have identified an ideal scenario for the clients, mark the scenario as the recommended scenario on the *Retirement Scenarios* screen. Marking a scenario as recommended will allow additional reports to be available so you can view the details of that scenario.

A number of output pages have been created to compare clients' current retirement situation to the recommended and alternative scenarios. The following are just a few examples of the output pages available.

- *Retirement Summary Comparison* audit page – Displays a side-by-side comparison of the scenarios where the *Include in Output* check box is selected on the *Retirement Scenarios* screen
 - *Alt #: Retirement Analysis Results Comparison* presentation page – Available for the scenarios that are not recommended, it compares the current situation to the alternative scenario
 - *Rec'd: Retirement Objective Comparison* presentation page – Available only for the recommended scenario, it compares the current and recommended scenarios using client-friendly tables.
5. Using the output pages above, analyze the clients' retirement goal and be ready to discuss your results and ideas to the group.

Conclusion

This guide has enabled you to

- Create a client case
- Select an appropriate analysis mode for your clients
- Enter your clients' current financial and goal information in an *Express* case
- Identify survivorship analysis settings
- Implement reallocation and savings strategies into What-if scenarios to increase the success of retirement goals
- Compare current and recommended scenarios using output pages
- Prepare client presentations
- Upgrade a case

Answers to exercises

Exercise 1: Analysis modes

1. a) Recommended analysis mode: *Express* – The clients are beginning new careers, at which time they typically would not require detailed planning. They are also looking for recommendations. Usually, at this point in the clients' situation, simple reallocation and saving strategies are sufficient to improve their situation.
1. b) Recommended analysis mode: *Detailed Cash Flow* – The clients are now in the distribution phase of their retirement and want more details about their financial situation. Using *Detailed Cash Flow* mode will let you provide them with as much information as possible.
1. c) Recommended analysis mode: *Preview* – The *Preview* mode is designed to provide clients with a quick snapshot of their current situation without having to invest much time, especially when they are not yet committed to your services.

Exercise 2: Using an Express case

1. c) Both the *Income* screen and the *Direct Income Source* screen – Because the income applies today and in retirement, it is recommended that you enter it on both screens to get an accurate picture of the current cash flow situation and to ensure that the income is factored into the client's retirement analysis.
2. b) *Real Estate Property* – You should enter the vacation home in the *Real Estate Property* asset category.