

Profiles Professional Version 8.0

Feature Overview



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Feature Overview for ***Profiles Professional*** Version 8.0

Introduction

EISI is pleased to announce the upcoming release of Profiles Professional version 8.0 (v8.0). The Professional v8.0 release represents a significant leap in financial planning functionality over the previous version while greatly enhancing the ease of use and productivity for the user.

The purpose of this document is to provide an overview of the release including new features, enhancements, other supplemental materials, and information. The release timeframe for v8.0 is targeted for early Q2 2007. Any material changes in scope or timing will be communicated to customers and EISI employees as appropriate.

For details on recent modifications made to the v8.0 release, please refer to the addendum at the end of this release overview.

Any questions about the content of this document should be directed to the Profiles Product Management team.

Goals of the Profiles Professional v8.0 Release

Before starting the initial development of the v8.0 release the following high-level goals were established:

- Increased user adoption, productivity, and efficiency when using the application
- Improved ease of use for data entry and report creation for users
- Enhanced modular use of the application
- Delivering key financial planning functionality needed by users with special emphasis on retirement distribution planning
- Expanded data integration capabilities
- Delivering the release simultaneously in Standalone Desktop, Universal Desktop Application, and Web-based versions

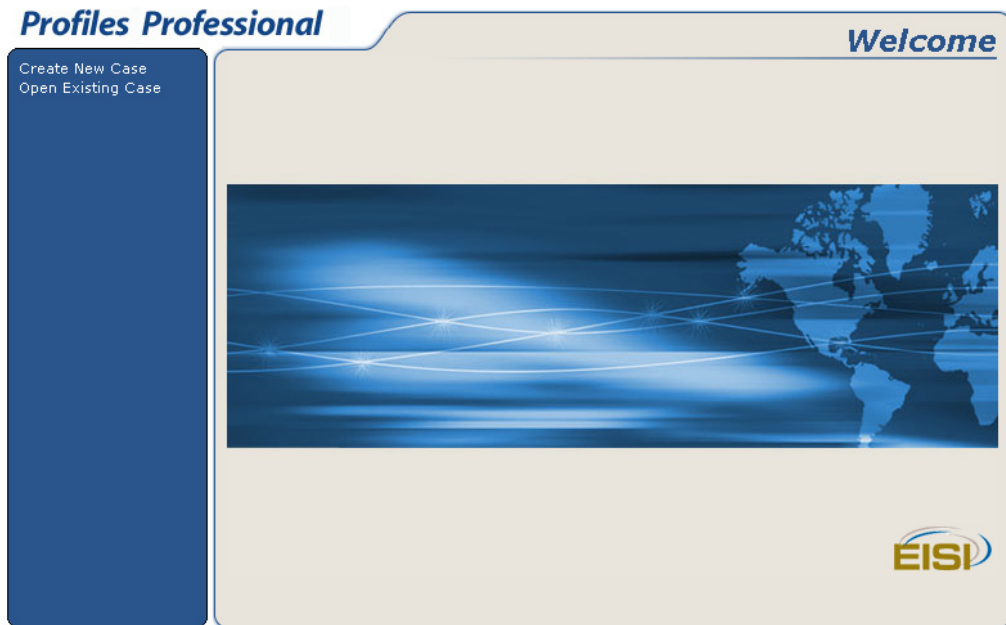


New Streamlined Input and Report Selection Process

New Welcome Screen

Two of the major goals of the v8.0 release were to improve ease of use and advisor productivity when using the application. The Welcome screen has been simplified to offer users the choice between starting a new case and opening an existing case.

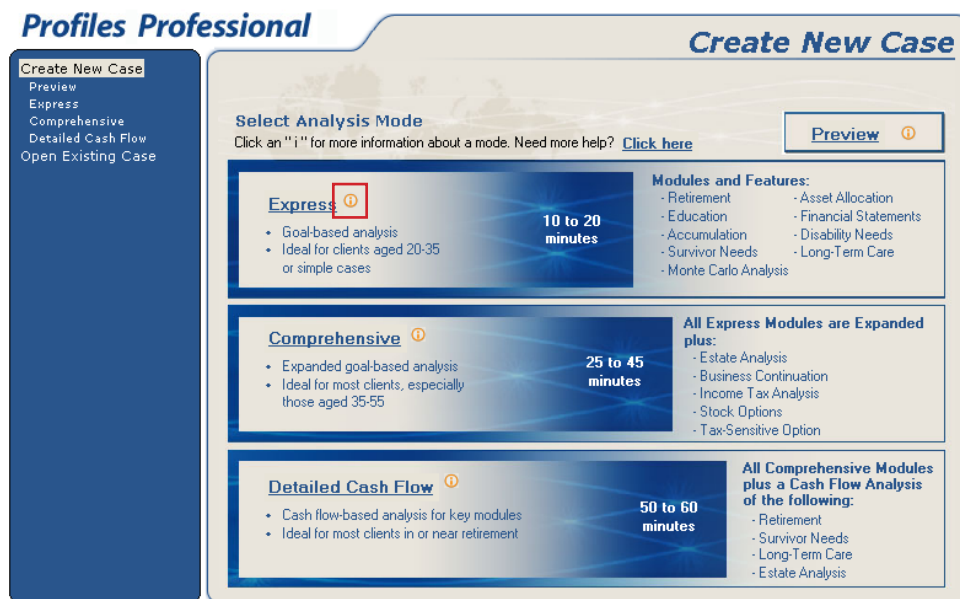
Please note that the v8.0 release includes minor branding changes due to the acquisition of Financial Profiles, Inc. by EISI.



New Welcome Screen

Create New Case Screen

A *Create New Case* screen has been introduced to improve usability. When *Create New Case* is clicked on the *Welcome* screen, the *Create New Case* screen opens and contains an individual link and description for each of the newly redefined analysis modes (*Preview*, *Express*, *Comprehensive*, and *Detailed Cash Flow*). Each mode represents varying levels of analysis which lead the user to a separate objectives, options, and assessments selection screen. The selection of those items drives the number of input screens and client report pages that are offered.



New *Create New Case* Screen, Showing i-Help Button

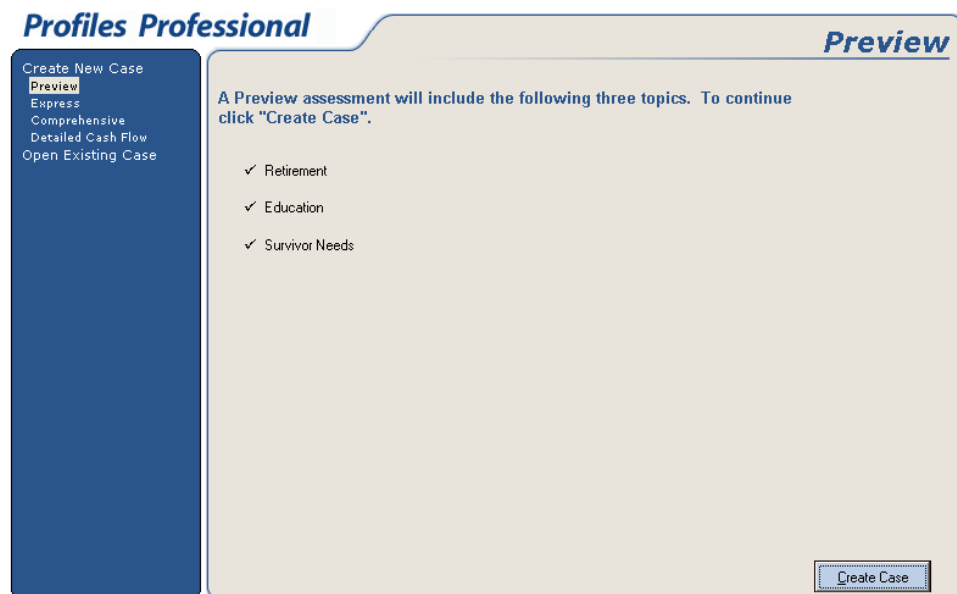
Also introduced throughout the v8.0 application are new i-Help buttons that provide helpful text regarding data the user needs to enter on a particular screen or in a field. When a user clicks the button, a small text box opens with helpful information about the active screen. i-Help streamlines the input screens and enhances the entire user experience.

Objectives, Options, and Assessment Selection

Once the user has selected an analysis mode from the *Create New Case* screen, a corresponding objective selection screen opens. From there, with the exception of a *Preview* case, users have the option of selecting which objectives, options, and assessments they would like to include in their case.

Preview

Preview mode allows for an introductory assessment to be generated and is intended to be used when the advisor has limited information about the client or wants to introduce his or her services. The *Preview* input option automatically includes three objectives. This introductory assessment continues to include reviews for survivor, education, and retirement needs. These objectives cannot be cleared and are required to begin a *Preview* level case.



New *Preview* Screen

Express

The *Express* analysis mode, formerly known as “Primetime”, provides the user with complete modular access to any combination of retirement goals, education goals, accumulation goals, survivor needs, disability, and long-term care objectives, as well as financial statements and risk tolerance assessments. Additionally, the new asset allocation functionality (discussed later in this document) and Monte Carlo Analysis can be selected for key objectives in this mode. *Express* mode provides a tax-neutral (non-tax sensitive) goal-based analysis for each objective. It requires the advisor to enter a minimal amount of input and is designed to get the user in and out of the software in the least amount of time while still providing a meaningful analysis for the client. This mode is intended for clients in their “Foundation Years”—typically ages 20 to 35.

Profiles Professional **Express**

Create New Case
Preview
Express
Comprehensive
Detailed Cash Flow
Open Existing Case

Select from below to tailor this case to fit your client's needs.

Analysis Objectives

Select All

| | | |
|---|--|--|
| <input checked="" type="checkbox"/> Retirement | <input checked="" type="checkbox"/> Accumulation Goals | <input checked="" type="checkbox"/> Disability |
| <input checked="" type="checkbox"/> Education Goals | <input checked="" type="checkbox"/> Survivor Needs | <input checked="" type="checkbox"/> Long-Term Care |

Extended Analysis Options

| |
|--|
| <input checked="" type="checkbox"/> Asset Allocation |
| <input checked="" type="checkbox"/> Monte Carlo |

Assessments

Select All Personal

| |
|--|
| <input checked="" type="checkbox"/> Risk Tolerance |
| <input checked="" type="checkbox"/> Financial Statements |

New Express Screen

Comprehensive

The *Comprehensive* analysis mode, formerly known as “Personal”, provides the user with all of the objectives available in the *Express* mode, but gives the user greater flexibility and the ability to add more detailed data to the case. *Comprehensive* mode adds the following to each section:

- Objectives
 - Estate analysis
- Options
 - Expanded asset allocation
 - Tax-sensitive analysis
- Assessments
 - Expanded asset allocation
 - Income tax analysis
 - Business financial statements
 - Business valuation
 - Employee benefits
 - Key employee valuation

Profiles Professional **Comprehensive**

Create New Case
Preview
Express
Comprehensive
Detailed Cash Flow
Open Existing Case

Select from below to tailor this case to fit your client's needs.

Analysis Objectives

[Select All](#)

| | | |
|---|--|--|
| <input checked="" type="checkbox"/> Retirement | <input checked="" type="checkbox"/> Accumulation Goals | <input checked="" type="checkbox"/> Disability |
| <input checked="" type="checkbox"/> Education Goals | <input checked="" type="checkbox"/> Survivor Needs | <input checked="" type="checkbox"/> Long-Term Care |
| <input checked="" type="checkbox"/> Estate | | |

Extended Analysis Options

| |
|--|
| <input checked="" type="checkbox"/> Asset Allocation |
| <input checked="" type="checkbox"/> Tax-Sensitive |
| <input checked="" type="checkbox"/> Monte Carlo |

Assessments

| | | |
|--|--|--|
| Select All Personal | Select All Business | |
| <input checked="" type="checkbox"/> Risk Tolerance | <input checked="" type="checkbox"/> Business Valuation | <input checked="" type="checkbox"/> Financial Statements |
| <input checked="" type="checkbox"/> Financial Statements | <input checked="" type="checkbox"/> Key Employee Valuation | <input checked="" type="checkbox"/> Employee Benefits |
| <input checked="" type="checkbox"/> Income Tax Analysis | | |

New *Comprehensive* Screen

The *Comprehensive* mode provides a goal-based analysis for each objective. Moreover, it allows the user to collect additional personal and income data and further refine the client’s goals (e.g. retirement or education). This mode is intended for most clients in their “Accumulation Years”—ages 35 to 55—where more goal flexibility is needed and clients are more aware of their resources and objectives.

Detailed Cash Flow

The *Detailed Cash Flow* analysis mode expands the retirement, survivor, long-term care, and estate objectives from a goal-based approach to a cash flow-based approach. In other words, the current and future needs of the client are defined in terms of detailed income and expense information on a year-by-year basis. Tax-sensitivity in *Detailed Cash Flow* mode is always selected and is not optional, as it is in *Comprehensive* mode. This cash flow-style analysis is intended for clients at or near retirement—the “Distribution Years”—or for clients who are analytical and wish to manage their annual finances closely.

The screenshot shows the 'Detailed Cash Flow' configuration screen. On the left is a dark blue sidebar with the following menu items: 'Create New Case', 'Preview', 'Express', 'Comprehensive', 'Detailed Cash Flow' (highlighted), and 'Open Existing Case'. The main area is titled 'Detailed Cash Flow' and contains the instruction: 'Select from below to tailor this case to fit your client's needs.' The screen is divided into three sections: 'Analysis Objectives', 'Extended Analysis Options', and 'Assessments'. Each section has a 'Select All' link and a list of checkboxes, all of which are checked. The 'Assessments' section is further divided into 'Select All Personal' and 'Select All Business' sub-sections.

| Section | Item | Selected |
|--|--|----------|
| Analysis Objectives | Select All | |
| | <input checked="" type="checkbox"/> Retirement | Yes |
| | <input checked="" type="checkbox"/> Education Goals | Yes |
| | <input checked="" type="checkbox"/> Estate | Yes |
| | <input checked="" type="checkbox"/> Accumulation Goals | Yes |
| | <input checked="" type="checkbox"/> Survivor Needs | Yes |
| Extended Analysis Options | <input checked="" type="checkbox"/> Asset Allocation | Yes |
| | <input checked="" type="checkbox"/> Monte Carlo | Yes |
| Assessments | Select All Personal | |
| | <input checked="" type="checkbox"/> Risk Tolerance | Yes |
| | <input checked="" type="checkbox"/> Financial Statements | Yes |
| | <input checked="" type="checkbox"/> Income Tax Analysis | Yes |
| | Select All Business | |
| | <input checked="" type="checkbox"/> Business Valuation | Yes |
| <input checked="" type="checkbox"/> Key Employee Valuation | Yes | |
| <input checked="" type="checkbox"/> Disability | Yes | |
| <input checked="" type="checkbox"/> Long-Term Care | Yes | |
| <input checked="" type="checkbox"/> Financial Statements | Yes | |
| <input checked="" type="checkbox"/> Employee Benefits | Yes | |

[Create Case](#)

New *Detailed Cash Flow* Screen

New Case Setup Functionality

Once a user has selected the analysis mode and the desired objectives, options, and assessments, the data input process can begin using the new *Case Setup* screens which include case-specific assumptions, asset allocation settings, and tax rates. Please note that the *Tax Rates* screen is always present in *Detailed Cash Flow* mode, is optional in *Comprehensive* mode, and is not available in *Preview* and *Express* modes. This new case setup functionality is available from the left navigation menu and can be altered before or during data input. The Assumptions screen allows the user to set the plan date, client's marital status, long-term inflation rate, and Social Security increase rate values.

Upgrade Client Case

The v8.0 release provides the user with an easy way, up front, to start a new case, including the appropriate analysis mode and objective selection. In addition, it's easier for a user to upgrade to either a deeper or broader level of analysis by selecting a more advanced analysis mode or by adding additional planning objectives. This allows the user to rapidly respond to a client's expanding needs. When an existing case is opened, the user can navigate to the *Upgrade Client Case* screen which is automatically populated with the settings for the case as it currently exists. The user can then upgrade to the next analysis mode or add additional objectives.

Profiles Professional **Upgrade Client Case**

Case Setup
Upgrade Client Case
Assumptions
Asset Allocation Settings
Tax Rates
Case Data
Client Presentation
Planning Preferences

Select mode
Comprehensive

Analysis Objectives to add to plan

| | | |
|---|--|--|
| <input checked="" type="checkbox"/> Retirement | <input checked="" type="checkbox"/> Accumulation Goals | <input checked="" type="checkbox"/> Disability |
| <input checked="" type="checkbox"/> Education Goals | <input checked="" type="checkbox"/> Survivor Needs | <input checked="" type="checkbox"/> Long-Term Care |
| <input checked="" type="checkbox"/> Estate | | |

Extended Analysis Options to add to plan

| |
|--|
| <input checked="" type="checkbox"/> Asset Allocation |
| <input checked="" type="checkbox"/> Tax-Sensitive |
| <input type="checkbox"/> Monte Carlo |

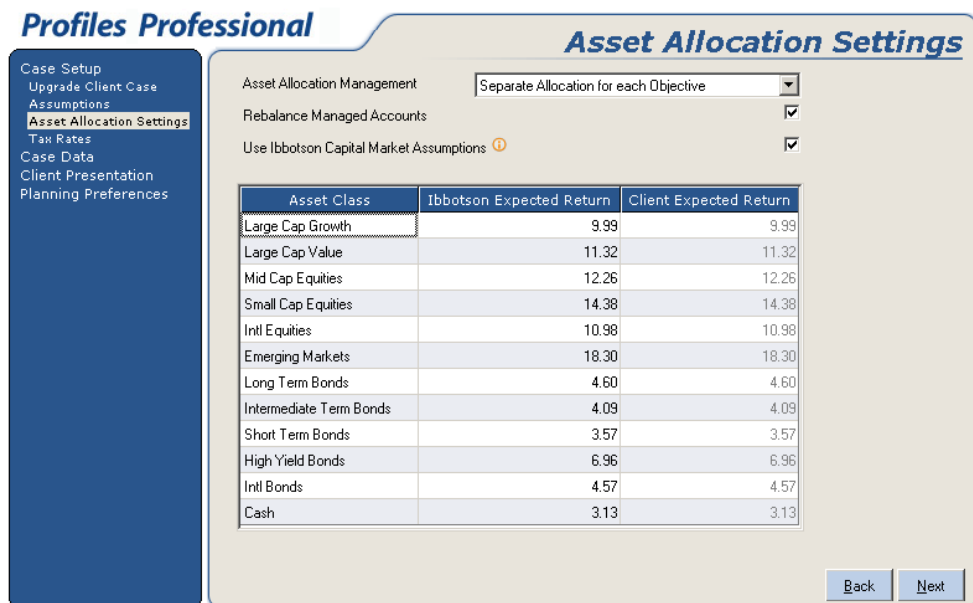
Assessments to add to plan

| | | |
|--|---|---|
| Personal | Business | |
| <input checked="" type="checkbox"/> Risk Tolerance | <input type="checkbox"/> Business Valuation | <input type="checkbox"/> Financial Statements |
| <input checked="" type="checkbox"/> Financial Statements | <input type="checkbox"/> Key Employee Valuation | <input type="checkbox"/> Employee Benefits |
| <input checked="" type="checkbox"/> Income Tax Analysis | | |

Upgrade Client Case Screen

Asset Allocation Settings

The *Asset Allocation Settings* screen allows the user to specify how to manage the asset allocation for the case (described later in this document), to include rebalancing of all allocations, and the option to specify rates of return at the asset class level assuming either the “Ibbotson Expected Return” (or other if customized) or the “Client Expected Return”. This in turn helps to drive the weighted average growth rates for allocated assets and the new portfolio rebalancing and reallocation functionality, which are also discussed in more detail later in this document. The *Tax Rates* screen is not modified from previous versions of Professional; it has just been moved to *Case Setup* to help highlight its importance.



Profiles Professional **Asset Allocation Settings**

Asset Allocation Management: Separate Allocation for each Objective

Rebalance Managed Accounts:

Use Ibbotson Capital Market Assumptions:

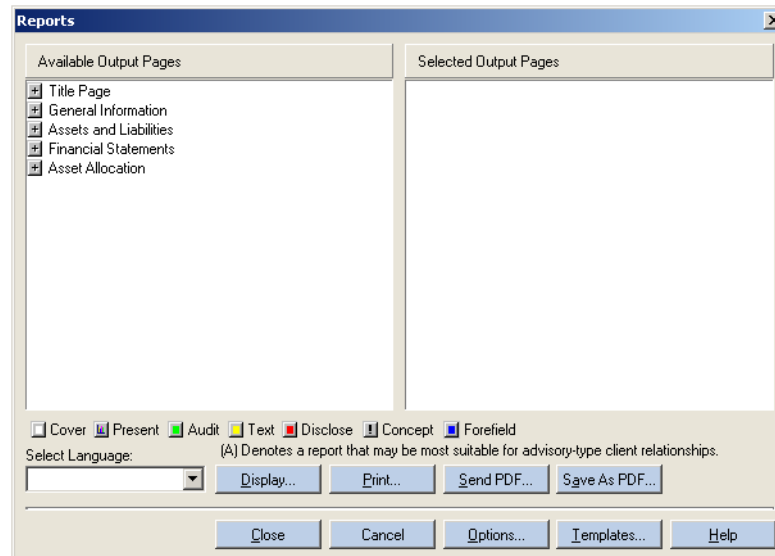
| Asset Class | Ibbotson Expected Return | Client Expected Return |
|-------------------------|--------------------------|------------------------|
| Large Cap Growth | 9.99 | 9.99 |
| Large Cap Value | 11.32 | 11.32 |
| Mid Cap Equities | 12.26 | 12.26 |
| Small Cap Equities | 14.38 | 14.38 |
| Intl Equities | 10.98 | 10.98 |
| Emerging Markets | 18.30 | 18.30 |
| Long Term Bonds | 4.60 | 4.60 |
| Intermediate Term Bonds | 4.09 | 4.09 |
| Short Term Bonds | 3.57 | 3.57 |
| High Yield Bonds | 6.96 | 6.96 |
| Intl Bonds | 4.57 | 4.57 |
| Cash | 3.13 | 3.13 |

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New Asset Allocation Settings Screen

Enhanced Report Selection

Another key change to improve usability and advisor productivity is the enhanced report selection functionality. When a user goes to the *Client Presentation* screen to choose the desired report pages to include in the analysis, only appropriate report categories corresponding to the selected level of analysis and objectives will be available. This enhancement will make it much easier for the advisor to select the appropriate pages to include in the analysis.



New Reports Screen, Showing Reports Available to a User Who Has Selected Only the Education Objective

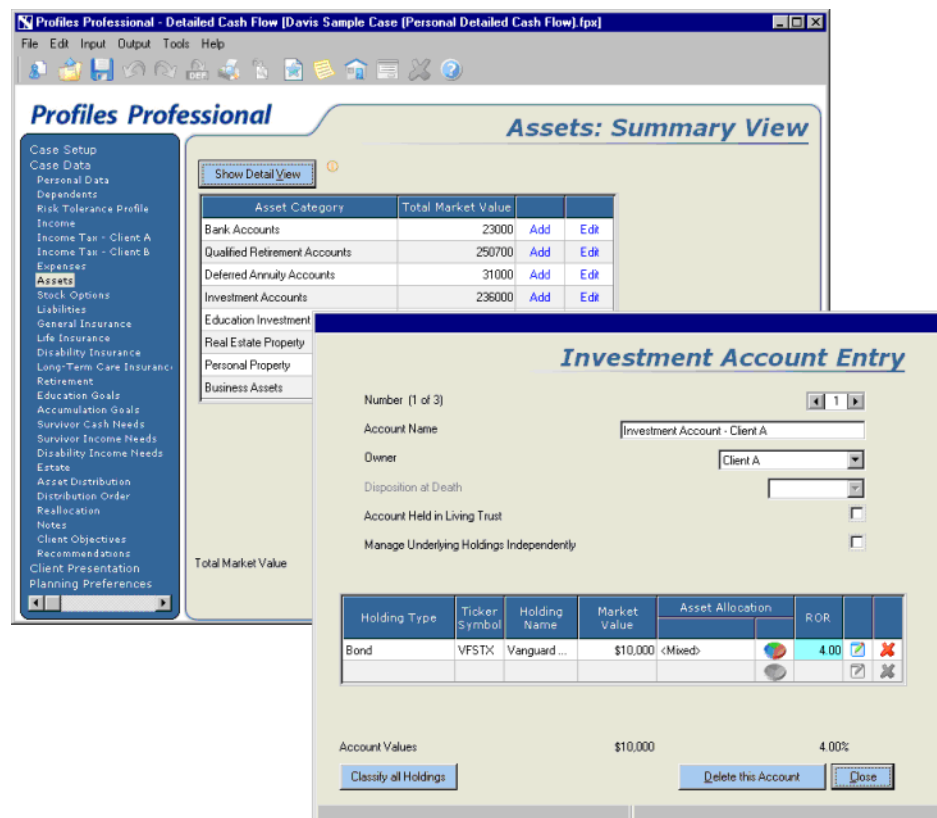
Enhanced Concept Page Selection

The concept report pages are easier to access in the v8.0 product. If a user has created a case in the *Express*, *Comprehensive*, or *Detailed Cash Flow* levels of analysis, a new *Financial Concepts* page section is available as the last section on the *Reports* screen. Concept pages will also continue to be available from output sections corresponding to the level of analysis and objectives the user has selected. This new feature allows objective-specific concept pages to be easily included, as well as other concepts available in the objectives that may not have been initially selected during case setup.

Enhanced Accounts and Assets Screens

Another major area that is enhanced is how assets are entered and treated in the application. New *Assets: Summary View* and *Detail View* forms have been created to offer easy access to the following asset categories: *Bank Accounts*, *Qualified Retirement Accounts*, *Deferred Annuity Accounts*, *Investment Accounts*, *Education Investment Accounts*, *Real Estate Property*, *Personal Property*, and *Business Assets*. Each asset category has a unique input form which allows for a more streamlined approach for data entry and data integration.

For account-based assets where holding detail is appropriate, screens now provide a way to enter holding details without repeatedly entering account level information such as the account name, account type, ownership, and beneficiary information.



Enhanced Assets: Summary View Screen and Investment Account Entry Screen

Tighter Integration of Asset Classes and Asset Types

Changes have also been implemented to refine how asset classes and asset types are used in the application to drive growth rates and taxation. Asset classes now take on a more significant and integrated role within the application when determining the rate of return (growth rate) to be used for accounts based on their holdings.

The *Asset Allocation Settings* screen used in the setup process provides the user the option of selecting either the Ibbotson Expected Rate of Return (or other if customized) or Client Expected Rate of Return for each asset class. When entering accounts and holdings on the enhanced Accounts and Assets screens, rates of return are automatically calculated using a weighted-average return based on how the holding is classified. Holdings made up of more than one asset class, such as mutual funds, will have a weighted-average return reflecting a blend of asset classes.

Asset Allocation Settings

Asset Allocation Management: Separate Allocation for each Objective

Rebalance Managed Accounts:

Use Ibbotson Capital Market Assumptions:

| Asset Class | Ibbotson Expected Return | Client Expected Return |
|-------------------------|--------------------------|------------------------|
| Large Cap Growth | 9.99 | 9.99 |
| Large Cap Value | 11.32 | 11.32 |
| Mid Cap Equities | 12.26 | 12.26 |
| Small Cap Equities | 14.38 | 14.38 |
| Int'l Equities | 10.98 | 10.98 |
| Emerging Markets | 16.00 | 16.00 |
| Long Term Bonds | 4.57 | 4.57 |
| Intermediate Term Bonds | 3.13 | 3.13 |
| Short Term Bonds | 2.00 | 2.00 |
| High Yield Bonds | 6.00 | 6.00 |
| Int'l Bonds | 4.57 | 4.57 |
| Cash | 3.13 | 3.13 |

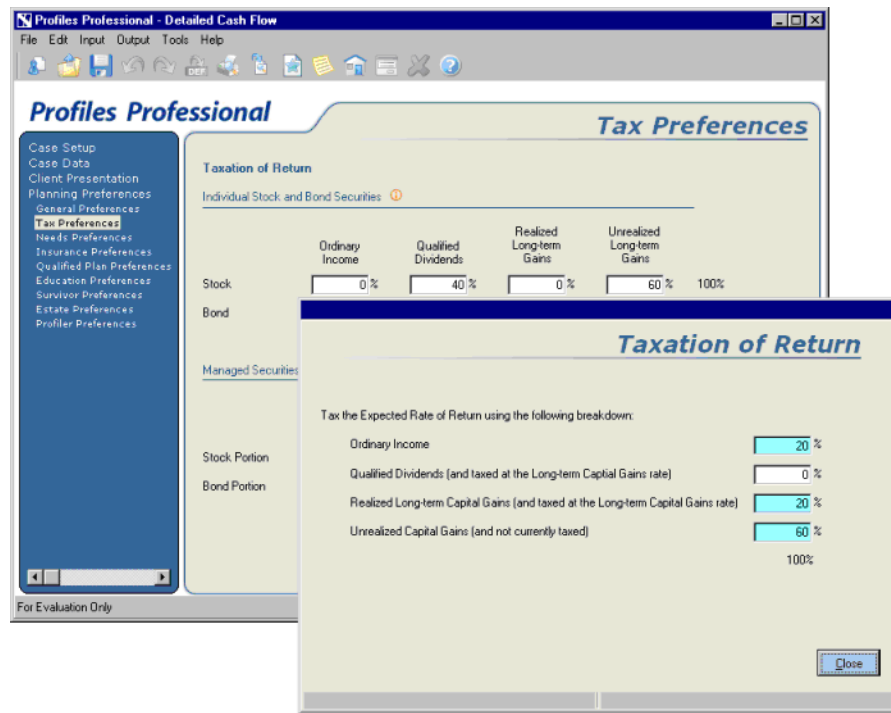
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Tighter Integration of Asset Classes and Asset Types

Enhanced Tax-Sensitive Analyses

In tax-sensitive *Comprehensive* and *Detailed Cash Flow* analysis mode cases, asset types define the taxation of an asset, account, or holding (as appropriate). Investment assets are further categorized by their taxation, such as qualified accounts and non-qualified accounts. Within qualified and non-qualified accounts, still further asset types are recognized. For example, in the non-qualified segment, investment accounts are distinguishable from fixed or variable annuities. For investment accounts, the user is able to enter asset types such as stock, bond, tax-free bond, CD, etc. The selection of the asset type and the percentage of the asset allocation in stocks and bonds determines how much of the return is taxed as ordinary income, dividends, and realized and unrealized capital gains.

In Profiles Professional version 7.6 the user had to determine their own taxation of the return for an asset and the *Taxation of Return* input screen was often overlooked. In v8.0, the application now automatically determines an appropriate level of taxation for a return on a holding. Research on mutual funds trends in turnover and stock trends for qualified dividends led to intelligent default values that self-adjust based on asset mix and asset type. The user can override the application's calculated default with user-defined values, if applicable.



Tax Preferences Now Drive Default Values for the Taxation of Returns for Holdings



Enhanced Asset Allocation Functionality

The asset allocation functionality in v8.0 has also been significantly enhanced to provide more flexibility and tighter integration across the analysis options. In previous versions of Professional, the asset allocation functionality measured the client's current allocation of the total portfolio as compared to a suggested model portfolio based on the scoring of the asset allocation questionnaire.

The v7.6 asset allocation questionnaire was scored in order to arrive at a single portfolio recommendation regardless of how many different objectives the client may have had. The questionnaire included six risk tolerance questions that focused on risk aversion and two time horizon questions. The inclusion of the two time horizon questions limited the assessment to determine a single investment portfolio that best matched a single objective (typically retirement) for the client.

In the v8.0 release, enhanced asset allocation functionality includes the ability to assess a client's risk tolerance separately from time horizon (described below). Additionally, new asset allocation capabilities are introduced to allow for allocation strategies for more than one objective as well as multiple reallocations for objectives.

New Risk Tolerance Assessment

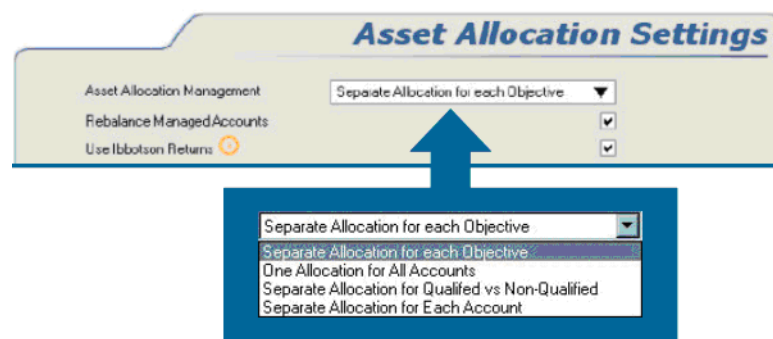
As part of the enhanced asset allocation functionality, the asset allocation questionnaire has been renamed the *Risk Tolerance Questionnaire* and now measures the client's risk aversion using only the risk tolerance questions. A new report shows the questions, the client's responses, and the associated risk tolerance score from 0–100. The report also shows the appropriate recommended model portfolios that should be used given the associated time horizon for each objective. This combination of scoring the risk tolerance, and displaying appropriate model portfolios given each objective's time horizon, allows the user to use the same risk tolerance assessment for multiple objectives.

New Asset Allocation Management Functionality

New asset allocation management functionality is also being introduced. In v.7.6, the current portfolio could only be compared to the suggested model portfolio. The user did not have the option to show how the analysis would perform using the suggested portfolio, nor did the user have the flexibility to choose different allocations based on objective (retirement, education, or accumulation).

Asset allocation in v8.0 now allows the user to choose from several new asset allocation management options including *Separate Allocation for each Objective*, *One Allocation for All Accounts*, *Separate Allocation for Qualified vs. Non-Qualified*, and *Separate Allocation for Each Account*. Unlike previous versions of Professional where the user was only able to create one portfolio recommendation for the entire analysis, the flexibility is now there to create several different portfolio recommendations based on one of the four new management options. The user is also able to show the effect on the analysis using these strategies. New asset allocation management options are the following:

- **Separate Allocation for each Objective** – Allows the user to create a separate asset allocation for each objective (retirement, education, and accumulation). It's important to note that each education and accumulation goal will be treated as its own unique objective. If the user selects this management option, they must assign specific accounts and or holdings to one or more of the objectives. This is now done on the new Asset Distribution screen, which is discussed in greater detail later in this document.
- **One Allocation for All Accounts** – As in previous versions of Professional, this option spans asset allocation across the client's entire portfolio.
- **Separate Allocation for Qualified vs. Non-Qualified** – The user can create a separate asset allocation for qualified retirement accounts and all other accounts.
- **Separate Allocation for Each Account** – The user has the flexibility to create a separate and unique asset allocation for each account.



Enhanced Asset Allocation Functionality Allows for Several Asset Allocation Strategies

New Portfolio Reallocation Functionality

New portfolio reallocation functionality is also introduced in v8.0. This functionality leverages the work that has been done to improve asset allocation and the four new asset allocation management options described above. In v8.0, as part of the current analysis, the user has can reallocate up to twenty times for a given objective. This optional functionality is tightly tied to the asset allocation management options mentioned above and is controlled from the new *Portfolio Reallocation* screen. Users can choose to reallocate to any of the model portfolios from Ibbotson (or other, if customized) or create their own user-defined asset allocation models for use with this new reallocation functionality. Users also have the flexibility to set these reallocations based on a specified year or a specific event trigger, such as retirement.

Several new or revised reports have been added, including a new report for each objective that tracks the breakdown of stocks, bonds, and cash for each objective over time. This report shows the transition from one allocation to the next. There is also a separate *Efficient Frontier* report for each objective, which plots both the current allocation and all future reallocations. In addition, separate *Reallocation Details* reports for each objective are available and track both the current allocation as well as all the reallocations for that particular objective. This new functionality provides the user greater flexibility in deciding not only how to allocate the client's assets but how many times to reallocate them over the life of the analysis.

It is important to note that this functionality is limited to the current analysis for the v8.0 release. If the user would like to show a recommended result, the Save As function can be used to create an exact copy of the analysis. The user can then make specific recommendations and compare them to the current analysis. In an upcoming release, the user will have the flexibility to include this functionality as part of a scenario within the case.

Profiles Professional

Reallocation

Reallocation of Current Plan ⓘ

| Group | Portfolio | Beginning At | +/- Years | Year | |
|-----------------|-------------|--------------|-----------|------|---|
| Total Portfolio | High | Today | 0 | 2005 | ✗ |
| Total Portfolio | Med-to-High | Today | 20 | 2025 | ✗ |
| Total Portfolio | Low-to-Med | Retirement | 0 | 2030 | ✗ |
| Total Portfolio | Low | First Death | 0 | 2058 | ✗ |

Available Portfolios

| Name | Details | |
|-------------|---------|---|
| Low | Details | ✗ |
| Low-to-Med | Details | ✗ |
| Medium | Details | ✗ |
| Med-to-High | Details | ✗ |
| High | Details | ✗ |

Add Portfolio

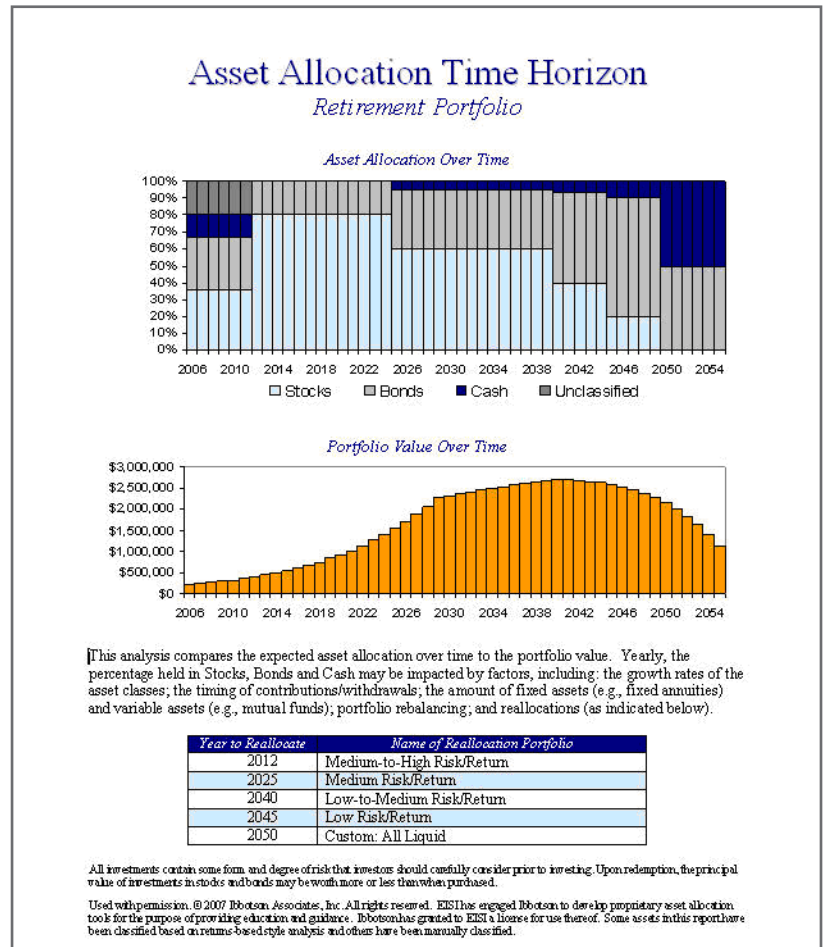
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Reallocation Screen Has Several Options Depending on the Asset Allocation Option Selected

New Portfolio Rebalancing Functionality

Leveraging the new functionality for determining the rates of return based on asset classification, the ability to model portfolio rebalancing is also being introduced in the v8.0 release. The process of realigning the weightings of the client's portfolio of assets provides a more realistic model for how a user might choose to handle client accounts over time. The user may decide to either rebalance all allocations or none at all. If the user chooses to rebalance all allocations, the client's accounts will rebalance year over year to stay in line with the desired allocation. Certain accounts, however, are not rebalanced (or reallocated). These are capital bank accounts and any account that is marked as "fixed" (for example, a fixed annuity). These accounts will, however, contribute to the appropriate asset allocation pie slices. Another important feature is the ability to manage accounts independently. When this option is selected, the software withholds the account and its underlying holdings out of all rebalancing and reallocation calculations.

The ability to use account rebalancing in conjunction with portfolio reallocation offers the user very powerful options for modeling various retirement strategies.



The Asset Allocation Time Horizon
– Retirement Portfolio Client Report Page Illustrates
the Combination of Portfolio Rebalancing and
Reallocation from the Current Year through
the End of the Analysis



Retail Asset Class Offering Has Been Reduced from 13 to 12

For versions of Professional that include the retail Ibbotson Asset Allocation data, beginning with the Professional v8.0 release, municipal bonds have been removed as an asset class. This reduces the number of asset classes from 13 to 12. Users will still be able to enter municipal bonds as an asset type, however they will no longer be classified as such. Municipal bonds will now be classified as long-term, intermediate, or short-term bonds, or some combination thereof. Since Ibbotson does not specifically include municipal bonds in the Recommended Model Portfolios, this change better aligns the functionality of classifying a client's current portfolio and comparing it to a recommended model portfolio.

Enhanced Retirement Accumulation and Distribution Planning Functionality

Another significant area of new development of the v8.0 release is in the area of retirement planning functionality. The new retirement analysis takes advantage of all the changes discussed previously regarding new asset allocation, portfolio reallocation, and portfolio rebalancing functionality. In addition, several other key enhancements are introduced.

The retirement objective is greatly enhanced to improve functionality for both pre-retirement and retirement income planning. The v8.0 release includes significant changes to the retirement functionality to address the income distribution planning needs of the baby boomer generation as well as for clients who are still saving and working towards retirement.

Changes to Retirement Need Calculation Method

The v8.0 release includes changes in how the retirement need is calculated. In previous versions, the method used was what is known as a "goal solve" calculation. This method made it difficult to audit the numbers and required special "solved" calculation pages to support it. These pages were sometimes problematic to explain to clients due to the calculation method. Professional v8.0 now uses what is known as a capitalization method. Unlike prior capitalization methods that used present value calculations, this method uses net present value calculations which avoid the inaccuracies of the straight present value calculations. This method has been incorporated into the retirement reports described below and will help the advisor better tell the story and provide an easier way to track the data from input to output. This also means the "solved" calculation and output pages will no longer be included in the application.



Enhanced Capital Analysis Reports (New Retirement Analysis Reports)

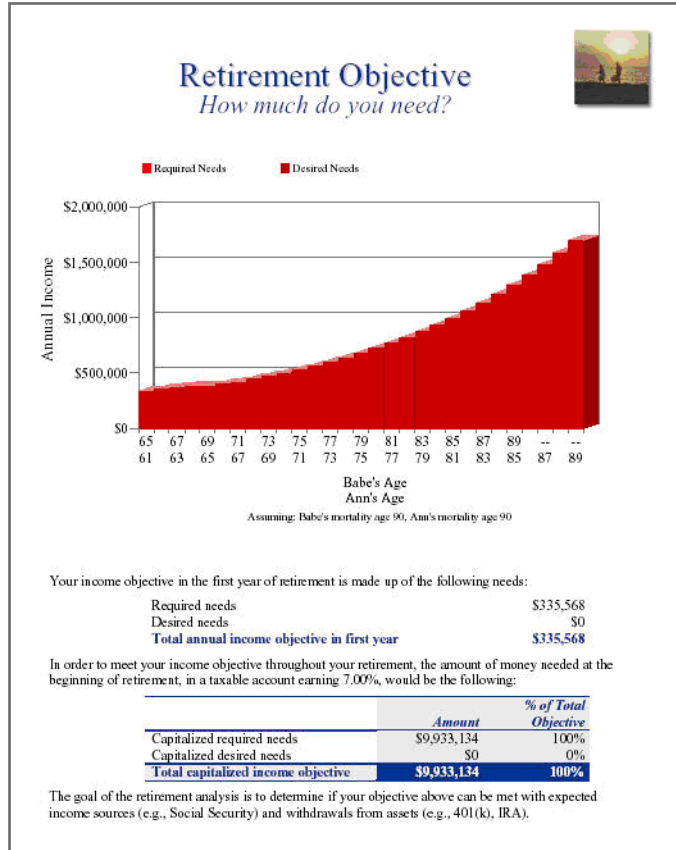
Included in these changes are enhancements to the capital analysis reports, now known as the retirement analysis reports. The goal of the retirement analysis is to determine if the client's objective can be met with expected income sources and withdrawals from assets. The new reports are aimed at helping advisors more easily explain to the client his or her current situation in a logical and well-thought series of sequential pages that tell the retirement planning story. Based on feedback from users, many struggle with what report pages to show to clients. The new presentation and timeline pages have been purposely designed to be used together or in subsets, depending on the amount of detail needed by the client. For clients who need to see the complete analysis and want detail, the new presentation and timeline reports walk through their situation step by step. For those clients who simply want to know if their objective has been met, the revised *Retirement Analysis Results* report provides a graphical illustration to help explain the summary findings.

Using the capitalization method, the advisor is now able to follow one number, the *Capitalized Value* of the *Need*, from one page to the next as it gets reduced by income sources (surplus income becomes an asset in future years) and assets.

The following section provides more detail about each of the new reports and their corresponding timelines.

Retirement Objective

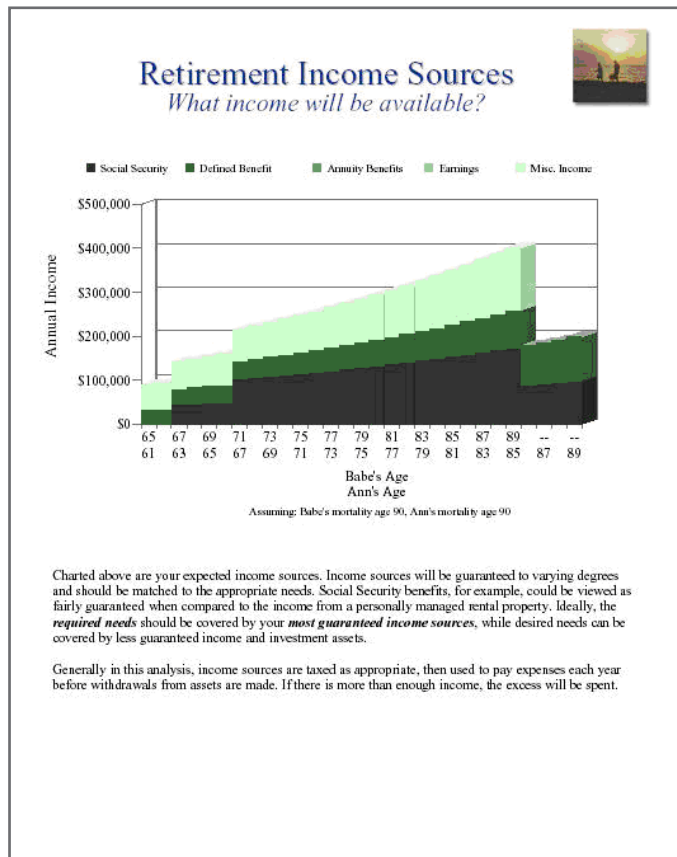
When using the *Express* or *Comprehensive* analysis modes, the new *Retirement Objective* presentation page and timeline states the income need as the total annual income objective. This objective is defined differently when using the *Detailed Cash Flow* analysis mode, where the objective is defined as *Required Needs* and *Desired Needs* which are shown on the presentation page in two shades of red. The *Detailed Cash Flow* analysis mode includes a detailed timeline report for both required and desired needs.



New Retirement Objective Report

Retirement Income Sources

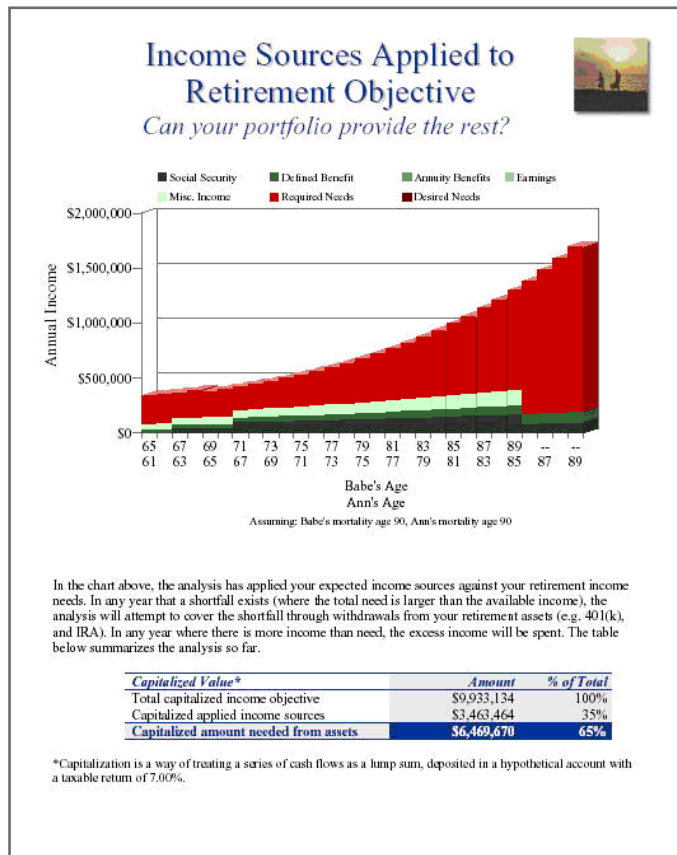
This new presentation report and corresponding timeline has been created to graphically illustrate the income sources entered for the case. Generally, in this analysis, income sources are taxed as appropriate and then used to pay expenses each year before withdrawals from assets are made. If there is more than enough income, the planner has the ability to “save” or “spend” the excess income.



New Retirement Income Sources Report

Income Sources Applied to Retirement Objective

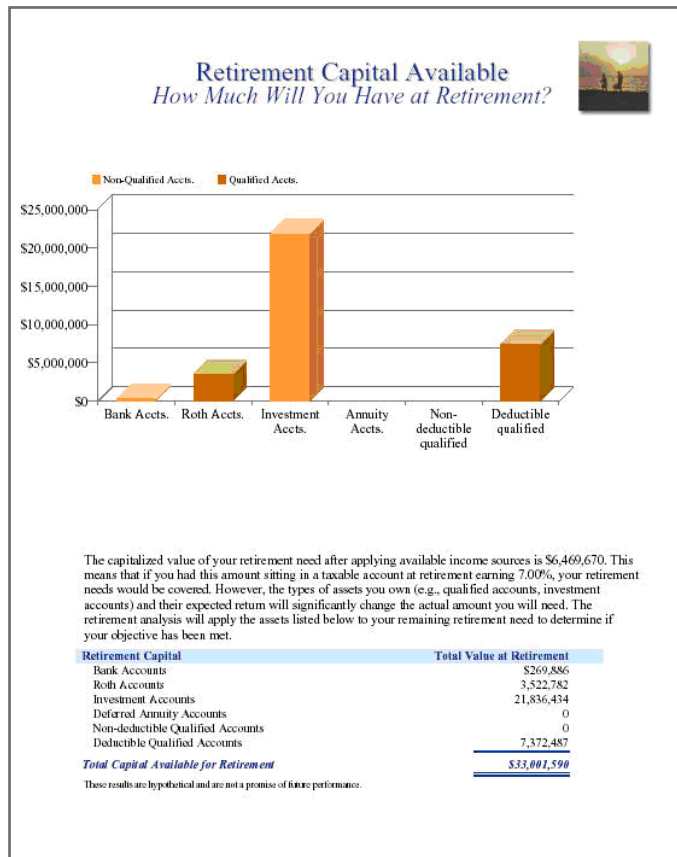
This new presentation and timeline report has been created to graphically illustrate the income sources available to meet the retirement need. In any year where a shortfall exists (where the total need is larger than the available income), the analysis will attempt to cover the shortfall through withdrawals from the client's retirement assets.



New Income Sources Applied to Retirement Objective Report

Retirement Capital Available

This new presentation report graphically illustrates the total value of all assets available for retirement including hard assets to be sold during the retirement phase.

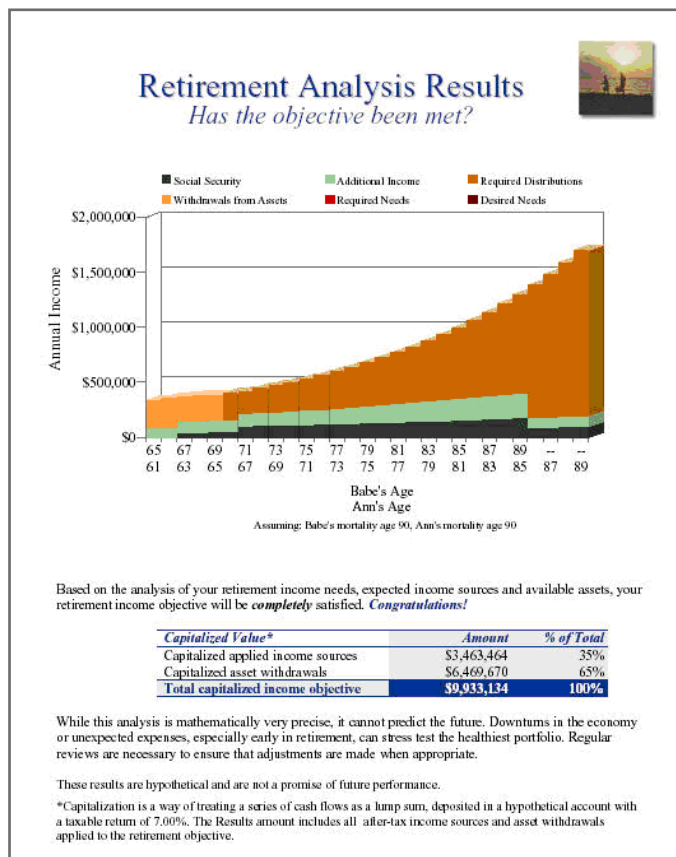


New Retirement Capital Available Report

Retirement Analysis Results

This revised presentation report has been updated to graphically illustrate what it takes to meet the retirement need. Once available assets have been depleted, any year in which a shortfall exists will be assumed to be an unmet need and is reflected in the analysis. It's important to note that all objectives are still fully integrated. These pages not only reflect retirement needs but also the effects of estate, education, and accumulation goals.

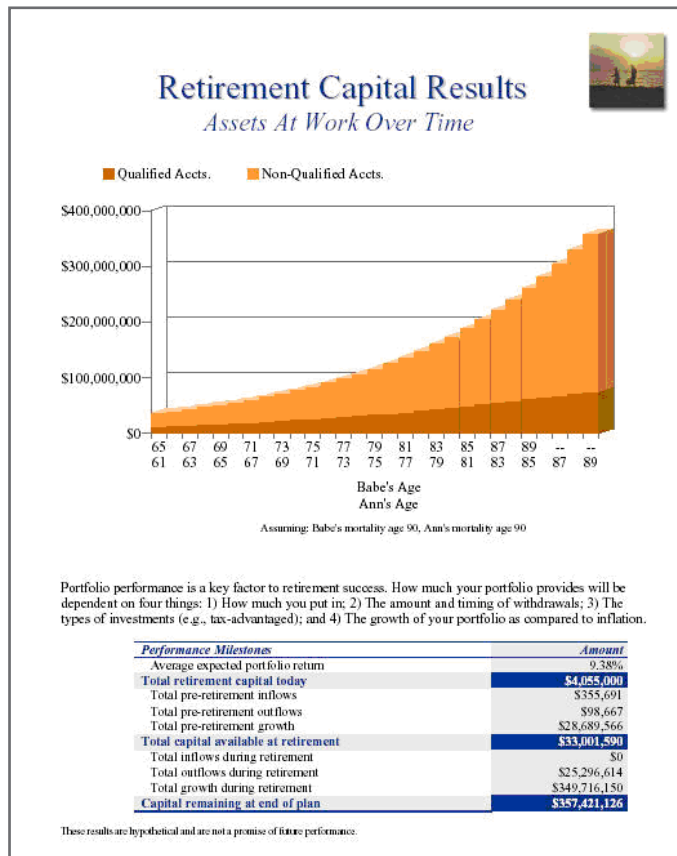
Further, if the report shows a successful result (no red bars), the text is modified in the body of the report to encourage ongoing review and maintenance of the analysis.



New Retirement Analysis Results Report

New Retirement Capital Results Report

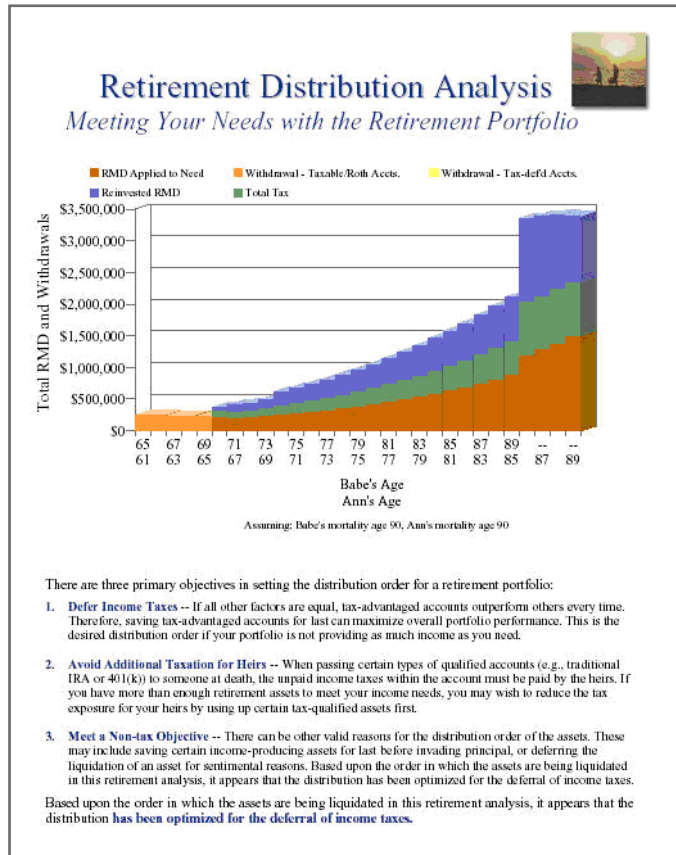
This new presentation report graphically illustrates how your client's assets work over time, including an average expected portfolio return based on user input. It displays the total inflows and outflows before and during retirement. It also displays the total growth of the portfolio both before and during retirement. Finally, it displays the total capital remaining at the end of the analysis.



New Retirement Capital Results Report

New Retirement Distribution Analysis Report

This new presentation report graphically illustrates how successfully the client's portfolio has met the retirement needs. The graph is a good way to illustrate how effective the client's current distribution order is, and goes on to explain some ways to improve on it. It also informs the user if the current distribution order can be optimized to take better advantage of the assets included in the portfolio. If the current analysis is effective, this report will communicate that to the user.



New Retirement Distribution Analysis Report

New Asset Distribution Screen

To further address the retirement distribution needs of baby boomers, a new *Asset Distribution* screen is introduced in the v8.0 release. This screen acts as a “switchboard” for the distribution of all assets entered in the analysis. Here, liquid assets are assigned to objectives and hard assets can be sold.

Profiles Professional **Asset Distribution**

- Case Setup
- Case Data
- Personal Data
- Dependents
- Risk Tolerance Profile
- Income
- Income Tax - Client A
- Income Tax - Client B
- Expenses
- Assets
- Stock Options
- Liabilities
- General Insurance
- Life Insurance
- Disability Insurance
- LTC Insurance
- Retirement
- Education Goals
- Accumulation Goals
- Survivor Cash Needs
- Survivor Inc. Needs
- Disability Inc. Needs
- Estate
- Asset Distribution**
- Distribution Order
- Reallocation
- Notes
- Client Objectives
- Recommendations
- Client Presentation
- Planning Preferences

Portfolio Assets

Designate Key Assets

| Accounts and Holdings | Market Value | Available for Following Events | | | Reserve Asset for a Goal | |
|-----------------------|--------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|----------------|
| | | At Retirement | When Client Dies | | Education | Accumulation |
| Surplus Account | \$0 | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| IRA | \$50,000 | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Kelly's college fu... | |
| Non-qualified ac... | \$50,000 | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | Trip to Europe |

Hard Assets

| Name | Market Value | Disposition | Sell Strategy |
|------------|--------------|-------------|---------------|
| Strip Mall | \$500,000 | Sell | |

New Asset Distribution Screen

An advisor can perform the following actions from the Asset Distribution screen:

- **Make Assets Available for Events and Reserved for Goals** – The *Asset Distribution* screen allows the advisor to assign specific accounts/holdings to a particular event or goal. It is possible for an account/holding to be assigned to multiple events and a single goal. For example, the user could choose to make a stock account available for retirement and also reserve it for an education goal. In this case, the account would be used exclusively for the education goal, and at the end of the goal the remaining portion would be available for retirement. It is important to note that this step of assigning accounts/holdings is key, especially if the user decides to run a separate allocation for each objective.

- Sell an Asset – The ability to sell a hard asset today or in the future is now supported and is accessible from the *Asset Distribution* screen. In addition, the planner is able to specify a percentage to sell in order to show the effects of downsizing a primary residence and releasing needed cash into the analysis. If the asset is the primary residence, additional tax benefits are realized.

| Sell Asset | |
|---|---|
| Name of Asset to Sell | Family Home |
| Current Market Value | 450000 |
| Current Liability | \$290,000 |
| Timing of Sale | Retirement |
| +/- Years | 5 |
| Year | 2035 |
| Sales Expense | |
| Future Dollar Amount (e.g., closing costs) | \$15,000 |
| Percent of Market Value (e.g., commissions) | 5% |
| Percent to Downsize | 75% |
| Sell at Death in Survivor Needs Analysis | Client A's Death <input type="checkbox"/> |
| | Client B's Death <input type="checkbox"/> |
| Delete Sale Close | |
| Percent to Downsize | |

The Option to Sell a Hard Asset Now or in the Future is Now Accessible from the *Asset Distribution* Screen

- **Designate Key Assets** – As a result of the assets and accounts rework, there is a new screen titled *Designate Key Assets* that can be accessed from the *Asset Distribution* screen. Here, the user has the ability to designate a certain asset as a *Surplus Income Asset* and *Lump-Sum Asset*. The only assets listed will be those that are available for retirement and at death and have not been reserved for a goal. The *Surplus Income Asset* will receive excess income, including RMD, after total needs have been met. The *Lump-Sum Asset* will receive amounts from life insurance (at first death), lump-sum income sources, proceeds from the sale of hard assets, and future loans. In previous versions of Professional these user options were found on the *Assets and Liabilities* screen.

Designate Key Assets

The list below contains the assets which are available for retirement and at death and have not been reserved for a goal. The Surplus Income Asset will receive excess income, including RMD, after total needs have been met. The Lump-Sum Asset, will receive amounts from insurance, lump-sum income sources, proceeds from the sale of hard assets, future loans, etc.

| Name | Surplus Income Asset | Lump Sum Asset |
|--------------------------------|-------------------------------------|-------------------------------------|
| Bank of Irvine Checking | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Investment Account - Client A | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Investment Account - Community | <input type="checkbox"/> | <input type="checkbox"/> |
| Investment Account - Community | <input type="checkbox"/> | <input type="checkbox"/> |

Close

Life insurance death benefits and cash values

Designate Key Assets Screen

Changes to Minimum Required Distribution (MRD) Functionality

In previous versions of the Professional product, the default was for the *Minimum Required Distribution (MRD)* check box to be cleared. Professional would not perform minimum required distribution calculations unless the user changed this preference by selecting the check box found on the *Qualified Plan Preferences* screen. As part of the improvements to retirement planning functionality, v8.0 now automatically calculates required minimum distribution (RMD). The option is removed from the *Qualified Plan Preferences* screen. The retirement, survivor needs, and estate analyses will contain extra client report pages, an RMD summary, and an RMD timeline. Excess incomes including required minimum distributions continue to flow directly into the user-designated surplus asset, after total needs have been met.

New Distribution Order Screen (Liquidation Order)

Working in conjunction with the *Asset Distribution* screen, a new *Distribution Order* screen is introduced to replace the existing *Liquidation Order* screen. In addition to the existing ability to manually set the liquidation order for assets, two new default distribution orders are introduced in v8.0: *Defer Income Taxes* and *Reduce IRD at Death*. These new options will automatically set a default distribution order for portfolio assets. In the case of *Defer Income Taxes*, the most tax-advantaged order is used where the emphasis is to defer income taxes as long as possible based on account type. The *Reduce IRD at Death* (income in respect of a decedent) option positions those assets which pose an income tax problem to an estate or family in such a way so as to liquidate them first.

The screenshot shows the 'Distribution Order' screen with a dropdown menu set to 'Defer Income Taxes'. Below the menu is a table of assets with the following data:

| Order | Name | Type | Owner | | |
|-------|----------------------------------|--------------------------|-------|---------------------|----------|
| 1 | Vanguard Capital Value Inv | 529 College Savings Plan | Joint | Defer Income Taxes | \$10,000 |
| 2 | B's Savings | Savings | Tessa | Reduce IRD at Death | \$20,000 |
| 2 | A's Checking | Checking | Luis | Custom Order | \$10,000 |
| 4 | Genentech Inc | Stock | Joint | | \$50,000 |
| 4 | Bank of America Corporation | Stock | Joint | | \$50,000 |
| 4 | Ford Motor Company | Stock | Joint | | \$20,000 |
| 4 | Apple Computer Incorporated | Stock | Joint | | \$30,000 |
| 5 | B's Var Annuity | Deferred Annuity | Tessa | | \$0 |
| 6 | Fidelity Adv Aggressive Growth A | SEP IRA | Luis | | \$60,000 |
| 6 | Putnam American Government A | SEP IRA | Luis | | \$20,000 |
| 6 | A's 401k | 401(k) | Luis | | \$0 |
| 6 | B's IRA | IRA | Tessa | | \$0 |

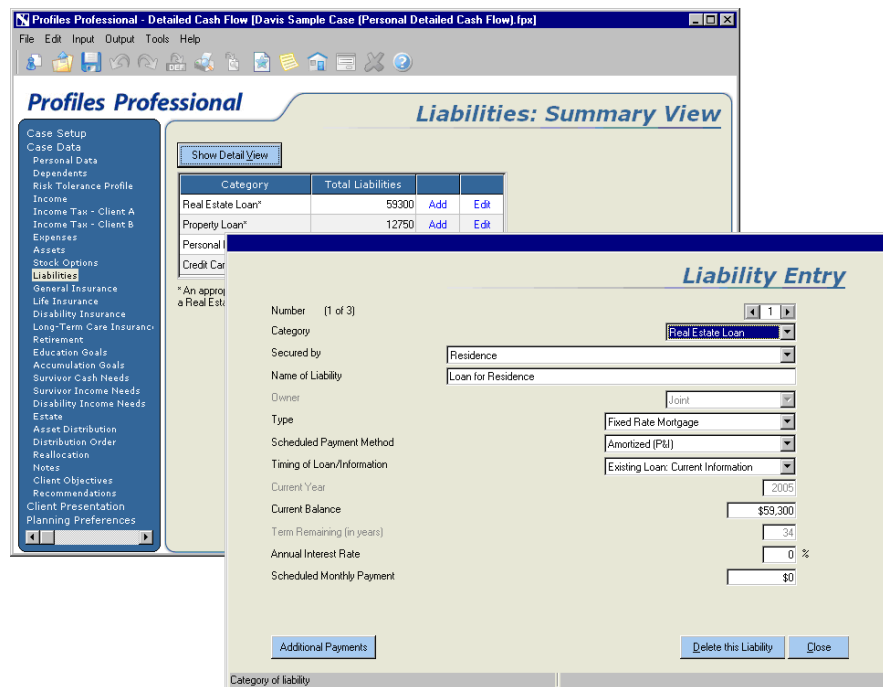
New Distribution Order Screen

Another significant calculation change is introduced in v8.0 to allow for proportional withdrawals from assets. In previous versions of Professional, designating multiple assets with the same liquidation order number caused the assets to be grouped together, losing their individual tax characteristics. The new asset was treated as a single cash asset and a grouped rate of return was applied.

Professional v8.0 treats assets completely differently. Assets that have the same distribution order will no longer be converted to cash. Proportional withdrawals will be made from accounts and holdings that have the same distribution order. This means that if two 401(k) plans have the same distribution order, they will maintain their tax-deferred status, and distributions will be converted to income equally from each source.

New Liabilities Screens and Loan Functionality

The current liabilities and loan functionality has been completely enhanced in the Professional v8.0 release. The new functionality allows the user to simulate many different kinds of liabilities including real estate loans, property loans, personal loans, and credit cards. A separate *Liabilities* input screen and corresponding output pages are now available for each liability type. New calculations reflect amortization, flexible payment schedules, and year-by-year tracking of loan balances/interest paid. Additionally, an asset is allowed to secure more than one liability (for example, the first and second mortgage on a home). Detailed and summary output pages are available to report on the liability activity in a client-friendly layout.



New Liabilities and Loan Screens



Existing Loan and Liability Data Conversion

In version 7.6, there were two ways to enter a liability, and both were available on the *Asset and Liability* screen. In version 8.0, data for liabilities is now collected on new *Liability Entry* screens. Data conversion will allow a user to open an existing case in the new system and existing liability information will be carried through to the new data fields. If the existing liability asset type is *Residence or Real Estate*, it will be converted to a *Real Estate Loan* in v8.0. If the existing liability asset type is *Personal Property, Business, Collectibles, or Other Assets*, it will be converted to a *Property Loan* in v8.0. If the liability asset type is *Other Liabilities*, it will be converted to a *Personal Loan* in v8.0. All other liability information that is tied to any other asset type not mentioned above will not be converted. Additionally, the *Liability at Independence* data will not be converted. This information will be automatically calculated based on the input data for the v8.0 release. It is important for users who open existing cases in v8.0 to understand that new information must be entered before the converted liability will behave correctly. For example, all converted liabilities will have an interest rate of zero and assume no payments are being made, so a review of converted liabilities is essential when opening existing cases in v8.0.



Additional Enhancements and Changes in Version 8.0

Calculation Frequency Update

Currently in Profiles Professional, the user has several timeline calculation frequency choices including monthly, quarterly, semi-annual, and annual. Less frequent calculations require less computer processing time which leads to faster overall performance of the application. More frequent calculations, however, may produce slightly different results depending on inflation rates, rates of return, and the timing of capital withdrawals within a given year. Historically we have used monthly calculations as a default in the timeline projections, although the user can increase the speed of the calculation by changing the default to one of the other choices.

The v8.0 release no longer allows the user the option to pick a calculation frequency. This version only supports an annual calculation frequency. Changes have been made to the calculation engine to ensure it accurately reflects the monthly savings, liability payments, and compound interest, withdrawals, and other issues, even though the calculations will be performed and reported on an annual basis.

Life Insurance Death Benefits Now Match Payment at Age of Death for Estate Analysis

When the age of death used in the estate analysis comes after retirement age, v8.0 now assumes the amount of life insurance death benefits included in the estate analysis will be based on the *Net Death Benefit at Mortality* value rather than on the *Net Death Benefit* value. This change allows for better handling of term policies that may not be renewed after retirement.

Need vs. Current Plan Page Enhancements

The *Need vs. Current Plan* output page is enhanced to allow more control over the order in which the results are displayed and provides the ability to exclude results. The output page is updated to display the appropriate order and number of bars depending on the user's input. This allows the page to still be used when only selecting a subset of objectives to include in the output. Additionally, the page includes changes to how the retirement percentage is calculated. The enhanced page now uses the percentage in the *Retirement Analysis Results* report. Finally, the page has been enhanced to cap the percentage displayed at a maximum of 100% for each bar which appears. This prevents the graph from being skewed by very large percentages. For users who want to review any amounts above 100%, the audit pages contain that information for the specific objective.



Net Worth Bar Chart Page Enhancements

A new Net Worth presentation page has been added under *Financial Statements*. The new page lists the client's total assets, total liabilities, and total net worth in a bar chart format. The bottom half of the page lists asset details by category and their corresponding current market value, as well as their percentage of the client's total assets.

Joint Owner for Annuities

The v8.0 release now allows for the joint ownership designation for annuities. Data validation in previous versions did not allow for this.

New Estate Footnote

A new footnote has been added in the estate analysis for situations in which the clients are modeled to die in the same year. The new footnote only appears if the year of death is the same for Client A and B and the case includes debt at first death. The new footnote reads "NOTE: Settlement costs at first death include \$xxx of deductible debt not actually paid off at first death." The new footnote is available on the Estate Flowchart presentation page, *Estate Liquidity Analysis – Details report*, and the first page of the *Estate Tax – Details* report.

New Professional Designations

The v8.0 release includes 79 new professional designations available on the Tools – Options dialog box – *Profiler* tab.

New AutoUpdate Functionality

New *AutoUpdate* functionality is being introduced in v8.0. The existing *AutoUpdate* feature uses file transfer protocol (FTP) for delivering software updates. FTP is commonly blocked due to firewall security settings. A new industry-standard, secure Web Services method using Port 80 over HTTPs is being introduced that will allow more individuals to use this functionality. Additionally, the new *AutoUpdate* feature will automatically check for updates and notify the user when the application is launched. The new *AutoUpdate* functionality can deliver general and/or company specific updates.



Case Conversion

The v8.0 release handles case conversion from previous versions, allowing users to open existing cases in v8.0. Data conversion is a term that describes the treatment of the data input elements when opening a case in a newer version of the software. As new input fields and new input screens are added, certain assumptions are made that can alter the final results of the plan when compared to the prior version. It is very important for you to review all input fields and input screens to make sure the client presentation most accurately reflects your client's unique situation.

As a result of several changes made in v8.0, most importantly the assets and accounts rework, the case conversion process has taken on a greater significance than in the past. To help address this, the user can now move holdings from one account to another. This new functionality, found on the Asset: Details View screen, moves the selected holding to the chosen account. When the transfer is made, certain attributes of the transferred holding will take on those of the new account. It is important to note that proposed mode data will not be retained when performing a case conversion. A detailed description of the data conversion process can be found in the updated Help file in the application.

Updated Installation Process

Profiles Professional v8.0 is updated to use a new license protection mechanism. This modification will affect only Desktop and UDA versions used by individually-registered users. Web-based versions and enterprise clients that have site licenses will not be affected by the new license protection mechanism.

Also, Network Installations will no longer be supported with the release of this version. Instructions on how to use the new licensing mechanism will be provided with the release of this version.

Additionally, the v8.0 release has been updated to now include Microsoft's .NET Framework version 2.0. The .NET Framework is required to leverage the new AutoUpdate functionality.

Case Encryption

The v8.0 release includes new case encryption technology. All cases that are exported from Profiles Professional will be encrypted to secure sensitive client information. This feature will ensure that encrypted cases will only be viewable from within the Profiles Professional application. The ability to export and e-mail cases from one user to another is still supported.

Redesigned Save Case Functionality for the Web-based Version of Professional

The process for creating new clients and saving cases for the Web-based version of Professional is updated based on customer feedback. The process has been improved to ensure users complete the save-case process before moving on to other functions.



Fact Finders and Printable Forms

Updated versions of all Profiles Professional Fact Finders and all printable forms will be available with v8.0.

Reference Manual

The Reference Manual for v8.0 is being updated to reflect new user interface, new functionality, and all other updates to the product. Additional documentation can be found by going to the Help menu, and selecting Contents and Index.

General System Requirements

Desktop Operating Systems – Profiles Professional v8.0 has been tested and certified for Windows Vista™ (majority of testing conducted on the Home Premium Edition), Windows 2000, and Windows XP, including Service Pack 2.

Availability and Delivery – Retail and Sponsorship and Enterprise

Profiles Professional v8.0 is scheduled to be available the second quarter of 2007.

Retail and Sponsorship Customers – Upon availability, v8.0 will be automatically posted on the Profiles Web site and CDs will be available to currently-licensed Retail and Sponsorship clients.

Enterprise Clients – Enterprise clients will be contacted by their dedicated Relationship Manager and Professional Services Program Manager to arrange delivery and any specific needs.



Features Removed from Professional in Version 8.0

Proposed Mode

The Proposed Mode feature has been removed from the v8.0 release, and will be replaced with scenario builder capability in an upcoming release. It is recommended that users perform a *Save As* on their proposed cases and make any desired adjustments, including changing the *Name to Appear on Reports* entry to include a reference to the case being a “proposed” case, and then rerun the calculations and reports.

Please note that Proposed Mode data will not be converted when upgrading a case to v8.0.

Termination of Impact Technologies ETA Data Conversion Utility Support

Several years ago, Impact Technologies developed a case conversion utility that converted a Professional case file to a format that could be read by their Estate Tax Analysis (ETA) application and/or other applications. However, the partnership agreement with Impact Technologies expired three years ago and the conversion utility has not been updated by Impact Technologies. Starting with the v8.0 release, this case conversion program will no longer be tested or supported by Profiles. The data schema for our application has changed significantly since the v7.0 release, making the conversion program in its current state outdated and incorrect.

Additionally, due to security and privacy concerns, new case encryption functionality is being implemented, as described earlier in this document. Cases that are exported from Professional or Forecaster will be encrypted to secure sensitive client information. These changes will also prevent unauthorized partners from converting Profiles Professional or Profiles Forecaster cases. This will ensure that encrypted cases will only be viewable from within the Profiles suite of products or by authorized partner applications. As a result, the case conversion utility from Impact Technologies will not be able to convert Professional v8.0 cases.

Concerns and Risk Reward Rating Functionality

The *Concerns* and *Risk Reward Rating* functionality has also been removed from the Profiles Professional application. The *Concerns* functionality was driven by the *Concerns* input screen which offered the user the ability to rank how concerned the client was about inflation hedge, tax advantages, safety, liquidity, current income, and family benefits. The *Risk Reward Rating* functionality was found on the old *Assets and Liabilities* input screen. When entering an asset on the *Asset and Liabilities* screen, a Risk Reward Rating list choice was automatically set, based on the asset type selected. The *Risk Reward Rating* field for a given asset would be set to *Low*, *Medium*, *High*, or *Exclude*, and could be overridden by the user.

The *Concerns* and *Risk Reward Rating* options were used to drive several client reports:

- Asset Pyramid report (found under *Financial Statements*) – This report illustrated to the client how much was invested at each level of the investment pyramid. The page was intended to help the client to understand if the current asset's risk-to-reward ratio was in line with the inflation hedge concern (as ranked on the *Concerns* screen). The dollar amount and percentage of assets in each level of the investment pyramid represented the level of risk-reward the client was currently taking on.
- Concerns vs. Accomplishments report (found under *Recommendations*) – This report was driven by the combination of *Concerns* and *Risk Reward Ratings* options selected. The report was intended to help the client understand how well the current investments and life insurance measured up to his or her unique concerns profile. The report provided an opportunity for the advisor and client to discuss possible mismatches between concerns and products currently implemented.
- Concerns vs. Product Profile report(s) (found under *Recommendations*) – These reports were driven by a combination of *Concerns* and *Risk Reward Ratings* options selected. The report was intended to show how various individual financial products measured up to the client's unique concerns. The report provided an opportunity for the advisor and client to discuss how various products might more closely match concerns than products currently owned. The report did not take into account financial resources available or the client's risk tolerance.
- Personal Concerns Product Match report (found under *Recommendations*) – This report was driven by a combination of *Concerns* and *Risk Reward Ratings* options selected. The report sorted products in an order that was most appropriate for the client given his or her concerns. This report also listed accomplishments in relation to the 54 products available for this page. Life insurance products could be omitted from this report.



While these features were important in previous years, the capabilities provided by the enhanced asset allocation functionality described earlier in this document and the ability to assess the client's risk tolerance make this functionality no longer necessary or relevant. The existence of these reports and functions has created confusion for new users learning the application. Additionally, as time passed, this functionality became dated and lacked credible sources, which caused many customers to choose to turn these features off. For these reasons the decision to turn off the feature in all versions was made.

Using Insurance Cash Values for Retirement

The ability for the system to use the cash values from permanent life insurance for retirement needs has been removed. This functionality is best left to product illustration systems. Cash flow from a life insurance product can still be entered as an income source.

Output Removed in Professional Version 8.0

In v8.0, there are output pages that have been removed from the product. The table below lists the pages that have been removed from Profiles Professional.

| Removed Page | Type* | Notes |
|--|-------|--|
| Asset Classification Breakdown | A | No longer applicable due to new functionality; information in new All Personal Input Data report |
| Concerns Strategy Match | A | Functionality no longer supported |
| Financial Independence Summary | A | No longer applicable due to new functionality |
| Financial Independence Detailed Timeline | A | No longer applicable due to new functionality |
| Financial Independence Detailed Timeline Solved | A | No longer applicable due to new functionality |
| Financial Independence Expenses Timeline | A | No longer applicable due to new functionality |
| Financial Independence Summary Timeline | A | No longer applicable due to new functionality |
| Financial Independence Summary Timeline - Solved | A | No longer applicable due to new functionality |
| Personal Concerns Product Match | A | Functionality no longer supported |
| Timeline for Accumulation Goal - [Name] | A | No longer applicable with annual calculation frequency |
| Timeline - Long-Term Care - Client A | A | No longer applicable with annual calculation frequency |
| Timeline - Long-Term Care - Client B | A | No longer applicable with annual calculation frequency |
| Financial Profile | C | No longer applicable due to new functionality |
| Accumulation | D | No longer applicable given the modular nature of the new All Personal Input Data report |
| Education | D | No longer applicable given the modular nature of the new All Personal Input Data report |
| Scenario One Estate Data Input | D | No longer applicable given the modular nature of the new All Personal Input Data report |
| Financial Independence | D | No longer applicable given the modular nature of the new All Personal Input Data report |
| Monte Carlo Forecasted Results | D | No longer applicable given the modular nature of the new All Personal Input Data report |
| Survivor - Client A Dies | D | No longer applicable given the modular nature of the new All Personal Input Data report |
| Survivor - Client B Dies | D | No longer applicable given the modular nature of the new All Personal Input Data report |
| Concerns vs. Accomplishments | P | Functionality no longer supported |
| Concerns vs. Business Strategy (LIST) | P | Functionality no longer supported |
| Financial Concerns | P | Functionality no longer supported |
| Monte Carlo Forecasted Wealth - Recommended | P | No longer applicable due to multiple reallocations |
| Concerns vs. Product (LIST) | P | Functionality no longer supported |
| Asset Allocation Worksheet | T | No longer applicable due to multiple reallocations |
| Authorization to Release Information | T | Now available as a printable form |
| Objectives | T | No longer applicable due to new functionality; replaced by new Client Objectives free-form text page |
| Financial Independence Definitions | T | No longer applicable due to new functionality |
| Documents Needed | T | Now available as a printable form |
| Receipt for Documents | T | Now available as a printable form |
| Review Checklist | T | Now available as a printable form |

*C(Cover), P(Presentation), A(Audit), T(Text), D(Disclose)

New and Enhanced Output in Professional Version 8.0

For version v8.0, there are output pages that have been replaced with either new or significantly reworked output pages. The table below lists the output pages that have been removed and their replacement.

| Removed Page | Type* | Replacement in 8.0 |
|---|-------|---|
| Portfolio Comparison | A | New Reallocation Details |
| Financial Independence Capital Available | A | New Retirement Capital Available Summary |
| Financial Independence Income Sources | A | New Retirement Income Sources |
| Financial Independence Income Sources Timeline | A | New Retirement Income Sources Timeline |
| Monte Carlo Forecasted Wealth - Recommended | A | Monte Carlo Analysis |
| Asset Mix | P | New Reallocation of Current Portfolio |
| Asset Total Timeline (Independence) - Assets (LIST) | A | Updated Asset Timeline for Retirement |
| Timeline - Independence | A | Updated Asset Timeline for Retirement |
| Independence Asset Totals Summary | A | New Retirement Capital Available Summary |
| Independence Income Sources | A | New Retirement Income Sources |
| Independence Income Sources by Ownership | A | New Retirement Income Sources |
| Timeline - Survivor - Client A Dies | A | Updated Survivor Needs Detailed Timeline - Client A Dies |
| Timeline - Survivor - Client B Dies | A | Updated Survivor Needs Detailed Timeline - Client B Dies |
| Survivor - Client A Dies Income Sources | A | Updated Survivor Needs Income Sources - Client A Dies |
| Survivor - Client B Dies Income Sources | A | Updated Survivor Needs Income Sources - Client B Dies |
| Aggressive Portfolio | P | New Portfolio Descriptions |
| Conservative Portfolio | P | New Portfolio Descriptions |
| Moderate Portfolio | P | New Portfolio Descriptions |
| Moderate Aggressive Portfolio | P | New Portfolio Descriptions |
| Moderate Conservative Portfolio | P | New Portfolio Descriptions |
| Financial Independence - Capital Analysis | P | New Retirement Objective & Retirement Objective Met by Income Sources |
| Financial Independence - Capital Analysis Solved | P | New Retirement Analysis Results |
| Financial Independence - Capital Analysis | P | New Retirement Objective & Retirement Objective Met by Income Sources |
| Financial Independence - Capital Analysis Solved | P | New Retirement Analysis Results |
| Financial Independence Assets by Tax Status | P | New Retirement Capital Available Summary |
| Financial Independence - Income Available | P | New Retirement Income Sources |
| Portfolio Comparison - Risk & Return | P | Updated Efficient Frontier |
| Data Summary | T | Updated All Personal Input Data |

*C(Cover), P(Presentation), A(Audit), T(Text), D(Disclose)



Addendum

Profiles Professional Version 8.0 Update

There is a maintenance update for v8.0 that includes the following:

- Customer-driven enhancements and resolved user-reported issues based on v8.0 feedback
- Client Report updates in preparation for NASD review submission

This addendum offers a high-level summary of the customer-driven enhancements, resolved issues, and changes made in preparation for the NASD review submission.

Modifications to Retirement Timeline Reports

The Profiles Professional v8.0 update includes new and enhanced retirement timelines.

- **Retirement Income Sources Timeline** has been modified to display the breakdown of income separately for Client A and Client B in non-single cases. This report shows the sources of income available during retirement by type and by recipient.
- **Income Applied to Retirement Objective Timeline** has been modified and renamed from its previous title, *Income Sources Applied to Retirement Objective*. This report has been updated to display any Unmet Needs (shortage) in red text. This report shows the clients' income sources applied to the retirement need year by year.
- **Retirement Analysis Results Timeline** has been modified to display any Unmet Needs (shortage) in red text. This report continues to show whether the clients' retirement objective is met year by year, using both applied income sources and assets.
- **Retirement Capital Results Timeline** is a new report that tracks clients' retirement portfolio contributions, withdrawals, growth, and balance beginning at the clients' current ages and continuing until the end of the analysis. This report also tracks the value of future net asset sales and the total capital balance year by year.
- **Retirement Capital Balances Timeline** has been renamed from its previous title, *Retirement Capital Results Timeline*. This report tracks, over time, only those assets (accounts) that are available for the retirement analysis. This report also tracks the value of future net asset sales and the total capital balance year by year.
- **Retirement Summary Timeline** is a new report that tracks both the *Retirement Analysis Results* and the *Retirement Capital Results* side by side beginning at the clients' current ages and continuing until the end of the analysis.



Modifications to Asset Allocation Reports


The v8.0 update includes new and enhanced asset allocation report options that allow advisors to tailor their presentations to meet the needs of each client based on their level of sophistication. This makes the software easier to use and increases advisor productivity.

- **Current Asset Allocation by Asset Class** is a new report that provides an alternative version of the *Current Asset Allocation* report included in v8.0. This new report includes a colorful 12-slice pie graph.
- **Reallocation of Current Portfolio by Asset Class** is a new report that provides an alternative version of the *Reallocation of Current Portfolio* report included in v8.0. This new report includes a colorful 12-slice pie graph and resembles the *Asset Mix* presentation page previously found in v7.6. It compares the asset category percentages of the current portfolio to those of a suggested portfolio. It shows the percentage of each asset class in each portfolio and states the dollar amounts required to reposition the current portfolio to one that might be more appropriate. This report is only available if a reallocation is made in the current plan year.
- **Current Asset Classification Breakdown** is a new report that resembles the *Asset Classification Breakdown* audit page previously found in v7.6. It shows the asset classification breakdown on a holding-by-holding basis for each account.

Modifications in Preparation for NASD Submission

EISI has received feedback from FINRA-member firms preparing to submit the v8.0 client reports for NASD review. In preparation for these submissions, we have included in the v8.0 update suggested changes based on this feedback. These changes were made to help facilitate the process for those firms and ensure a better overall review by the NASD.

- **Printable Forms** have been modified to include the Ibbotson Benchmark Descriptions. These descriptions are of each index that is used and are meant to assist the advisor in determining whether to use Ibbotson's expected return for each asset class, or an alternative rate. The printable forms affected by this change include the *Express*, *Comprehensive* and *Detailed Cash Flow Fact Finders* in addition to the *Personal Client Data* form.
- **Variable Life Insurance** report has been modified to combine the *Variable Life Insurance* (text page) and the *Variable Life Insurance – How it Works* (concept page). This report describes variable life insurance and some general recommendations for its use.
- **Term Life Insurance** report has been modified to combine the *Term Life Insurance* (text page) and the *Term Life Insurance – How it Works* (concept page). This report describes term life insurance and some general recommendations for its use.

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- **Universal Life Insurance** report has been modified to combine the *Universal Life Insurance* (text page) and the *Universal Life Insurance – How it Works* (concept page). This report describes universal life insurance and some general recommendations for its use.
 - **Whole Life Insurance** report has been modified to combine the *Whole Life Insurance* (text page) and the *Whole Life Insurance – How it Works* (concept page). This report describes whole life insurance and some general recommendations for its use.
 - **Blended Life Insurance** report has been modified to combine the *Blended Life Insurance* (text page) and the *Blended Life Insurance – How it Works* (concept page). This report describes blended whole life insurance and some general recommendations for its use.

Additional Modifications and Enhancements

Based on user feedback regarding v8.0 and the numerous modifications outlined above, additional minor modifications to the following Profiles Professional reports have been implemented.


- **Disclaimer - Important Note** report has been modified. Additionally, a second version of the report that was previously included due to the SEC rule 202 has been removed since the ruling has been overturned. The remaining version of the disclaimer now includes a description of the scope and basis of the financial analysis.
- **Analysis Summary and Income Tax** reports have been modified to include a footnote which states: *This is not meant to be a complete analysis of your tax situation. It is only an estimate. For more information see a tax professional.*
- **Alternative Minimum Tax** report has been modified to include a footnote which states: *This is a summary only and is not intended to be a full analysis of your tax situation under current AMT rules. For more information see a tax professional.*
- **Cash Flow (audit page)** report has been modified to exclude the *Interest & Dividends* component when in *Detailed Cash Flow* mode. This report helps to determine, with your clients, the best method of finding the dollars to apply to future goals.
- **Income Applied to Retirement Objective** report has been modified and was previously titled *Income Sources Applied to Retirement Objective*. This report is a core presentation page for the retirement analysis and graphically displays the clients' current retirement plan including any deficit. It displays the annual income desired, starting at the retirement age of the first to retire and ending at the second death. Each bar of the graph is color coded to show how much of the clients' needs are met by different sources of income.


- **Retirement Capital Results** report has been modified to support additional calculations brought on by the new *Retirement Capital Results Timeline*. This report is a core presentation page for the retirement analysis that graphically displays the clients' assets at work over time including inflows, outflows, and growth. It shows the average expected portfolio return, total retirement capital today, total capital available at retirement, and capital remaining at the end of the plan.
- **Retirement Capital Available Details** report has been modified to support an additional column to track the current market value for each account. This audit report shows the value at retirement of the clients' accumulated assets.
- **Monte Carlo Analysis** presentation report has been renamed on the *Client Presentation – Reports* selection screen. It was previously titled *Monte Carlo Forecasted Results – Current*.
- **Monte Carlo Analysis Timeline** audit report has been renamed on the *Client Presentation – Reports* selection screen. It was previously titled *Monte Carlo Forecasted Results – Current*.
- **Survivor Appendix Timelines** have been modified to remove the words *Calculation Frequency – Annual* and replaced with: *For Audit Purposes – Not for Client Use*.

Resolved Issues

The following issues have been resolved in this update.

- **Classify Holding Search** issue has been resolved to allow users to search the Ibbotson security classification database either by means of a wildcard (*) or an exact match search.
- **Classify Holding without Ticker** issue, where holdings without a ticker symbol were being classified, has been resolved.
- **Portfolio Rate of Return** calculation issue has been resolved in the *Retirement Capital Results* presentation report so that the *Average Expected Portfolio Return* no longer shows 0% when it should not.
- **User Designations** issue has been resolved to ensure user-selected designations are permanently saved.
- **Data Loss** issue has been resolved. This was difficult to reproduce but a user could potentially lose data on fields where they overrode the calculated default.
- **Forefield Link** has been updated.
- **Forefield Content** issue has been resolved. The report titled *529 vs. Coverdell Education Savings Accounts* now includes a minor footnote update.
- **Save More Earn More** issue, where *Save More Earn More - Additional Monthly Savings* would not change when set to *Level or Inflating*, has been resolved.

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- **Save More Earn More** report issue has been resolved. This was difficult to reproduce but a user could potentially see dramatically different results with just slight adjustments to the dollar value of an asset that was marked as unavailable for retirement.
 - **Asset Savings** calculation issue has been resolved. This issue occurred only when an entire allocation group had a \$0 initial balance (i.e., every asset in the entire group had a \$0 value). Subsequently, if the asset was designated to receive savings or receive any other cash flows (i.e., a lump-sum asset), the asset would lose all those savings every year.
 - **Asset Distribution Form** issue has been resolved, where assets reserved for an education goal were not being set on the *Asset Distribution* screen correctly.
 - **No Tax Deduction for SEP or Keogh Plans** issue has been resolved so that the *Income Tax Analysis* report now shows the deduction if the planner changes the input from an “employer” contribution to an “employee” contribution.
 - **Survivor Needs Capital Available** issue has been resolved. Assets to be sold section labels were not lined up with the proper *Net Proceeds* amounts or year to be sold.
 - **Survivor Needs Timelines** issue has been resolved. The *Survivor Needs Detailed Timeline* included disability insurance premiums for a deceased person even though that individual was assumed to have passed away.
 - **Long-Term Care Analysis** calculation issue has been resolved. The issue occurred in the long-term care analysis where the *Spend Surplus Income* check box wasn’t being applied to the analysis.
 - **Printable Forms Receipt for Documents** issue has been resolved. This form can now be printed.
 - **Help File** issues have been resolved. The Help files were affected by missing data and incorrect indexing.
 - **Planning Preferences Warning Message** issue has been resolved and the warning message stating that a difference in planning preferences exists will no longer appear once the case has been saved.
 - **Expiration Message** now includes our updated support telephone number.



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