Top 10 Solutions

How do I enter in an RRSP Maximizer savings strategy?

To maximize RRSP contributions, follow these steps:

1. Go to ***Enter Financial Data - Strategies - Savings*** and select the RRSP account you wish to use from the ***Add Savings Strategy*** menu.
2. Click ***Add Savings Strategy***.
3. In the ***Owner*** box of the RRSP Account, enter in the word "Max." NaviPlan will then automatically calculate the maximum allowable contributions that can be made based on income entered into the plan.

NOTE: In order to prevent the RRSP maximizer from creating cash flow deficits, be sure to select the ***Constrained by Cash Flow*** option located on the ***Enter Financial Data - Strategies - Savings*** page.

How do I model the refinancing of a mortgage?

To refinance a mortgage follow these steps:

1. Go to ***Enter Financial Data - Net Worth*** – ***Assets/Liabilities***.
2. Click ✎ to the right of the existing liability.
3. Under ***Calculation Options***, select the **Make Early Payoff** option at the bottom of the page.
4. Enter an early payoff date in the ***Date*** field, and any additional fees in the ***Prepayment Charge*** field.
5. Click ***OK*** to return to the ***Assets/Liabilities*** page.
6. Enter in a second mortgage by clicking ***Add Liability*** on the ***Assets/Liabilities*** page.
7. Click ✎ to the right of the new liability.
8. In the details dialog box of the new liability, enter in the ***Balance As of Date*** and the ***Loan Date***.
9. Select **Bring Into Cash Flow** from the ***Renegotiate*** menu.
10. When you are finished, click ***OK***.

How do I prevent Interest and Dividends from being reinvested in retirement accounts?

NaviPlan automatically reinvests the after-tax growth into the originating account.
To prevent this:

1. Click ✎ for the specific account.
2. Go to the ***Return Rates*** tab.
3. Change the ***Pre-Retirement*** and/or ***Retirement*** option to ***Don't Reinvest*** for any account linked to retirement.

Note: Selecting ***Reinvest*** means that the end of year growth will be reinvested back into the asset on a post tax basis. Selecting ***Don't Reinvest*** means the growth will be fed into cash flow

What is Accrued Investment Income?

Accrued Investment Income is an estimated amount of investment income earned for non-registered accounts from January 1 of the analysis year to the first of the month prior to the ***Valuation Date*** of the account.

When calculating taxes, NaviPlan includes the ***Accrued Investment Income***. However, the ***Accrued Investment Income*** is not reinvested into the non-qualified accounts.

To remove the accrued investment income, change the ***Valuation Date*** of the account to January 1 of the analysis year.

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How can I show my client making CPP/QPP contributions after age 65?

In order to show your client making CPP/QPP benefits after age 65, follow these steps:

1. Go to ***Enter Financial Data - Cash Flow - CPP/QPP & OAS Details***.
2. Under the ***Voluntary contributions to CPP/QPP*** section, select the option for ***Client*** and/or ***Co-Client***.
3. To verify that the contributions are being made, generate the **Itemized Cash Flow Projection** (***Quick Actions - Reports - Cash Flow - Itemized Cash Flow Projection***).
4. The contributions will appear under ***Employment/Business Expenses*** within the ***Cash Outflows*** section.

Note: The ***Itemized Cash Flow Projection*** report is only available in Level 2 Plans. To verify the output in a level 1 plan run the ***Detailed Cash Flow Projection*** report (***Quick Actions - Reports - Cash Flow - Detailed Cash Flow Projection***).

How Can I Setup a Pre-Retirement Deficit Coverage Strategy?

Pre-retirement deficit coverage is available only in Level 1 and Level 2 plans with the Detailed Tax method. You can activate deficit coverage during pre-retirement by going to ***Enter Financial Data - Strategies - Deficit Coverage*** and ensuring that the option is selected for ***Redeem from accounts to cover deficits in the pre-retirement period***.

Additionally, inside each expense (***Enter Financial Data - Cash Flow - Expenses - Expense Details***) and liability (***Enter Financial Data - Net Worth - Liabilities - Liability Details***) there is the option to select ***Cover any pre-retirement deficits created by this expense/liability***.

The order in which assets are redeemed can be modified within Level 2 plans by going to ***Enter Financial Data - Strategies - Deficit Coverage - View/Modify Deficit Coverage Order…***. By default, all non-registered assets will be available to cover pre-retirement deficits. In order to include qualified assets, select the **Modify the deficit coverage order** option, and then select the **Include**option next the assets you wish to use. You can then change the order in which the included assets are used by clicking ***Move Up*** or ***Move Down***.

How can I enter in unused RRSP contribution room?

In order to enter in unused RRSP contribution room, follow these steps:

1. Go to ***Plan Management - Assumptions - Historical Data - RRSP Contributions***.
2. Enter the unused room in the ***Unused RRSP Deduction Limit at End of 2013*** field.

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Does NaviPlan take OAS Clawback into consideration?

NaviPlan will automatically calculate the OAS clawback amounts based on taxable income received during retirement.

Average Tax Method:

The amount of OAS Benefits that must be repaid is included in the ***Total Tax*** value in the ***Income Tax Summary*** report. In other words, the total tax minus the average and marginal tax amounts will equal the OAS clawback. The clients will also receive a deduction for this expense under the ***Deductions*** section titled ***OAS Clawback***. This ensures that OAS benefit repayments are repaid with pre-tax dollars (based on the Average Tax Rate).

Detailed Tax Method:

The amount of OAS Benefits that must be repaid is displayed in the ***Repayment of Social Benefits*** line under the ***Summary*** section of the ***Income Tax Details report***. The same line appears under the ***Deductions from Total Income section*** (to reflect that the repayments are made with pre-tax dollars).

What is the difference between Current Rebalanced and Current Not Rebalanced?

Go to ***Assumptions-Current Portfolio Settings*** to see the definitions and differences:

- **Current - Rebalanced**: This option rebalances the accounts linked to a goal and uses the weighted average rate of return of the linked assets.
- **Current - Not Rebalanced**: This option does not rebalance the accounts linked to a goal. Each account linked to a goal maintains a separate rate of return.

For more information go to ***Help & Resources*** - ***Learning Center*** - ***Asset Allocation*** - ***Current Portfolio Settings***.

NOTE: The ***Synopsis Report*** will show the rebalanced rates applied to the accounts.

How can I enter retirement expenses?

Retirement expenses can be entered one of two ways:

- If the retirement expenses are extensions of the current expenses entered in the plan, enter ***Death*** as the end date by going to ***Cash Flow*** - ***Expenses*** - ***Expense Details***. Doing this will imply the expenses go until the end of the plan.
- If the retirement expenses are separate from the current expenses, leave the ***end date*** as ***Retirement*** in the ***Cash Flow*** - ***Expenses*** section. Then, go to ***Set Goals*** - ***Retirement*** - ***Retirement Expenses*** and click **Add Retirement Expense** to enter the necessary retirement expenses. Here, the ***Start date*** will be ***Retirement*** and the end date will be ***Death***. If the expense is not meant to last until the end of the plan, you can also enter in a specific date as the ***End date***.