

Getting Started In NaviPlan

In this document, you will give BOS the defaults that you want used for your Base Cases. Please check the appropriate responses, where necessary. Other set up elements require that you submit a spreadsheet (sent to you along with this document) that we will keep on file for you, and use for your cases.

If you are relatively unfamiliar with NaviPlan, you may want to call us for assistance in filling out this form - we can explain the various assumptions and options to you.

Assumptions

Tax Options

Because the Economic Growth and Tax Relief Reconciliation Act of 2001 left the future of the estate tax ambiguous, NaviPlan asks you to select an assumption for planning purposes. Please let us know which assumption you prefer to use:

I would like the following selected as the default for all cases:

_____ As legislated - in 2011 estate tax calculations will revert to those used in 2001

_____ No sunset - from 2011 and beyond, use the tax laws of 2010. The Act's sunset provision for 2011 is not used. Estate tax is repealed.

_____ No sunset and no estate tax repeal - from 2011 and beyond, except for estate tax laws, use the tax laws of 2010. Use the transfer tax laws (estate, gift and generation skipping transfer) of 2009 from 2010 and beyond. The Act's sunset provision for 2011 is not used.

OR

_____ I will select for each of my clients on a case-by-case basis (you must indicate your choice when submitting client data).

Economic Factors

I would like the following defaults established.

Inflation _____%

Return on surplus funds (cash flow surpluses not specifically saved) _____%

Cost of deficit funding (cash flow deficits that aren't covered by assets) _____%

_____ I will specify categories not marked above on a case-by-case basis.

Asset Classes

If you would like to use the Asset Allocation capabilities of NaviPlan, BOS needs to keep on file the asset classes that you wish to use, with rates of return. If you want to use the Monte Carlo capabilities of NaviPlan you must also provide a standard deviation for each asset class.

Classes

Please use the Excel spreadsheet that BOS has sent to you to specify your preferences. There are no limits on the number of asset classes that you can use, but please be reasonable! The returns should be divided among these elements; the sum of the elements will be the total assumed return for the asset class:

- Interest (including dividends that are not subject to the reduced tax on dividends)
- Dividends
- Capital Gains (short term realized, not deferred)
- Tax Free (muni bond income or income that is never taxed)
- Deferred Growth (gains only realized upon sale of the asset)
- Standard Deviation (not necessary if you don't use Monte Carlo)

Model Portfolios

You can set up any number of model portfolios ahead of time. You then specify a model portfolio or portfolios for each client case. These represent your recommendations and will be used to generate comparisons between the client's current and recommended asset allocation. Please note that you must provide the current asset allocation for each client's assets.

You can set up the model portfolios to be applied to all of the client's assets. You can also use different model portfolios for assets that are linked to educational goals, retirement goals (any asset listed as Qualified is considered an asset linked to a retirement goal), or major purchases.

You can also set up model portfolios for each client. You must submit a spreadsheet with your models with each client. Please use the Excel spreadsheet that BOS sent to you to specify your model portfolio asset allocations (either general or per client):

_____ I will use a set of model portfolios for all of my clients.

_____ I will create individual model portfolios (individualized recommendations) for each client and submit a spreadsheet with these portfolios with the client data.

Assets

If you do not want to use the Asset Allocation capabilities of NaviPlan, you still need to specify default rates of return for your client's portfolios. Again, you can be quite detailed in terms of the different elements of the return, including standard deviation, and the defaults can be overridden on an asset-by-asset case. BOS has provided you with another Excel worksheet on which you can specify return rates for various types of assets - this is by asset *type*, not by asset class.

Incomes

Social Security Benefits

Please indicate how you would like Social Security benefits handled:

_____ I want Social Security benefits entered from my clients' Social Security benefit statements or from my calculations.

_____ I will provide length of employment information and let NaviPlan calculate the benefit.

Expenses

Emergency Fund Calculation

NaviPlan allows you to set the emergency fund calculation up either by using a certain number of month's expenses or by specifying a target dollar amount. Please note that if, during the initial plan year, your client incurs an extraordinary expense (for example purchasing stock options), the number of months calculation will result in a very large requirement. For that particular client, you may want to override the calculation with a fixed dollar amount

_____ Please set the emergency fund level at months' expenses for all clients.

_____ I will specify either number of months or a dollar amount for each client.

If you want the second option, please indicate with each set of client data your desired emergency fund level – number of months or dollar amount.

Strategies

Handling Surpluses and Deficits

The Base Case will make no assumptions about handling cash flow surpluses and deficits – often clients under-report expenses, causing NaviPlan to show ongoing cash flow surpluses that may not in fact exist. You can choose to handle these surpluses and deficits in the following ways:

- During the planning process, leaving them “unmanaged” in the Base Case (which is what BOS recommends), or
- You can handle them in the Base Case by setting up surplus strategies.

_____ Always leave cash flow surpluses and deficits “unmanaged”

_____ Assume that % is spent (Surplus Lifestyle Expenses assumption)

_____ Assume that _____% is saved (Surplus Savings .by default BOS will select a cash account for the savings vehicle)

OR

_____ I prefer to go on a client-by-client basis (as indicated on the client’s Data Form).

Reporting

BOS will generate the following reports that will be sent to you with your base case (the Base Case Report Package):

- Plan Synopsis (to review with your clients for data accuracy)
- Detailed Cash Flow Projection (5 years)
- Net Worth Projection (5 years)
- Assumptions and Questions List .this will indicate our observations about the Base Plan such as significant data gaps, and will remind you of any particular assumptions that are influencing the base case.

For an additional fee, we can create a report package for you that incorporates other reports for your Base Case.

_____ I would like to receive the Base Case Report Package.

_____ I prefer to have you set up a customized report package for me.