FAQs For eFinPLAN Clients

1. **How do I input the information, and navigate from screen to screen**

After you login, the planning application automatically comes up. There are 9 separate screens of data to complete. In order to navigate from one input screen to the other, click the number in the left column. You can also navigate to other screens by choosing: “Done! (move to next step)” or “Finish Later (Move to next step).” You can also choose, Review Previous Step at the bottom.

1. **I’m guessing at some questions, how do I know to come back to that area to complete it later without forgetting where I left off?**

At the top and bottom of each page, you will see “Done! (move to next step)” or “Finish Later (Move to next step).” If you choose Done!, a green checkmark will appear beside each number, signifying that you have completed that step. If you want to come back to complete a step at a later time, choose Finis Later, and a green checkmark will not appear- reminding you where you left off.

1. **What rates of return are used for various investments**

The rates of return are defaulted, but you have the ability to change them in the Step 10 Assumptions tab. We recommend that you change them, based upon your investment return expectations, risk level, and portfolio to mention a few. Your report will provide some historical data as well, but past performance is not indicative of future results. On the assumptions tab, you have the ability to choose a different rate of return for the following categories: Long term savings, tax-free bonds, retirement funds, and annuity assets.

When you input a rate of return, for example 8%, be sure to account for investment fees. If your investment manager and company total fee adds up to 3%, and you believe your gross return before fees might be 8%, then you should enter 5% (8-3=5). If the investment is taxable, and you pay taxes out of your investment account, instead of from you income, then you may want to account for tax costs too.

eFinPLAN allows you to have different rates of return for both your working years and during retirement years.

1. **How does eFinPLAN calculate taxes?**

eFinPLAN takes into consideration taxes for retirement and other planning, but it does not calculate your overall tax position (since eFinPLAN is a goal based and not a cash-flow system). You manually input your average tax rate using the Tax Calculator in the top menu bar. This estimator does not include state and local income taxes, therefore you may want to add that to this average, or round up. Be sure to use the Average tax rate percentage. Your accountant or tax planning software may be able to provide your average tax rate too that is more accurate. eFinPLAN does not do income or estate tax, or any other tax planning. Remember; only enter the Average tax rate, and NOT the Marginal Rate and NOT the Tax Bracket.

1. **How does eFinPLAN distribute assets during retirement?**

The funds that eFinPLAN uses for your retirement income calculations are all of your retirement investments, and other investments and savings. For payouts, the system first uses non-retirement investments, until they are exhausted, then various types of retirement savings accounts, unless RMD applies. RMD stands for Required Minimum Distribution, which is a required amount of money that you must take out of some retirement accounts when you reach certain ages, or be faced with a significant tax penalty. Therefore, in some years, when RMD applies, you may be receiving income from both retirement and non-retirement savings. Individual consultation with your tax advisor prior to withdrawal is advised.

1. **How is the life insurance needs calculated**

Prior to retirement, the system determines how much life insurance is needed to provide the percentage of expense you wish your survivors to receive. In step 10, you can choose any percentage that you would like to provide. The system then looks at your overall plan, assets, goals, debts, and benefits like Social Security survivor benefits (see Step 3 Retirement Benefits tab). The system assumes that term life insurance ends at your age of 65, and that permanent insurance (e.g., whole, variable or universal life) extends until life expectancy.

The life insurance calculation takes into consideration a net present value calculation (NPV). NPV is important, because when someone dies, and the lump sum of life insurance death benefit proceeds is invested for example at a net after fee of 5%, income is paid out of it for a stated period (until retirement of the surviving adult), in addition, inflation may be taken into consideration. Higher discount rates would illustrate a lower dollar amount of life insurance needed. 4% and 5% would be considered moderate assumptions. Less than 4% would be conservative. Over 5% would be aggressive.

Individual consultation with a professional insurance provider is advised, prior to increases or decreases in life insurance coverage.

1. **What if I just want to vary a few factors, to do a quick retirement analysis, without running an entire report?**

Step 12, has a retirement “What-If?” This is so that can easily run a quick retirement analysis. You can alter various assumptions, such as rates of return, inflation, income requirements, and increase or decrease the amount of money saved annually towards retirement. The system then provides an instant results graph.

1. **Now that I have my financial plan, what do I do with it?**

I think you should follow these three to four steps with your printed financial planning report. I believe some people may need to work their way into it. Others, on the other hand may be able to jump in and do all of these steps at once. Some people may want to read it through the first time, just familiarize yourself with it. Skimming and looking at its various parts, the way it is organized. Paying particular attention to Section 1, looking for any mistakes. If you made any, go back and input the correct information, then re-run your report. It may be helpful to get a blue pen and a highlighter; read it all, and highlight areas that you have questions about, or things you might want to act on sooner than later. Use the blue pen to write yourself notes, questions that you have.

1. **In the future I may receive a large amount of money, how do I plan for that?**

If you anticipate a cash bonus or inheritance in the future, you can enter that number in Step 4a Your Spending in the “Add Special Income” section. If received during retirement, those funds will be used for income and reinvesting the balance if any. If in pre-retirement years, and you plan to invest that number or a portion of it, go to Step 2a and enter a new non-retirement asset as $0, but enter the actual dollar amount received in the Personal Additions Per Year Column, indicate the year you anticipate receiving it, and the number of years you expect to receive it.

1. **I own investment real estate, how do I account for that?**

For the income calculation, be sure to follow the steps in #9. If you sell the real estate in the future, be sure to change the income and investment amounts, and remove the asset from Step 2b, other assets. Remember, this current version of eFinPLAN does not do accounting and tax planning for investment real estate, such as depreciation, since the system is goal based and not a cash-flow system.

1. **What about college savings assets, how do enter the amount of money I currently have saved for them? Do I enter it on the college tab Step 7 or the Investment Assets tab Step 2a?**

Step 7 has places to estimate the cost of college, and account for the dollars that you are currently saving into college savings accounts. Do not enter these same accounts in Step 2a Investment values unless (see next question #12).

1. **I will be retired at the time my children enter college AND I plan to be able to access all retirement, non-retirement/ non-college specific accounts to fund college, how do I input that?**

This is how you do this. In Step 7, enter no dollar amounts in the Balance Amount or Annual Contribution column, but do enter in the amount you plan to have for your children’s college expense in the regular places. Next, go to Step 2a, and enter all of your savings and investments assets, including college savings accounts. Lastly, and this is very important, go to Step 10. Assumptions, and check the box: Include net cost of education expenses in retirement calculations.

1. **During retirement every so many years, I plan to have a large expense, such as the purchase of a new car, or a big vacation, how do I account for that?**

Similar to #12, go to Step 4a, and enter the large under “Add Future Large Purchase” then go to Step 10. Assumptions, and check the box: Include net cost of future large purchases in retirement calculations.

**I hope these questions and answers helped you out!**

**If you still have questions,** [**CLICK HERE**](http://www.efinplan.com/contact-us/) **to connect with us directly and get your answer. Thanks!**