

LifeFocus Users Guide

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Getting Around in LifeFocus

Main Menu

You can reach the six financial goal modules from here. You can also access Reports and Tutorials.

Toolbar

These are the buttons on the right side of the screen.

- Next - Takes you to the next main screen in a module
- Previous - Takes you to the previous screen in a module
- Help - Accesses a Glossary and User Guide
- Tools - Brings up printing/program settings and tech support options
- Go To - Shows program layout and lets you jump to any screen
- Menu - Takes you directly to the Main Menu
- Exit - Closes the program

Screen Commands

On some screens you will find action buttons like:

Vary projections over different periods of time

Get **information** (like historical data) to help you with specific entries

Close a help, info or graph screen and return to the main screen

View a **summary** of data entered elsewhere

Copy data from one place to another

Use a **worksheet** to calculate a specific value

Enter a more detailed **breakdown** of your data

Print a copy of a screen or a report

Getting Help in LifeFocus

As you work with the software, you might find yourself saying at some point, "What are they talking about -- and why?" There are several ways to get help:

The wizard

The wizard is your personal program helper. It will give you a detailed explanation of each screen and give you information and guidance for completing the screen. You will find the wizard in the upper left corner of each screen. The wizard will explain how each screen works and help you with all data entry items. (The wizard is also a trivia buff, so you'll pick up lots of interesting facts along the way.)

Help Button

You'll find these buttons next to certain data entry boxes throughout the program. Clicking on these question marks will provide you with information (such as historical data) specific to that individual data entry item.

Tutorials

There are certain topics like Saving and Investing which are important to understand when doing financial planning. On the main menu you will find a Tutorials button which will take you to brief education modules for learning more about these topics.

You can also click on the Help button on the toolbar (on the right of each screen) to access the following:

- Glossary - to quickly look up terms used in the program
- User Manual - to print a hard copy of the help files

Information About You

What This Screen Is For:

We need some basic information about you that will be used throughout the program.

Info Needed:

Do you want to include a spouse or life partner? - If you have a financial partner that is helping in the financial planning process, click on Yes to include them in your plan.

Your First Name - Type in whatever you would like us to call you.

Date of Birth - We won't tell anyone.

Company Base Pay - Enter your annual salary or pay. If you are paid hourly, multiply your hourly rate times 2,080 (that's fifty-two 40-hour weeks).

Bonuses/Commissions - Enter any other payments you get from your company. Only enter annual amounts received on a regular basis.

Other Income - Enter any other sources of income you might have. Enter annual amounts.

Average Tax Rate - The key word here is "average." You often hear about your marginal tax rate. This is the rate you pay on your last dollar of income. The average rate is the percentage of your total income that you pay in taxes. There are two ways to estimate this number. You can use the Tip button to see a table which shows some examples for different income levels; or to get a better estimate, use the worksheet to calculate your actual average tax rate.



Budget My Money

Current Spending

What This Screen Is For:

In this screen you will enter, either in summary or detail, your current actual spending.

Info Needed:

Total Income - The income you entered in the Welcome section has been carried over to this screen. Click on the worksheet button by the Total Income category if you need to make changes.

Spending Categories - We have grouped spending into the most commonly used categories. You can enter group totals on this screen, or if you prefer, you can click the worksheet buttons on each row to itemize your expenses in that category. We have tried to list in detail the expenses which apply to each group

.

When putting your current spending together, think about these things:

- 1. Include all spending** - Don't forget about those ATM withdrawals. Try and figure out where this money goes.
- 2. Think annually** - We often look only at monthly spending, but there are occasionally things like major repairs or insurance payments that occur every 3 or 4 months. These can quickly wipe out a budget if not included.
- 3. Get real** - You can just guess, or you can count every penny. The closer to reality you can get, the better your spending plan will be.

Special Features:

Summary Button - Click on the button to view a summary of planned spending or saving from other modules including Reduce Debt, Plan for Specific Goals, and Plan for Retirement.

The Current Spending Results

What This Screen Is For:

This screen compares your current income to your current spending and shows you what's left. Keep this number in mind as you complete the rest of the modules in the program. Your budget should support the goals you plan for.

Info Needed:

None.

Special Features:

None.

Planned Spending

What This Screen Is For:

In this screen you will make changes to your current spending to create a new spending plan.

Info Needed:

Create Spending Plan - Enter category totals or use the worksheet buttons to create a spending plan in the Planned Spending column. As you reduce expenses in categories where you are spending more than you would like to be, you can begin to plan for more spending in the areas you prefer. Some of these changes will take more effort and a longer time than others. Some things to think about are:

1. Focus on big expenses - A small change in spending for big things like houses and cars free up more dollars more quickly than clipping coupons.

2. Increase income - You might find that the best way to meet your spending goals is through overtime or part-time work. This might be only for a short period.

3. Reduce debt - If a large part of current spending is "paying for the past," use the Reduce Debt module to create a debt reduction plan. When your debt is paid, you can use that money on your spending for today or saving goals for the future.

Special Features:

Category Help - For help in reducing expenses, click on the button on the far right of each row for some helpful suggestions for saving money in that category.

Change Annual to Monthly - If you would rather complete this step using annual amounts, click on the appropriate circle.

Summary Button - Click on the button to view a summary of planned spending or saving from other modules, including Reduce Debt, Plan for Specific Goals and Plan for Retirement.

Spending Plan Report

What This Screen Is For:

You can view or print a summary or detail of your spending plan.

Info Needed:

None.

Special Features:

Print - Click on the print button for a hard copy to include with your total financial plan.



Reduce Debt

Enter Current Debt

What This Screen Is For:

This is where you enter current information about the debts you want to create a reduction plan for.

Info Needed:

Name of Debt - Enter a short name to identify each debt.

Type of Debt - Click on the circle next to one of the two debt types:

Credit Card - Credit card debt is also referred to as revolving debt. You have a credit balance maximum and make payments based on the outstanding balance. The lender will want a minimum monthly payment and will charge interest on any unpaid balance. You will need to enter your minimum monthly payment if you choose this type of debt.

Installment - Examples of this type of debt are home mortgages and car payments. Monthly payments are based on paying off the balance borrowed in equal amounts over a set period of time. You will need to enter the monthly payment if you choose this type of debt.

Current Balance - Enter the total amount owed as of today. Include any interest that might be due or recent charges not on current statements.

Current Interest Rate - Enter the annual percentage rate that the lender charges you. To keep things simple, and since future interest rates are tough to predict, the program does not consider variable rates. If you expect the rate to change soon, or go up and down over time, use an average rate that makes sense.

Minimum Monthly Payment - If your debt is a credit card, you will need to enter your current minimum monthly payment from your statement. Do not enter any additional amounts you pay above the minimum payment; include this money as you create your debt reduction plan.

Monthly Payment - On installment debts you will need to enter your current monthly payment.

Special Features:

Multiple Debts - This is a multiple entry screen. When you first reach the screen, two buttons appear in the bottom right corner:

Add - after you have entered all of the info for the first debt, click Add. The entry fields will clear and a list box will appear on the left with the name of the first debt. You can now enter info on a new debt.

Cancel - if during data entry for a debt, you would like to clear all fields and start over, click the Cancel button.

After you have entered more than one debt, two new entry boxes will appear:

Save - When you are done entering all your debts, you can click Save to store the final one. (The program will save it for you anyway if you leave the screen.)

Delete - If you would like to remove a debt from the list, select it from the list by clicking on it and then click the Delete button.

If you would like to review data you have entered for any of your debts, click on the debt in the list box and the details will appear in the entry fields. You can make changes and then click Save to store those changes.

Your Debt Reduction Goal

What This Screen Is For:

This is where you choose your debt reduction goal.

Info Needed:

Use this screen to select your debt reduction goal. Once you have selected your reduction goal a recommendation will appear at the bottom of the screen.

Debt Reduction Plan

What This Screen Is For:

This is where you decide which kind of debt reduction plan you will create for your debt.

Info Needed:

If you chose a debt reduction goal on the previous screen, your debts will be listed under the recommended reduction method. You can move your debts to a different reduction method by clicking the box to the left of that method.

To see the results of your chosen plan, enter the appropriate information in the fields under that reduction method then click the Calculate button.

Stepped Payments - Enter the additional amount per month (in addition to you current payments) you will pay towards reducing your debt.

Timed Elimination - Enter the number of months until you want to have your debts paid off. For example if you want to be debt-free in 2 years you would enter 24 months.

Consolidation –

Term of New Loan - Enter the term, i.e. number of months, of your consolidation loan. If you have not yet consolidated your debts, you can experiment with different terms to find a term that best suits your situation. Common terms for consolidation loans range from 12 months to 30 years (360 months).

Interest Rate - Enter the interest rate on the new loan. If this rate can vary, pick an average that makes sense.

Special Features:

Using Multiple Methods - To move individual debts to a particular reduction method, click to highlight that debt, then drag it to the box below the desired reduction method. For example, if you included your home mortgage as one of your debts, you may want to use the Timed Elimination method to set a target date for paying off your mortgage, and you may want to use the Stepped Payment method to eliminate your credit card debt.

Calculate - After you have entered the information needed for a reduction method, click the Calculate button to view the interest saved and either monthly payment or months until debt-free (depending on the method).

Summary

What This Screen Is For:

You can view a summary of interest savings and payments required for your debt reduction plan. You can also print or view a complete summary or detailed report of your plan.

Info Needed:

None.

Special Features:

Debt Reduction Plan Detail - Click on the printer icon to view and print one of two reports:

Summary - This report shows payments required per month in total for your chosen debt reduction plan.

Detail - This much longer report will show you monthly payments by each debt, per month, for your plan.



Plan for Specific Goals

Enter Your Goal

What This Screen Is For:

This screen is where you enter information about your specific goal. Then the program will calculate the amount you need to save to reach that goal.

Info Needed:

Name of Goal - Enter a name of the goal.

Your Age When You Will Start Saving for Goal - Enter the age you plan to start saving for this goal.

Age You Will Be When Funds Are Needed - At what point in the future would you like to have the money for this goal? The program will assume that you will have that entire year to save. For goals like college where the cost is spread over a few years, choose an age in the middle of that period.

Cost of Goal (Today) - Enter the amount in today's dollars that this goal would cost. Be sure to include all costs to achieve the goal. For help in determining this amount use the Tip button.

Inflation Rate for Cost of Goal - Some goals, like college costs, have increased at a greater rate than average. Inflation over the past ten to twenty years has averaged about 3%. For further information on choosing an inflation rate click on the Tip button.

Amount You Have Already Saved for this Goal - If you have already been saving for this goal, enter the amount you have as of today. Be sure to only enter amounts that are saved for this goal. Note: if the dollars you have saved are before-tax, reduce the amount by the taxes you will pay when you withdraw the money. For example if you have saved \$1,000 before-tax dollars for this goal and your average tax rate is 20% you would enter that you have already saved \$800. (\$1,000 before-tax dollars saved - \$200 for taxes = \$800 after-tax dollars saved.)

Rate of Return You Expect on Your Savings - Enter a rate of return on the dollars you have saved, and plan to save starting now, for this specific goal. You might want to use the Investing tutorial (which you can reach from the main menu) for help. If the period of time until you would like to reach this goal is short, like from one to five years, you might want to select less volatile

investments which tend to have lower average returns. For more information on choosing a rate of return click on the Tip button.

Amount to Save - Based on the data you entered, The program calculates the monthly and yearly amount you will need to save to reach this goal by the age you have chosen. If this amount to save appears too large, here are a few things you can do:

Wait to reach goal - By increasing the age to reach the goal, you allow more time to save which reduces the monthly or yearly amount to save.

Reduce cost of goal - Is there a way to get the goal and pay less? Review the total cost of the goal and if you can get it cheaper, you will need to save less.

Review Budget My Money module - If you have not created a spending plan in the Budget My Money module, you might be able to afford saving for this goal by changing your current spending.

Special Features:

Multiple Goals - This is a multiple entry screen. When you first reach the screen, two buttons appear in the bottom right corner:

Add - after you have entered all of the info for the first specific goal, click Add. The entry fields will clear and a list box will appear on the left with the name of the first one. You can now enter info on a new one.

Cancel - if during data entry you would like to clear all fields and start over, click the Cancel button.

After you have entered more than one specific goal, two new entry boxes will appear:

Save - When you are done entering all your goals, you can click save to store the final one. (The program will save it for you anyway if you leave the screen.)

Delete - If you would like to remove a goal from the list, select it from the list by clicking on it and then click the delete button.

If you would like to review info you have entered for any of your specific goals, click on it in the list box and the details will appear in the entry fields. You can make changes and then click Save to store those changes.

Summary Report

What This Screen Is For:

You can view or print a summary of all your specific goal savings plans.

Info Needed:

None.

Special Features:

Print - Click on the print button for a hard copy to include with your total financial plan.



Plan for Retirement

Overview

What This Screen Is For:

You can learn about the three steps to creating a retirement plan.

Info Needed:

None.

Special Features:

Click on the blue text to the right of the three steps to learn more about each one.

Age Information

What This Screen Is For:

To project the number of years until you retire and the number of years your retirement will last.

Info Needed:

Current Age - If you entered your date of birth in the welcome section, your current age appears on the screen. If the age shown is wrong, or you didn't enter it to start, click on the Go To button and then choose Information About You to edit this information.

Retirement Age - Think of this as your age of independence. It is the age at which you have the freedom to choose whether or not you continue working. For planning purposes, it is the age at which you quit saving for retirement. However, many people plan on working during their retirement years. If this is you, there is a screen to project this value later in the module. Use the Tip button for more information on selecting a retirement age.

Life Expectancy - Think about your lifestyle and family history when choosing a life expectancy. Many experts suggest an ultimate age of 85 for planning. Click the Tip button for some averages, then choose an age that makes sense for you based on your personal situation.

Spouse/Life Partner (if used) - Enter the same data as above. Special Note: the retirement years used for projecting how much you'll need is the years from your age at retirement to the last surviving partner's life expectancy. For the period of time when only one spouse remains, you can adjust income needs at the retirement income screen (which comes next).

Special Features:

None.

Annual Income Needs

What This Screen Is For:

Project the annual income you would like to have during your retirement years.

Info Needed:

Annual Income Needed During Retirement - Enter the annual amount, in today's dollars after taxes, that you would like to spend each year of retirement. The best way to project this is to think about how you are spending today, and how that might change in retirement. Click on the worksheet button for help. (If you are not sure how you are spending today, use the Budget My Money module.) Here are some things to consider:

Expenses that might go down:

Mortgage - Will your house be paid for?

Work-related income - You don't have to dress up and go to work anymore.

Household - As you grow older, you accumulate furniture and appliances that only need to be occasionally replaced or repaired.

Kids - Hopefully they're out on their own. (Sometimes they come back, though).

Retirement Savings - You're retired. You don't have to save for it anymore.

Expenses that might go up:

Travel - You are, after all, on one big vacation.

Healthcare - Not fun to think about, but these costs do tend to go up.

Bingo - Just kidding. (Sort of.)

Everyone is different. Experts suggest replacing 70% to 80% of your working income during retirement. This is an average. Take some time to really think about the kind of retirement you would like to have--and how much that might cost.

Spouse/Life Partner (if used) - The retirement years used for projecting how much you'll need is the years from your retirement to your life expectancy, plus any years that your spouse survives

you. For the period of time when only one spouse remains, you can adjust income needs by using the vary feature explained below.

Special Features:

Vary Income Needs - Retirement can last 30 years or more. Your lifestyle will probably change during that time. You might want to travel and live it up for a while and then kick back and relax at the lake after that.

Click on the vary button and some new entry boxes will appear. The first row defaults to your retirement age and life expectancy chosen earlier. Change your stop age to create a period of years during retirement for an income level. You can enter up to five different periods.

Assumptions

What This Screen Is For:

Project the amount by which your retirement savings earnings will beat the impact of inflation and taxes.

Info Needed:

You can either enter the amounts in the boxes provided, or move your mouse over the slider bars and click to lock in a value. There are three things that will have an impact on the amount of money you'll need for retirement: (Use the Tip buttons to find the estimates that are right for you.)

Average Inflation Rate - How much will the cost of things you buy go up each year? That is what you are projecting by entering an inflation rate.

Nobody knows the answer, but we must make a guess to plan for future needs. In the past, inflation has averaged about 3%. There have been higher and lower rates of inflation, but for long-term planning, this might be as good a guess as any.

Rate of Return On Savings/Investments During Retirement - A large part of your retirement income will probably come from your retirement savings. Enter the rate of return you plan to get as you invest these savings during retirement. You might want to take a look at the investing tutorial for help in selecting a rate of return. (You can access the investing tutorial from the main menu under Tutorials.) As a guide, 4%-6% would be a conservative rate of return, 6%-8% moderate, and 8%-10% would be an aggressive rate of return.

Average Tax Rate During Retirement - The average tax rate you entered earlier was based on your current income. Your average tax rate during retirement might be lower for a couple of reasons:

No Social Security Tax - Hopefully now you're getting a check. The 7.65% tax for Social Security and Medicare applies only to wages. If your income is from interest or pensions, your average tax rate should be lower.

Lower Income - If you project your income level to be lower during retirement, your tax bracket might be lower -- meaning a lower average tax rate.

Many people will reduce their current average tax rate by 5% to 10% for these reasons.

Special Features:

How much you will need to retire - The number you've been waiting for is here! This is the dollar amount you need to either have saved at (or plan to receive during) retirement. Does it seem rather large? Don't despair. The next screens will help you find the resources you need.

Tip buttons - Click on the Tip button to the right of each name for graphs and tables that will help you make assumptions.

Slider bars - Small changes in your power factor can have a big impact on how much you'll need. You can move the sliders using your mouse and see what happens to the dollar amount needed for your retirement.

Your Retirement Resources

What This Screen Is For:

Select the retirement resources you have available for retirement. Only those items you select will be included in your current plan.

Info Needed:

Select Resources - Click on the resources you would like to use. If you are not sure about a resource, go ahead and select it. You don't have to enter anything on the screen when you get there. Or, you can always come back to this screen later to add more resources. Use the Other Resources option if you have a resource not listed.

Special Features:

None.

Projected Pay Increases

What This Screen Is For:

To project the annual amount by which your company pay will increase each year until retirement. Your company pay and the increase rate will be used to project the future amount of contributions to your company savings plans.

Info Needed:

Salary Increase Rate - Enter the average annual rate of increase you plan to get on your total company pay. There are two things that might help you with this number:

Inflation - In order for employees to maintain purchasing power, many employers try to give raises that in part provide for the impact of inflation. These are often called COLAs (cost of living adjustments). Think about the inflation rate you entered on the Assumptions screen when choosing a pay increase rate.

Past Increases - Your average rate of increase in the past might be a good way to project increase rates in the future. Remember that the increase rate you are projecting is for the rest of your career. Consider unusually high or low increases in the past when projecting the future.

Special Features:

Vary Increase Rate - There might be reasons for you to have different pay increase rates in the future. Are you getting an advanced degree? Expecting a large promotion? Hoping to take it easy towards the end of your career?

Click on the vary button and some new entry boxes will appear. The first row defaults to your current age and the year before your retirement age chosen earlier. Change your stop age to create a period of years during your career for a rate of increase level. You can enter up to five different periods.

Pension Plan

What This Screen Is For:

To project the future value of any benefit you may have from a company-sponsored pension plan.

Info Needed:

How Will You Take Your Pension Distribution - Lump Sum or Annuity. Is the benefit you enter in the next line a one time payment (lump sum) or a yearly amount (annual life annuity)? Select one.

Amount of Your Benefit - If your company offers a pension (also called a defined benefit plan), enter a projected value at retirement here. Since your pension plan is unique to your company, you will need to contact your company benefits department for an estimate. Be sure to ask for the value at retirement age, not the value today.

You also might have some "frozen" benefits from past employers. This happens when you work at a company long enough to earn a pension benefit (also known as "vesting") but are not able to receive the benefit until retirement. Call the benefits department at your past employer(s) if you think you might have one coming.

Age to Begin Receiving Benefits - Enter the age you plan to either receive a lump sum or begin receiving annual payments. Your retirement age entered earlier is the default age.

Special Features:

Value of Payments at Retirement Age - Based on the info you entered above, the program will calculate the future value. For you math lovers, here are the details: (The calculation depends on the type of payment)

Lump Sum - The amount you entered minus taxes using the average tax rate entered earlier. If the age to receive is different than retirement age, the balance will be discounted (if after retirement) or invested (if before retirement) using the rate of return during retirement entered earlier.

Annual Annuity - An equivalent lump sum value will be calculated by discounting the after-tax payments from ultimate age to retirement age using the rate of return during retirement entered earlier as a discount factor.

This total will be added to your other resources to determine how much you'll have for retirement.

Pre-Tax Contribution

What This Screen Is For:

Enter the percentage of your pay that you, and/or your company, plan to save in your company sponsored Pre-Tax Savings plan. You can use it to enter contributions to any tax-deferred savings plan you might have. Examples include 401(k), 403(b), SIMPLE, SEP or KEOGH plans.

Info Needed:

Pre-Tax Contribution - Enter the pre-tax amount you plan to contribute to this plan each year from now until retirement. This amount should be entered as a percentage of your annual pay.

After-Tax Contribution - Some plans allow after-tax contributions. Enter the amount you plan to contribute as a percentage of your annual pay.

Company Contribution - If your company provides a match or other contributions to your savings plan, enter that amount as a percentage of your pay. For example, if your company matches 50% of the first 6% you contribute, and you contribute 6%, company match would be 3% (50% times 6% equals 3%). If you contribute 4%, the match would be 2% (50% times 4% equals 2%).

Special Features:

Vary Contribution Rates - You might not be able to save as much right now as you'd like. Or there might be periods of time in the future when other goals require savings.

Click on the vary button and some new entry boxes will appear. The first row defaults to your current age and retirement age chosen earlier. Change your stop age to create a period of years during your career for a savings level. You can enter up to five different periods.

Remember that the power of compounding over time is one of the key tools that will help you reach your retirement goals. The sooner you save as much as you can, the more compounding will work for you.

Pre-Tax Savings Plan Value

What This Screen Is For:

Enter your current balances already saved and projected investment returns on pre-tax savings plans. You can do this for your balances in total, or get as detailed as you like.

Info Needed:

Current Balance - Enter your current balance in this plan. Use a recent statement to get this amount.

Rate of Return - Enter the average rate of return you plan to get as you invest these savings until retirement. This rate of return also applies to the contributions you entered on the previous screen.

You might want to take a look at the investing tutorial for help in selecting a rate of return. As a guide, 6%-8% would be a conservative rate of return, 8%-10% moderate, and 10%-12% would be an aggressive rate of return.

Special Features:

Fund Description - To the left of each fund there is a Tip button which will give you historical average returns to help you project future returns.

Future Values - Wonder how we get to the future values that appear? Here are the details:

Value At Retirement Age - To the right of each fund used is the total after-tax value at retirement. This number is calculated using your current balance and future contributions, growing at your projected rate of return. The program assumes that contributions and interest occur at the end of each year. Taxes are taken out at retirement using the Average Tax During Retirement entered earlier on the Assumptions screen.

Value When Taxed as Withdrawn - This is the value of these savings assuming that funds are withdrawn when needed and then taxed. After-tax savings and annuities (yearly payments) like Social Security and Pensions are used first. Any remaining need is taken from the pre-tax accounts. To calculate this value, the after-tax value of withdrawals and any remaining balance are discounted using the Retirement Rate of Return entered earlier.

This value will change based on entries in other resources as different withdrawal amounts change in the pre-tax reports. If you want to check out how this works in detail, review the Plan for Retirement Detail Report (which you will find in the Reports module or on the last screen of this module).

Stock Purchase Plan

What This Screen Is For:

Enter the percentage of your pay that you, and/or your company, plan to save in your company sponsored Stock Purchase Savings plan. Also enter any current balances and your expected returns to project a future value.

Note: Only use this screen for amounts in the Stock Purchase Plan which you plan to use for retirement. If savings in this plan are for other goals besides retirement, use the Planning For Specific Goals module.

Info Needed:

Current Balance - Enter your current balance in your Stock Purchase Plan. Use a recent statement to get this amount.

Rate of Return - Enter the average rate of return you plan to get as you invest these savings until retirement. Consider past performance (and how hard you plan to work!) when choosing a value.

Your Contribution - Enter the amount you plan to contribute each year from now until retirement to your stock purchase plan. This amount should be entered as a percentage of your annual pay.

Special Features:

Vary Contribution Rates - You might not yet be able to save as much as you'd like for retirement due to current spending needs. Or there might be periods of time in the future when other goals require savings.

Click on the vary button and some new entry boxes will appear. The first row defaults to your current age and retirement age chosen earlier. Change your stop age to create a period of years during your career for a savings level. You can enter up to five different periods.

Remember that the power of compounding over time is one of the key tools that will help you reach your retirement goals. The sooner you save as much as you can, the more compounding will work for you.

Value At Retirement Age - Wonder how we get to the future values that appear? Here are the details:

The total value at retirement age is calculated using your current balance, and future contributions, growing at your projected rate of return. The program assumes that contributions are after-tax, interest compounds pre-tax, and both occur at the end of each year. Taxes are taken using the Average Tax During Retirement entered earlier on the Assumptions screen.

Stock Options

What This Screen Is For:

To determine the amount of your Stock Option Plan.

Info Needed: -

Name of Option - Enter a name to describe your option.

Current Share Price - Enter the price of one share of stock today.

Grant Price - Enter the price that your option entitles you to buy one share of stock.

Rate of Return Before Exercise - Enter the annual rate you expect this option to appreciate until the age you plan to exercise your option.

Age at Exercise - Enter the age at which you plan to cash in your options. Note: Once exercised, the options are taxed at the tax rate you entered for the period before retirement.

Number of Shares - Enter the number of shares your option entitles you to buy.

Calculated Spread - This is the difference between the share price at expected exercise age and the grant price.

Rate of Return After Exercise - This is the rate at which you intend to invest the proceeds of the sale of the option(s).

Percentage Used For Retirement - This field allows you to enter the percentage of your options that you intend to save for retirement. If you intend to use these options for retirement, then enter 100%. If you intend to use 25% to buy a new car, and 75% for retirement, then enter 75% here. The default is 100%, adjust this amount to your own personal situation.

Special Features:

Click on the Tip button for help in projecting a rate of return for your options.

Value At Retirement - The value at retirement is calculated using the information you entered above. Taxes are taken using the Average Tax During Retirement entered earlier on the Assumptions screen.

Total Value When Taxed as Withdrawn - This is the value of these savings assuming that funds are withdrawn when needed and then taxed. After-tax savings and annuities (yearly payments) like Social Security and Pensions are used first. Any remaining need is taken from the pre-tax accounts. To calculate this value, the after-tax value of withdrawals and any remaining balance are discounted using the Retirement Rate of Return entered earlier.

This value will change based on entries in other resources as different withdrawal amounts change in the pre-tax reports. If you want to check out how this works in detail, review the Plan for Retirement Detail Report (which you will find in the Reports module, or on the last screen of this module).

Note: If you use the after-tax method of calculation (found under Preferences on the Tools screen), Value At Retirement and Total Value When Taxed as Withdrawn are equal.

Social Security Benefits

What This Screen Is For:

Enter your projections for Social Security Benefits during retirement.

Info Needed:

Estimated Amount of Annual Benefit - Enter the annual benefit you project from Social Security. Use the Tip button at the right of the entry field for help. It will show you a projected value based on your current income and age under the current system. You can then adjust this number based on your own confidence in the system.

You can also contact the Social Security Administration at 1-800-772-1213 and request form SSA-7004-PC to get your own personal "Earnings and Benefits Estimate Statement."

Age You Will Begin Receiving Benefits - If you should choose to retire before you have reached your normal retirement age, your benefit from Social Security will be discounted! The discount depends on the year you were born and the year you plan to retire (if it is before your normal retirement age - NRA). Visit www.ssa.gov or call 1-800-772-1213 to find out what your discount will be.

To find your normal retirement age, use the tip button or the Normal Retirement Age table included in Appendix A. You can receive benefits as early as age 62; however, your benefit will be reduced. The software calculates this reduction for you if you choose to receive benefits at an earlier age.

Click on the Tip button to view your Normal Retirement Age based on your year of birth entered earlier. You can then enter the age you wish to begin receiving benefits. This age must be equal or higher than your retirement age, but not less than age 62.

Portion of Benefits Subject To Taxes - That's right! When it comes to receiving your Social Security benefits, you may be penalized if you have additional sources of income from age 62 (or the age at which you retire early) through the month before you reach normal retirement age. Once you reach normal retirement age, there will be no penalty for additional sources of income.

From age 62 through the end of the year before you reach normal retirement age, you will have \$1 deducted for every \$2 you earn over the annual limit. From January of the year you reach normal retirement age until the month before you reach NRA, you will have \$1 of every \$3 you earn over the annual limit deducted. The annual limit changes every year. Visit www.ssa.gov for more details. Note: This amount is not the tax rate. It is the portion of your benefit that will be taxed.

Click on the Tip button to view an estimate of this portion based on retirement income levels entered earlier. You can then enter your own estimate.

Cost of Living Adjustment - In order to help retirees keep up with inflation, Social Security benefits are increased each year. This increase has historically been tied to the inflation rate in the economy for the previous year. Click on the Tip button for a graph of past increases. You might want to also consider the inflation rate you entered on the Assumptions screen earlier in this module.

Spouse (if used) - Enter the same information as above for Estimated Amount of Annual Benefit and Age You Will Begin Receiving Benefits. Portion of Benefits Subject to Taxes and Cost of Living Adjustment should be the same for each of you, so no entry for Spouse is needed. Special Note: Under the current system, a spouse may receive the greater of his or her own benefit or 50% of your benefit. If your spouse's calculated benefit is less than 50% of yours, you might want to adjust your projection up.

Special Features:

Entry Info - Click on the Tip buttons for help projecting values.

Value of Payments at Retirement Age - This value is not the amount that is available at retirement. It is the value (at your retirement age) of all the monthly payments you may receive from your retirement age through your life expectancy. We calculate this value by taking your annual benefit and reduce it if taken prior to normal retirement age. We then present value the annual after-tax payments for the years from retirement until ultimate age using your rate of return during retirement as a discount factor. This lump sum is the total value at retirement.

Although you can't receive Social Security as a lump sum, this method allows you to compare your benefit to how much money you'll need for retirement.

If you want to check out how this works in detail, review the Planning for Retirement Detail Report which you will find on the last screen of this module.

IRA

What This Screen Is For:

Enter current balances and future contributions you plan to make to Individual Retirement Accounts (IRAs).

Info Needed:

Name of IRA - Enter a short name to identify each IRA.

Type of IRA - As of January 1, 1998, there are two types of IRAs to choose from. Here is a brief summary of the "rules":

Roth - This is a new type of IRA, which is also called a "Backloaded IRA." All contributions are after-tax, but all withdrawals (including earnings) are tax-exempt. Certain restrictions apply. You must make withdrawals after age 59 1/2 unless the money is for death, disability or first time home purchase. There are also limits on the amount you can make and still use them. (In 1998, these are \$95,000 if single, or \$150,000 if married.)

Traditional - Contributions are deductible if you have no other pre-tax savings, or non-deductible if you do. Earnings on both are tax-deferred until withdrawal after age 59 1/2. Income limitations are being gradually phased out through the year 2007.

Click on the type of IRA you are entering.

Age You Will Start Contributing - Enter the age you plan to begin making annual contributions. This age must be greater than your current age and at least one year less than your retirement age.

Age You Will Stop Contributing - Enter the age you plan to stop making annual contributions. This age must be one year greater than your start age and equal to or less than your retirement age.

Amount of Annual Contribution - Enter the annual dollar amount you plan to contribute to the IRA. Current tax laws limit these contributions. You are also not allowed to make pre-tax contributions if you have a pre-tax savings available through your employer. Click the Pre- or After-tax option based on the type of contribution you will make. (If this is a Roth IRA, these buttons do not appear since all contributions are after-tax.)

Total Current Balance - Enter the total current amount in the IRA. Use a recent statement to get this amount. Be sure to include any contributions or earnings to date not appearing on the statement.

After-tax Portion of Balance - If some of your contributions were from after-tax dollars, enter that amount (so that the program doesn't tax these again). You might need to contact the holder of your IRA for this amount.

Expected Rate of Return - Enter the rate of return you plan to get as you invest your IRA savings until retirement. You might want to take a look at the investing tutorial for help in selecting a rate of return. As a guide, 6%-8% would be a conservative rate of return, 8%-10% moderate, and 10%-12% would be an aggressive rate of return.

Special Features:

Rate of Return Info - Click on the Tip button to the right of the entry field for historical average rates of return for different types of investments.

Multiple IRAs - This is a multiple entry screen. When you first reach the screen, two buttons appear in the bottom right corner:

Add - after you have entered all of the info for the first IRA, click Add. The entry fields will clear and a list box will appear on the left with the name of the first IRA. You can now enter information on a new one.

Cancel - if during data entry you would like to clear all fields and start over, click the Cancel button.

After you have entered more than one IRA, two new entry boxes will appear:

Save - When you are done entering all your IRAs, you can click Save to store the final one. (The program will save it for you anyway if you leave the screen.)

Delete - If you would like to remove an IRA from the list, select it from the list by clicking on it and then click the delete button.

If you would like to review data you have entered for any of your IRAs, click on it in the list box and the details will appear in the entry fields. You can make changes and then click Save to store those changes.

Future Values - Wonder how we get to the future values that appear at the bottom of the screen? Here are the details:

Value At Retirement Age - This number is calculated using your current balance and future contributions, growing at your projected rate of return. The program assumes that contributions and interest occur at the end of each year. Taxes are taken out at retirement using the Average Tax During Retirement entered earlier on the Assumptions screen.

Value When Taxed as Withdrawn - This number is calculated using your current balance, and future contributions, growing at your projected rate of return. The program assumes that contributions and interest occur at the end of each year. This is the value of these savings assuming that funds are withdrawn when needed and then taxed. After-tax savings and annuities (yearly payments) like Social Security and Pensions are used first. Any remaining need is taken from the pre-tax accounts. Only pre-tax contributions and current balances are taxed. After-tax savings and annuities (yearly payments) like Social Security and Pensions are used first. Any remaining need is taken from the pre-tax accounts. To calculate this value, the after-tax value of withdrawals and any remaining balance are discounted using the Retirement Rate of Return entered earlier.

This value will change based on entries in other resources as different withdrawal amounts change in the pre-tax reports. If you want to check out how this works in detail, review the Plan for Retirement Detail Report (which you will find in the Reports module, or on the last screen of this module).

Annuities

What This Screen Is For:

Enter current balances and future contributions you plan to make to an annuity.

Info Needed:

Name of Annuity - Enter a short name to identify each annuity. Click the Life (paid out for your lifetime) or Term (paid out over a set number of years) option based on the type of annuity you have.

Age You Will Start Contributing - Enter the age you plan to begin making annual contributions. This age must be greater than or equal to your current age and at least one year less than your retirement age.

Age You Will Stop Contributing - Enter the age you plan to stop making annual contributions. This age must be one year greater than your start age and equal to or less than your retirement age.

Amount of Annual Contribution - Enter the annual dollar amount you plan to contribute to the annuity. Click the Pre- or After-tax option based on the type of contribution you will make.

Total Current Balance - Enter the total current amount in the annuity. Use a recent statement to get this amount. Be sure to include any contributions or earnings to date not appearing on the statement.

After-tax Portion of Balance - If some of your contributions were from after-tax dollars, enter that amount (so that the program doesn't tax these again). You might need to contact the holder of your annuity for this amount.

Expected Rate of Return - Enter the rate of return you plan to get as you invest your annuity contributions until retirement. You might want to take a look at the investing tutorial for help in selecting a rate of return. As a guide, 6%-8% would be a conservative rate of return, 8%-10% moderate, and 10%-12% would be an aggressive rate of return.

Annuity Return Yield - This is the rate of return specified in your contract to convert the value at retirement into an estimated annual payment. You may have an option for a Life Annuity (life expectancy) or Term (a specified number of years).

Special Features:

Rate of Return Info - Click on the Tip button to the right of the entry field for historical average rates of return for different types of investments.

Multiple Annuities - This is a multiple entry screen. When you first reach the screen, two buttons appear in the bottom right corner:

Add - after you have entered all of the info for the first annuity, click Add. The entry fields will clear and a list box will appear on the left with the name of the first annuity. You can now enter info on a new one.

Cancel - if during data entry you would like to clear all fields and start over, click the Cancel button.

After you have entered more than one annuity, two new entry boxes will appear:

Save - When you are done entering all your annuities, you can click save to store the final one. (The program will save it for you anyway if you leave the screen.)

Delete - If you would like to remove an annuity from the list, select it from the list by clicking on it and then click the delete button.

If you would like to review info you have entered for any of your annuities, click on it in the list box and the details will appear in the entry fields. You can make changes and then click Save to store those changes.

Future Values - Wonder how we get to the future values that appear? Here are the details:

Value at Retirement - This number is calculated using your current balance and future contributions, growing at your projected rate of return. The program assumes that contributions and interest occur at the end of each year. Taxes are taken out at your retirement age using the Average Tax During Retirement entered earlier on the Assumptions screen.

An annuity amount is then calculated using this total amount at retirement, the Annuity Return Yield and either retirement years or the term entered.

Value When Taxed as Withdrawn - This is the present value of these annuity payments using the retirement rate of return entered earlier. Taxes are taken out at distribution using the average tax rate during retirement. After-tax savings and yearly payments like Social Security and Pensions are used first. Any remaining need is taken from the pre-tax accounts. To calculate this value, the after-tax value of withdrawals and any remaining balance are discounted using the Retirement Rate of Return entered earlier.

This value will change based on entries in other resources as different withdrawal amounts change in the pre-tax reports. If you want to check out how this works in detail, review the Plan for Retirement Detail Report (which you will find in the Reports module, or on the last screen of this module).

Home Equity

What This Screen Is For:

Project the future value of proceeds from your current home or other real estate that you might have for use during retirement.

Info Needed:

Name of Home (Property) - Enter a short name to identify each property.

Current Value of Your Home - Enter the amount that your home or property is currently worth in today's dollars. If you haven't had an appraisal done recently, check the paper for recent sales in your area or contact a real estate broker for help.

Purchase Price (Cost Basis) - What we are really looking for here is the purchase price of your home plus any improvements you have made.

Rate of Home Appreciation - How much will the value of your house or property go up by each year? This number should be entered as an average annual percentage. Make a projection using past increases for your area. You might want to consider other factors that will affect the value of the property (like the international airport they're building next door). Use a real estate broker for more help in this area.

Age You Will Sell - Enter the age you plan to sell the home.

Mortgage Loan Balance at Sale - To calculate your future home equity, enter the amount you will still owe on the house or property at the age of sale, not now. Your lender can help you with this amount. You can also figure it out using the Debt Reduction module. You might also want to add broker costs (which the seller typically pays). These are usually 6% of the sales price.

Tax/Don't Tax - New tax laws provide for tax-free gains on the sale of primary residences. There are some restrictions. The rule exempts gains on the sale of a home if it has been occupied as a principal residence by the taxpayer two of the last five years, regardless of the taxpayer's age. The exemption limits are \$250,000 for singles and \$500,000 for married couples. If this applies to your property, click Don't Tax. Check with your tax consultant for more information.

Total Home Equity - Based on the information entered above, the program projects the equity you would have available to spend or invest for retirement. No entry needed here, move on.

Equity Used For Retirement - Of the total home equity projected above, how much do you plan to put towards your retirement? Before entering an amount, remember that you might need another place to live. If you plan to move in with the kids, or rent, you can put the whole amount towards retirement.

If you plan to buy another place to live, note that Total Home Equity is in future dollars. If your home has gone up in value, the homes around you have also gone up in cost. It might be easier to think in terms of home size or quality as compared to the home you sell. If you plan to buy half as good a house, enter the remaining half as value for retirement.

Return of Equity Investment - This entry field only appears if your Age to Sell is less than your retirement age. The program assumes that you will invest the proceeds until retirement somewhere. Enter the rate of return you plan to get as you invest your proceeds until retirement. You might want to take a look at the investing tutorial for help in selecting a rate of return. As a guide, 6%-8% would be a conservative rate of return, 8%-10% moderate, and 10%-12% would be an aggressive rate of return.

Special Features:

Rate of Return Info - Click on the info button to the right of the Return of Equity Investment entry field for historical average rates of return for different types of investments.

Multiple Properties - This is a multiple entry screen. When you first reach the screen, two buttons appear in the bottom right corner:

Add - after you have entered all of the info for the first property, click Add. The entry fields will clear and a list box will appear on the left with the name of the first property. You can now enter information on a new one.

Cancel - if during data entry you would like to clear all fields and start over, click the Cancel button.

After you have entered more than one property, two new entry boxes will appear:

Save - When you are done entering all your properties, you can click Save to store the final one. (The program will save it for you anyway if you leave the screen.)

Delete - If you would like to remove a property from the list, select it from the list by clicking on it and then click the delete button.

If you would like to review information you have entered for any of your properties, click on it in the list box and the details will appear in the entry fields. You can make changes and then click Save to store those changes.

Future Values - Wonder how we get to the future values that appear at the bottom of the screen? Here are the details:

Value at Retirement - Total home equity is the future value of the property growing at your appreciation rate entered, less remaining mortgage and taxes (unless "Don't tax" is checked)

using the average tax rate entered earlier. If the age to receive is different than retirement age, the balance will be discounted (if after retirement) using the rate of return during retirement entered earlier, or invested (if before retirement) using the return of equity investment entered here. Taxes are taken out at your retirement age using the Average Tax During Retirement entered earlier on the Assumptions screen.

An annuity amount is then calculated using this total amount at retirement, the Annuity Return Yield and either retirement years or the term entered.

Value When Taxed as Withdrawn - Total home equity is the future value of the property growing at your appreciation rate entered, less remaining mortgage and taxes (unless "Don't tax" is checked) using the average tax rate entered earlier. If the age to receive is different than retirement age, the balance will be discounted (if after retirement) using the rate of return during retirement entered earlier, or invested (if before retirement) using the return of equity investment entered here. Taxes are taken out at distribution using the average tax rate during retirement. After-tax savings and yearly payments like Social Security and Pensions are used first. Any remaining need is taken from the pre-tax accounts. To calculate this value, the after-tax value of withdrawals and any remaining balance are discounted using the Retirement Rate of Return entered earlier.

This value will change based on entries in other resources as different withdrawal amounts change in the pre-tax reports. If you want to check out how this works in detail, review the Plan for Retirement Detail Report (which you will find in the Reports module, or on the last screen of this module).

Part-time work

What This Screen Is For:

Project the future value of proceeds from part-time work that you might have for use during retirement.

Info Needed:

Name of Work - Enter a short name to identify the part-time work.

Age You Will Start This Work - Enter the age to begin this part-time work. This age must be between your retirement age and your life expectancy.

Age You Will Stop This Work - Enter the age you will stop doing this part-time work. This age must be between your start age plus one year and your life expectancy.

Annual Earnings - Enter the amount you plan to earn each year. Also indicate whether your projections are in pre-tax or after-tax amounts.

Cost of Living Increase - The value of the services you provide should, in most cases, increase with the cost of goods and services in the economy as a whole. Think about the inflation rate you entered earlier and enter an annual increase in the value of your work that makes sense.

Special Features:

Multiple Jobs - This is a multiple entry screen. When you first reach the screen, two buttons appear in the bottom right corner:

Add - after you have entered all of the info for the first part-time work, click Add. The entry fields will clear and a list box will appear on the left with the name of the first one. You can now enter information on a new one.

Cancel - if during data entry you would like to clear all fields and start over, click the Cancel button.

After you have entered more than one job, two new entry boxes will appear:

Save - When you are done entering all your jobs, you can click Save to store the final one. (The program will save it for you anyway if you leave the screen.)

Delete - If you would like to remove a job from the list, select it from the list by clicking on it and then click the delete button.

If you would like to review info you have entered for any of your jobs, click on it in the list box and the details will appear in the entry fields. You can make changes and then click Save to store those changes.

Future Values - Wonder how we get to the future values that appear at the bottom of the screen? Here are the details:

Value at Retirement Age - This number is calculated using your annual earnings, less any taxes (if before-tax option is checked) using the average tax rate during retirement, and discounts these earnings using the retirement rate of return entered on the Assumption screen. Annual earnings grow at the Cost of Living Increase rate and are assumed to be earned at the end of each year. Taxes are taken out at your retirement age using the Average Tax Rate During Retirement entered earlier on the Assumptions screen.

Total Value of Earnings at Retirement Age - The total value at your retirement age of all the payments you will receive from this resource during the course of your retirement. We calculate this value by taking your annual earnings and then present valuing this amount back to your retirement age using your rate of return during retirement as a discount factor. This lump sum is the total value of earnings at retirement age.

Although you won't receive all these earnings at once as a lump sum, this method allows you to compare your earnings to how much money you'll need for retirement.

If you want to check out how this works in detail, review the Planning for Retirement Detail Report which you will find on the last screen of this module.

Inheritances

What This Screen Is For:

Project the future value of proceeds from inheritances you plan to receive and use for retirement.

Info Needed:

Name of Inheritance - Enter a short name to identify each inheritance.

Amount of Inheritance - Enter the total amount you plan to receive on the date it becomes yours. You can either guess or ask them.

Age You Plan To Receive - This might be even tougher than guessing the amount. Not only is it unpleasant to think about, but also hard to project. You might want to enter a higher age to be safe. A financial plan that relies heavily on the death of someone else can cause problems.

Expected Rate of Return - This entry field only appears if your Age to Receive is less than your retirement age. Enter the rate of return you plan to get as you invest your proceeds until retirement. You might want to take a look at the investing tutorial (accessed from the main menu) for help in selecting a rate of return. As a guide, 6%-8% would be a conservative rate of return, 8%-10% moderate, and 10%-12% would be an aggressive rate of return.

Special Features:

Rate of Return Info - Click on the info button to the right of the Rate of Return entry field for historical average rates of return for different types of investments.

Multiple Inheritances - This is a multiple entry screen. When you first reach the screen, two buttons appear in the bottom right corner:

Add - after you have entered all of the info for the first inheritance, click Add. The entry fields will clear and a list box will appear on the left with the name of the first inheritance. You can now enter info on a new one.

Cancel - if during data entry you would like to clear all fields and start over, click the Cancel button.

After you have entered one inheritance, two new entry boxes will appear:

Save - When you are done entering all your inheritances, you can click Save to store the final one. (The program will save it for you anyway if you leave the screen.)

Delete - If you would like to remove an inheritance from the list, select it from the list by clicking on it and then click the delete button.

If you would like to review info you have entered for any of your inheritance, click on it in the list box and the details will appear in the entry fields. You can make changes and then click Save to store those changes.

Future Values - Wonder how we get to the future values that appear at the bottom of the screen? Here are the details:

Value at Retirement Age - If inheritance received prior to retirement, this number is calculated using the amount you plan to receive growing at your projected rate of return. The program assumes that contributions and interest occur at the end of each year. Earnings are taxed using the average tax rate before retirement entered earlier.

If received after retirement, the after-tax value is discounted back to retirement age using the Retirement Rate of Return entered earlier.

Total Value at Retirement Age - If you enter more than one inheritance, the Total Value simply represents the total of all inheritances as calculated above.

Other Investments

What This Screen Is For:

Project the future value of proceeds from any other resources that you might have for retirement. These would be anything you could not include in the previous screens.

Info Needed:

Name of Investment - Enter a short name to identify each investment.

Total Current Balance - Enter the total current balance of the investment in today's dollars.

After-Tax Portion of Balance - Enter the portion of your balance you have paid taxes on.

Age You Will Start Contributing - Enter the age you plan to begin making annual contributions. This age must be greater than your current age and one year less than your retirement age.

Age You Will Stop Contributing - Enter the age you plan to stop making annual contributions. This age must be one year greater than your start age and equal to or less than your retirement age.

Annual Contributions - Enter the annual dollar amount you plan to contribute to this investment. Click the Pre- or After-tax option based on the type of contribution you will make.

Rate of Return Until Retirement - Enter the rate of return you plan to earn on your investment until retirement. You might want to take a look at the investing tutorial for help in selecting a rate of return. As a guide, 6%-8% would be a conservative rate of return, 8%-10% moderate, and 10%-12% would be an aggressive rate of return.

Are These Earnings Tax-deferred - Do you pay taxes on your earnings each year, or are they deferred until you cash them out? Click Yes or No depending on the tax treatment for the earnings.

Special Features:

Rate of Return Info - Click on the info button to the right of the Rate of Return entry field for historical average rates of return for different types of investments.

Multiple Other Investments - This is a multiple entry screen. When you first reach the screen, two buttons appear in the bottom right corner:

Add - after you have entered all of the info for the first Other Investment, click Add. The entry fields will clear and a list box will appear on the left with the name of the first one. You can now enter info on a new one.

Cancel - if during data entry you would like to clear all fields and start over, click the Cancel button.

After you have entered an investment, two new entry boxes will appear:

Save - When you are done entering all your investments, you can click Save to store the final one. (The program will save it for you anyway if you leave the screen.)

Delete - If you would like to remove an investment, select it from the list by clicking on it and then click the delete button.

If you would like to review info you have entered for any of your Other Investments, click on it in the list box and the details will appear in the entry fields. You can make changes and then click Save to store those changes.

Future Values - Wonder how we get to the future values that appear at the bottom of the screen? Here are the details:

Value at Retirement Age - The total value at retirement age is calculated using your current balance, and future contributions, growing at your projected rate of return. The program assumes that contributions are after-tax, interest compounds pre-tax, and both occur at the end of each year. Taxes are taken using the Average Tax During Retirement entered earlier on the Assumptions screen.

Total Value When Taxed As Withdrawn - This value assumes that funds are withdrawn when needed and then taxed. After-tax savings and annuities (yearly payments) like Social Security and Pensions are used first. Any remaining need is taken from the pre-tax accounts. To calculate this value, the after-tax value of withdrawals and any remaining balance are discounted using the Retirement Rate of Return entered earlier.

This method means this value will change based on entries in other resources as different withdrawal amounts change in the pre-tax reports. If you want to check out how this works in detail, review the Plan for Retirement Detail Report which you will find on the last screen of this module.

Analysis

What This Screen Is For:

Compares your retirement needs to your resources and suggests changes you may want to try to make your plan work.

Info Needed:

None.

Special Features:

None.

Make it Work

What This Screen Is For:

Compare How Much Is Enough? to How Much Will I Have? and make changes to create a plan that works. The scale represents the concept of balanced living -- which means creating a plan that lets you enjoy today while securing tomorrow. This screen will help you find that balance.

Info Needed:

On this screen you will find a number which is either positive or negative. If the number is fairly small, you might feel comfortable with your plan and in that case, you're done. Click Next to print and view reports.

For most people, some changes in your projections might be needed in order to make your plan work. On the left side of the screen, you will find a selection box and some entry fields below it. These choices include some of the entries you have already made which you may want to adjust to help get your plan in balance. Based on your plan results, here are some options:

Needs Work - You have a shortfall

Pre-tax Savings Rate of Return - One of the easiest ways to increase your resources is to have your savings work harder. Review the investing tutorial and make sure your projected rates of return make sense for the time periods in which you are investing. **Stock Purchase Rate of Return** - Is your projected rate of return consistent with past company performance and company projections? Be careful though, as any single stock can be quite volatile.

Pre-tax and Stock Purchase Contributions - SAVE MORE! Are you taking full advantage of your company savings plans? Review the Budget My Money module to help you find those extra dollars to save for the future.

Retirement Income - SPEND LESS! Take a closer look at your retirement income needs. Remember that lots of things you spend money on today might be paid for -- like the house and kids. You also don't have to save for retirement any more.

Age At Retirement - You might need to work a little longer. Increasing your retirement age can make a big difference since you not only increase the years you work, but also decrease the years of retirement.

It Works - You have a surplus

Some people enjoy the comfort of having a surplus and make no changes. If your surplus is large though, you might not be enjoying today as much as you could. Remember that the goal is balanced living!

Retirement Income - SPEND MORE! Youth is wasted on the young. Maybe you can spend some more during retirement. Or if you prefer, leave something behind for your kids, grandkids, or favorite charity.

Age of Retirement - You might be able to start retirement sooner. Decreasing your retirement age can make a big difference since you not only decrease the years you work and save, but also increase the years of retirement.

Pre-tax Savings Rate of Return - You might want to be a little less aggressive on your investments. Keep your money working as hard as you are comfortable with.

Stock Purchase Rate of Return - You could build in a comfort factor in case company stock doesn't perform as expected (not because of you of course).

Pre-tax and Stock Purchase Contributions - Saving less might be an option. Could you be spending more to enjoy today?

The options above are the most common and easiest changes to make. Use Go To or repeat the module to look at some of the other changes you might make such as including a spouse, working part-time, using home equity or finding other investments.

You may be tempted to make your plan work by decreasing your life expectancy. This will work, but don't cheat and take the easy way out! Look at some more realistic ways to adjust your plan.

Special Features:

Pie Graph - Click on the graph button to view or print a pie graph and summary of resource values.

Summary

What This Screen Is For:

View a summary of projections and results for your Plan For Retirement. You can also print or view a complete detail report of your plan and a year by year Life Report.

Info Needed:

None.

Special Features:

Additional Reports- Click on the printer icon to view and print one of two reports:

Summary - This report shows all the detail entries you have made such as portfolio allocations and vary contributions. It is merely an expanded report of the one which you can view on the screen.

Detail- This much longer report will show you year by year the amounts earnings, contribution and spending based on your current plan. It is helpful for testing and getting comfortable with the calculations and results in LifeFocus.



Determine Net Worth

What You Have

What This Screen Is For:

In this screen you will enter, either in summary or detail, the dollar value of the things you have or own.

Info Needed:

What You Have - We have grouped the things you might have into the most commonly used categories. You can enter group totals on this screen, or if you prefer, you can click the button to enter a more detailed breakdown.

When putting the current value of what you have together, think about these things:

- 1. Include all items** - Do you have a baseball card collection you could sell or antiques in the attic.
- 2. Get real** - Value things based on what someone might pay you for them--not what you might think they are worth.
- 3. Is it all yours?** - If someone else has part ownership, only include your part. Also don't forget to include any amounts you owe on the next screen.

Special Features:

Summary Button - Click on the button to view a summary of amounts you entered in other modules including plan for specific goals and plan for retirement.

What You Owe

What This Screen Is For:

In this screen you will enter, either in summary or detail, current balances for the things you owe.

Info Needed:

What You Owe Categories - We have grouped the things you might owe into the most commonly used categories. You can enter group totals on this screen, or if you prefer, you can click the worksheet button to enter in detail.

When putting the current value of What You Owe together, think about these things:

1. Include all items - Do you have student loans, 90 days same as cash or family debt. Have you borrowed from your 401(k)?

2. Use Total Current Balances- Include any interest that might have accrued to date or purchases that don't appear on statements.

Special Features:

Summary Button - Click on the \$ button to view a summary of amounts you entered in other modules such as Reduce Debt.

Your Net Worth

What This Screen Is For:

You can view or print a summary or detailed net worth statement.

Info Needed:

None.

Special Features:

Print - Click on the print button for a hard copy to include with your complete financial plan.



Protect Your Plan

Overview

What This Screen Is For:

You can learn about the three ways to protect your plan.

Info Needed:

None.

Special Features:

Click on the blue text to the right of the three parts to learn more about each one.

Insurance

What This Screen Is For:

You can go to info screens where you will learn about the issues and choices you have and two types of insurance: Disability and Life. These can help you protect your greatest asset--You!

Info Needed:

None.

Special Features:

Click on the blue text to learn more about each topic.

Wills

What This Screen Is For:

You can learn about the issues and choices you have in creating a Will.

Info Needed:

None.

Special Features:

None.

Trusts

What This Screen Is For:

You can learn about ways to reduce taxes on your estate by creating trusts.

Info Needed:

None.

Special Features:

Click on the blue text to learn more about types of trusts.

Summary

What This Screen Is For:

You can enter descriptions and locations for documents that Protect Your Plan.

Info Needed:

Enter info requested so that your loved ones can quickly find the things you have created to Protect Your Plan.

Special Features:

None.