

# TOTAL Planning Suite

Easy Money  
Power Planner



VS

Golden Years  
Cash Flow



Comparing TOTAL Planning Suite's  
financial planning report modules

Overview:

# Easy Money and Golden Years

EASY MONEY

VS

GOLDEN YEARS

Easy Money and Golden Years both provide retirement planning, but use different planning methods and underlying assumptions. Which method to use is determined by the clients' need and planning objective of the client.

## Easy Money



### Overview

- Easy Money provides a comprehensive needs analysis including retirement, insurance, education funding, and estate planning.
- Easy Money uses a conservative goal-based planning method.

## Golden Years



### Overview

- Golden Years provides a focused, highly detailed cash flow analysis to carefully evaluate the impact cash flow shortages and surpluses have on the clients' assets overtime.
- Golden Years uses an optimized cash-flow planning method.

Designed Using Different:

# Underlying Assumptions

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This tutorial will cover six key underlying assumptions for Easy Money and Golden Years.

## Key Assumptions

1. Goal-based (goal-solving)
2. Best for clients in accumulation phase
3. Worst case assumptions
4. Taxes are computed the first year, estimated using the clients marginal tax rate thereafter
5. Focused on clients ability to reach goals and provide solutions
6. Comprehensive planning including retirement, education, and insurance

## Key Assumptions

1. Cash flow based (detailed projection)
2. Best for clients in or near retirement
3. Optimized assumptions
4. Taxes computed every year using full IRS tax calculations including indexing, phase-out's, AMT, etc.
5. Focused on income, expenses including taxes, and assets
6. Detailed retirement, tax and distribution planning

## Assumption 1: Planning Style

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# Goal-Based vs Cash Flow Planning

### Goal-Based Style

- Goal-based planning is designed to identify certain goals, and then determine if what the clients are doing now will allow them to fulfill their goals.
- The projection looks at the client's goals (retirement, survivor, education, etc.), and if a deficiency is determined, the program will provide solutions to help the clients reach their goals.

### Cash Flow Style

- Cash flow planning is designed to measure all cash inflows and outflows, and then integrate these items with the clients' assets and includes a careful analysis of the income tax burden each year.
- The projection illustrates the impact that any surpluses or shortages might have on the clients ability of their assets to last through life expectancy.

## Assumption 2: Financial Life Cycle Phase

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# Accumulation vs Retirement Phase

### Accumulation Phase

- Designed to be used for clients in the accumulation phase, where there is still time to change the habits of saving and investing in order to make up for potential shortages.
- Includes disability and life insurance needs calculations important for accumulation phase clients as they in the process of building assets and are less likely to have a adequate capital to protect for a death occurring now or in the future.

### Retirement Phase

- Designed for clients who are retired or nearly so. It assumes the client does not have substantial time to accumulate additional capital. Golden Years is intended for clients living out their largest goal of retirement and is focused income, expenses, assets and taxes, in a very detailed and accurate projection.

# Worst Case vs Optimized Approach

### Worst Case

- Before retirement, the only deposits are the amounts scheduled as additions to assets. Any surplus cash flow is ignored (exceptions apply.)
- The projection is determining if what they are doing now will accumulate enough money to reach their goals.
- This approach is intended to reflect what might happen in retirement if the clients continue saving at the current level.
- Conservative tax assumptions – see details on income taxes (assumption 4.)

### Optimized

- Each year, beginning immediately, any surplus of spendable income is automatically invested.
- The projection is accounting for all income sources and expenses in detail each year.
- This approach is intended to illustrate the impact that shortages and surpluses might have on the ability of the clients' assets to last through life expectancy.
- Optimized tax assumptions – see details on income taxes (assumption 4.)

## Assumption 4: Income Taxes

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# Estimated vs Calculated Taxes

### Annual Estimated Taxes

- Current year – income tax is computed using full IRS tax rates, phase-outs, AMT, etc.
- After first year - the clients current marginal rate is applied to taxable income unless an optional rate for ordinary items and for equity accounts is provided.
- The portfolio is assumed to be turned over each year, meaning the full account earnings are taxed immediately and the after tax return is reinvested.

### Annual Calculated Taxes

- A complete tax calculation yearly.
- Income sources are measured and taxed separately - earned income, self employment, interest, dividends, capital gains, other sources.
- Indexing is included - marginal tax brackets, exemptions, standard deductions, allowable IRA contributions, etc.
- Phase-outs are considered for deductions, exemptions, etc.
- Includes AMT, Medicare surtax, stock options treatment and more.

## Assumption 5: Planning Focus

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# Goal Solving vs Detailed Analysis

### Focused on Solving Future Goals

- Reviews the clients' goals and objectives, assets available and estimates of how long the clients' funds might last based on various assumptions.
- Goals included for the analysis are retirement, education, insurance and single year "other" financial goals.
- Solutions will be provided in the case of shortfalls for the goals of retirement, insurance, education, and other goals.

### Focused on Income, Expenses and Assets

- Analyzes all cash income sources, expenses, and liabilities.
- Details the clients' existing assets, changes due to additions or withdrawals, rate of return.
- The result is an illustration of the amount of capital available at any time, the amount of funds used for the clients' retirement and how long the funds last.

## Assumption 6: Planning Scope

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# Comprehensive vs Focused

### Comprehensive Scope – Future Goals of Retirement, Insurance, Education, and Estate Preservation

- Current Year Cash Flow Analysis
- Current Year Income Tax Analysis
- Current Year Net Worth Statement
- Retirement Needs Analysis
- Monte Carlo Analysis
- Annual Insurance Needs Analysis
- Education Needs Analysis
- Annual Estate Analysis
- Appendix Section:
  - Supporting expense, income, asset and liability projections

### Focused Scope – Income, Expense, and Assets (with estate projections and basic education funding)

- Annual Cash Flow Analysis
- Annual Income Tax Analysis
- Annual Net Worth Statement
- Annual Expense Projection
- Annual Income Projection
- Annual Asset Projection
- Liability Projection
- Retirement Needs Analysis
- Monte Carlo Analysis
- Basic Education Needs Analysis
- Annual Estate Analysis

Summary:

# Easy Money and Golden Years

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## Summary

- Easy Money is one of the original financial planning programs and uses traditional planning methods.
- The basic objective is to figure out how much money the client will need to retire, and if they are saving enough to meet that goal.
- This style of planning can work well for younger clients, when the advisor wants to have the system calculate several shortage solutions, and/or when the advisor needs to include a life insurance analysis as part of the clients planning.

## Summary

- When planning for those who have less human capital to invest, it becomes important to accurately track all cash flows, so they can be effectively managed to allow a financially successful retirement.
- Cash Flow planning is typically most appropriate for clients in or near retirement.
- The detail and accuracy of Golden Years has made this an increasingly popular choice when working with very detail oriented clients, regardless of their age.