

ICE Financial Planning

The financial planning module in the ICE application will allow you to efficiently determine goal-based portfolio vitality.

Settings:

Begin your financial plan analysis by reviewing settings. Check management fee, tax, dividends and capital gain application. Make sure that the client's date of birth, current age and date to begin analysis are all correct.

The portfolio value, Rate of Return(ROR), Income Tax, Capital Gains Tax and Turnover Rate are all derived from the portfolio builder.

The screenshot displays the 'Financial Planning & Analysis' window in Microsoft Internet Explorer. The interface is divided into several sections:

- Inputs:** At the top, there are fields for 'At what age will your primary objective begin?' (50), 'Number of years to complete objective?' (1), and 'How much will you need to withdraw each year to meet this objective?' (\$0.00). There are also dropdowns for 'Pre-tax, start inflation' (Today) and 'inflation rate' (0.00%).
- Goals Table:** A table with columns: Goal Description, Type, Amount, Start Inflation, Inflation Rate, Frequency, Begin Date, End Date, Number of Times. It is currently empty.
- Settings (highlighted in a red box):**
 - Apply Mngmt Fees
 - Apply Taxes
 - Reinvest Cap Gains
 - Reinvest Dividends
 - Date of Birth: 03/25/1952
 - Current Age: 50
 - Date to begin Analysis: 12/2002
 - Age to begin analysis: 50
 - Portfolio Value: \$500,000.00
 - Portfolio ROR: 5.99%
 - Income Tax: 0.00%
 - Capital Gains Tax: 27.20%
 - Turnover Ratio: 100.00%
- Financial Analysis:**
 - Analysis Results:**
 - End Portfolio Value: \$507,261.69
 - Portfolio Value at Objective: \$0.00
 - Portfolio Value Required for Objective: \$0.00
 - Portfolio Income Needed for Objective: \$0.00
 - Total Annual Portfolio Income: \$6.33
 - Net Income Shortfall (-)/Surplus (+): \$6.33
 - Contributions/(Withdrawals) required for Shortfall/Surplus Correction:**
 - Max Objective Withdrawal Available: \$6.33
 - Lump-sum: \$-500,000.00
 - OR Monthly Payments: \$-6.33
 - OR Annual Payments: \$-6.33
 - Minimum ROR required: 0.00%

At the bottom, there are buttons for 'CALCULATE', 'Show Cash Flow Report', 'Monte Carlo Simulation', and 'Close'.

Main Goal:

Your client's main portfolio goal should be entered at the top of the Financial Planning Screen. Whether your client wants \$1,000,000 when he turns 65, \$50,000 a year through mortality or even \$15,000 a year for 5 years to send his daughter to college, the main goal goes here. Monte Carlo simulation relates all probability to this entry.

Main Goal Entries:

First enter your client's age when the goal starts.

The second entry will be the difference between your client's age when his goal starts to it when it ends (ie. Die when 90 - Retire when 60 = 30 years). Enter the dollar amount that your client wants to withdraw per year for this main goal. Determine its inflation rate and place in the appropriate cell.

At what age will your primary objective begin? Number of years to complete objective? (i.e. years in colleges, years in retirements, one-time goal=1)

How much will you need to withdraw each year to meet this objective? (Pre-tax, start inflation with inflation rate)

Note: A reasonable estimate is approximately 80% of your current (after tax) income.
Note: A reasonable estimate is approximately 80% of your current (after tax) income.

For detailed contributions and withdrawals including withdrawals from Roth IRAs and 401k plans, use the Cash Flow options:

Goal Description	Type	Amount	Start Inflation	Inflation Rate	Frequency	Begin Date	End Date	Number of Times
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How much do you want to leave to heirs, charity, etc.?

Settings

<input type="checkbox"/> Apply Mngmt Fees	Date of Birth:	<input type="text" value="03/25/1952"/>
<input checked="" type="checkbox"/> Apply Taxes	Current Age:	<input type="text" value="50"/>
<input checked="" type="checkbox"/> Reinvest Cap Gains	Date to begin Analysis:	<input type="text" value="12/2002"/>
<input checked="" type="checkbox"/> Reinvest Dividends	Age to begin analysis:	<input type="text" value="50"/>
	Portfolio Value:	<input type="text" value="\$500,000.00"/>
	Portfolio ROR:	<input type="text" value="5.99%"/>
	Income Tax:	<input type="text" value="0.00%"/>
	Capital Gains Tax:	<input type="text" value="27.20%"/>
	Turnover Ratio:	<input type="text" value="100.00%"/>

Financial Analysis

Analysis Results

End Portfolio Value:	\$507,261.69
Portfolio Value at Objective:	\$0.00
Portfolio Value Required for Objective:	\$0.00
Portfolio Income Needed for Objective:	\$0.00
Total Annual Portfolio Income:	\$6.33
Net Income Shortfall (-)/Surplus (+):	\$6.33

Contributions(-)/Withdrawals(+) required for Shortfall/Surplus Correction

Max Objective Withdrawal Available:	\$6.33	<input checked="" type="checkbox"/>
Lump-sum	\$-500,000.00	<input checked="" type="checkbox"/>
OR Monthly Payments	\$-6.33	<input checked="" type="checkbox"/>
OR Annual Payments	\$-6.33	<input checked="" type="checkbox"/>
Minimum ROR required:	0.00%	<input checked="" type="checkbox"/>

Additional Goals:

You will add additional goals by clicking on Create Additional Goals. This is used to show both contributions and withdrawals. You may treat the inflation and frequency of any or all of the new goals differently.

At what age will your primary objective begin? Number of years to complete objective? (i.e. years in college=4, years in retirement=20, one-time goal=1)

How much will you need to withdraw each year to meet this objective? (Pre-tax, start inflation: Today with 3.00% inflation rate)

Note: A reasonable estimate is approximately 50% of your current (after tax) income.
Note: If you have more than one portfolio to achieve this objective, the amount of income required for each portfolio should be proportional to the amount of income for each.

For detailed contributions and withdrawals including withdrawals from Roth IRAs and 401k plans, use the Cash Flow options. [Create Additional Goals](#)

Goal Description	Type	Amount	Start Inflation	Inflation Rate	Frequency	Begin Date	End Date	Number of Times
Monthly Funding	Contribution	\$500	Today	0.00%	Monthly	02/2003	02/2013	121
Social Security	Contribution	\$2,500	Today	0.00%	Monthly	02/2015	02/2043	337

How much do you want to leave to heirs, charity, etc.?

Settings

Apply Mgmt Fees Date of Birth:

Apply Taxes Current Age:

Reinvest Cap Gains Date to begin Analysis:

Reinvest Dividends Age to begin analysis:

Portfolio Value:

Portfolio ROR:

Income Tax:

Capital Gains Tax:

Turnover Ratio:

Financial Analysis

Analysis Results

End Portfolio Value: \$507,261.69

Portfolio Value at Objective: \$0.00

Portfolio Value Required for Objective: \$0.00

Portfolio Income Needed for Objective: \$0.00

Total Annual Portfolio Income: \$6.33

Net Income Shortfall (-)/Surplus (+): \$6.33

Contributions/(Withdrawals) required for Shortfall/Surplus Correction

Max Objective Withdrawal Available: \$6.33

Lump-sum: \$-500,000.00

OR Monthly Payments: \$-6.33

OR Annual Payments: \$-6.33

Minimum ROR required: 0.00%

CALCULATE Show Cash Flow Report Monte Carlo Simulation Close

Leaving Money to Heirs:

Enter the \$ value that your client would like to leave to heirs in the appropriate cell.

At what age will your primary objective begin? Number of years to complete objective? (i.e. years in college=4, years in retirement=20, one-time goal=1)

How much will you need to withdraw each year to meet this objective? (Pre-tax, start inflation: Today with 3.00% inflation rate)

Note: A reasonable estimate is approximately 50% of your current (after tax) income.
Note: If you have more than one portfolio to achieve this objective, the amount of income required for each portfolio should be proportional to the amount of principal for each.

For detailed contributions and withdrawals including withdrawals from Roth IRAs and 401k plans, use the Cash Flow options. [Create Additional Goals](#)

Goal Description	Type	Amount	Start Inflation	Inflation Rate	Frequency	Begin Date	End Date	Number of Times
Monthly Funding	Contribution	\$500	Today	0.00%	Monthly	02/2003	02/2013	121
Social Security	Contribution	\$2,500	Today	0.00%	Monthly	02/2015	02/2043	337

How much do you want to leave to heirs, charity, etc.?

Settings

Apply Mgmt Fees Date of Birth:

Apply Taxes Current Age:

Reinvest Cap Gains Date to begin Analysis:

Reinvest Dividends Age to begin analysis:

Portfolio Value:

Portfolio ROR:

Income Tax:

Capital Gains Tax:

Turnover Ratio:

Financial Analysis

Analysis Results

End Portfolio Value: \$507,261.69

Portfolio Value at Objective: \$0.00

Portfolio Value Required for Objective: \$0.00

Portfolio Income Needed for Objective: \$0.00

Total Annual Portfolio Income: \$6.33

Net Income Shortfall (-)/Surplus (+): \$6.33

Contributions/(Withdrawals) required for Shortfall/Surplus Correction

Max Objective Withdrawal Available: \$6.33

Lump-sum: \$-500,000.00

OR Monthly Payments: \$-6.33

OR Annual Payments: \$-6.33

Minimum ROR required: 0.00%

CALCULATE Show Cash Flow Report Monte Carlo Simulation Close

Now you're ready to press Calculate.

Advisory World | Financial Planning & Analysis - Microsoft Internet Explorer

At what age will your primary objective begin? Number of years to complete objective? (i.e. years in colleges, years in retirements, 20; one-time goal=1)

How much will you need to withdraw each year to meet this objective? (Pre-tax, start inflation with inflation rate)

Note: A reasonable estimate is approximately 80% of your current (after tax) income.
Note: If you have more than one portfolio to achieve this objective, then the amount of income required for each portfolio should be proportional to the amount of principal for each.

For detailed contributions and withdrawals including withdrawals from Roth IRAs and 401k plans, use the Cash Flow options:

Goal Description	Type	Amount	Start Inflation	Inflation Rate	Frequency	Begin Date	End Date	Number of Times
Monthly Funding	Contribution	\$500	Today	0.00%	Monthly	02/2003	02/2013	121
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How much do you want to leave to heirs, charity, etc.?

Settings

Apply Mgmt Fees Date of Birth:

Apply Taxes Current Age:

Reinvest Cap Gains Date to begin Analysis:

Reinvest Dividends Age to begin analysis:

Portfolio Value:

Portfolio ROR:

Income Tax:

Capital Gains Tax:

Turnover Ratio:

Financial Analysis

Analysis Results

End Portfolio Value:

Portfolio Value at Objective:

Portfolio Value Required for Objective:

Portfolio Income Needed for Objective:

Total Annual Portfolio Income:

Net Income Shortfall (-)/Surplus (+):

Contributions*(Withdrawals) required for Shortfall/Surplus Correction

Max Objective Withdrawal Available:

Lump-sum:

OR Monthly Payments:

OR Annual Payments:

Minimum ROR required:

Analysis Results:

End Portfolio Value=the future portfolio value at the end of your clients Main Goal period based on all cash inflows and outflows.

Portfolio Value at Objective= the future portfolio value at the beginning of your clients Main Goal period based on all cash inflows and outflows.

Portfolio Value Required for Objective= the future portfolio value needed to achieve Main Goal at the beginning of your clients Main Goal period based on all cash inflows and outflows.

Portfolio Income Needed for Objective=Average annual portfolio income (in today's dollar figures) needed to achieve Main Goal based on contributions and withdrawals and a constant ROR.

Total Annual Portfolio Income=Average annual portfolio income based on contributions and withdrawals and a constant ROR.

Net Income Shortfall(-)Surplus(+)=Difference between Total Annual Portfolio Income and Portfolio Income Needed for objective.

Advisory World | Financial Planning & Analysis - Microsoft Internet Explorer

At what age will your primary objective begin? Number of years to complete objective? (i.e. years in college=4, years in retirement=20, one-time goal=1)

How much will you need to withdraw each year to meet this objective? (Pre-tax, start inflation) with inflation rate

Note: A reasonable estimate is approximately 80% of your current (after tax) income.
Note: If you have more than one portfolio to achieve this objective, then the amount of income required for each portfolio should be proportional to the amount of principal for each.

For detailed contributions and withdrawals including withdrawals from Roth IRAs and 401k plans, use the Cash Flow options:

Goal Description	Type	Amount	Start Inflation	Inflation Rate	Frequency	Begin Date	End Date	Number of Times
Monthly Funding	Contribution	\$500	Today	0.00%	Monthly	02/2003	02/2013	121
Social Security	Contribution	\$2,500	Today	0.00%	Monthly	02/2015	02/2043	337

How much do you want to leave to heirs, charity, etc.?

Financial Analysis

Analysis Results

End Portfolio Value:	\$-367,754.66
Portfolio Value at Objective:	\$931,790.18
Portfolio Value Required for Objective:	\$993,575.53
Portfolio Income Needed for Objective:	\$65,722.54
Total Annual Portfolio Income:	\$62,706.79
Net Income Shortfall (-) Surplus (+):	\$-3,015.75

Contributions/(Withdrawals) required for Shortfall/Surplus Correction:
Max Objective Withdrawal Available: \$47,705.70
Lump-sum: \$35,940.38
OR Monthly Payments: \$417.74
OR Annual Payments: \$4,605.50
Minimum ROR required: 6.32%

Corrections:

If your client's portfolio does not meet his financial goals, several corrections are offered. All of these corrections can be applied by simply clicking on the check mark next to the dollar amount. Applying any of these corrections will make the calculation zero out accordingly. The button to the right of the Minimum ROR required will pull up the efficient frontier.

Max Objective Withdrawal Available=The highest dollar amount available to the Main Goal based on current portfolio ROR and contributions/withdrawals.

Lump-sum=Portfolio dollar infusion to be made today in order to achieve the Main Goal based on current portfolio ROR and contributions/withdrawals.

Monthly Payments=Portfolio dollar infusion to be made every month in addition to current contributions/withdrawals in order to achieve the Main Goal based on current portfolio ROR.

Annual Payments= Portfolio dollar infusion to be made every year in addition to current contributions/withdrawals in order to achieve the Main Goal based on current portfolio ROR.

Minimum ROR= Average annual Rate of Return necessary to achieve the Main Goal based on current portfolio ROR and contributions/withdrawals.

The screenshot shows the 'Financial Planning B. Analysis' software interface. At the top, there are input fields for 'At what age will your primary objective begin?' (60) and 'Number of years to complete objective?' (30). Below this, a table lists goals with columns for Goal Description, Type, Amount, Start Inflation, Inflation Rate, Frequency, Begin Date, End Date, and Number of Times. The table contains two rows: 'Monthly Funding' (Contribution, \$500, Today, 0.00%, Monthly, 02/2003, 02/2013, 121) and 'Social Security' (Contribution, \$2,500, Today, 0.00%, Monthly, 02/2015, 02/2043, 337). Below the table, there are settings for 'Apply Mgmt Fees', 'Apply Taxes', 'Reinvest Cap Gains', and 'Reinvest Dividends'. The 'Analysis Results' section shows: End Portfolio Value: \$-367,754.66; Portfolio Value at Objective: \$931,790.18; Portfolio Value Required for Objective: \$993,575.53; Portfolio Income Needed for Objective: \$65,722.54; Total Annual Portfolio Income: \$62,706.79; and Minimum ROR required: 6.33%. A red box highlights the 'Contributions/Withdrawals' required for Shortfall/Excess Correction, listing: Max Objective Withdrawal Available: \$47,765.70; Lump-sum: \$35,940.38; OR Monthly Payments: \$417.74; OR Annual Payments: \$4,605.50; and Minimum ROR required: 6.33%.

Goal Description	Type	Amount	Start Inflation	Inflation Rate	Frequency	Begin Date	End Date	Number of Times
Monthly Funding	Contribution	\$500	Today	0.00%	Monthly	02/2003	02/2013	121
Social Security	Contribution	\$2,500	Today	0.00%	Monthly	02/2015	02/2043	337

Analysis Results

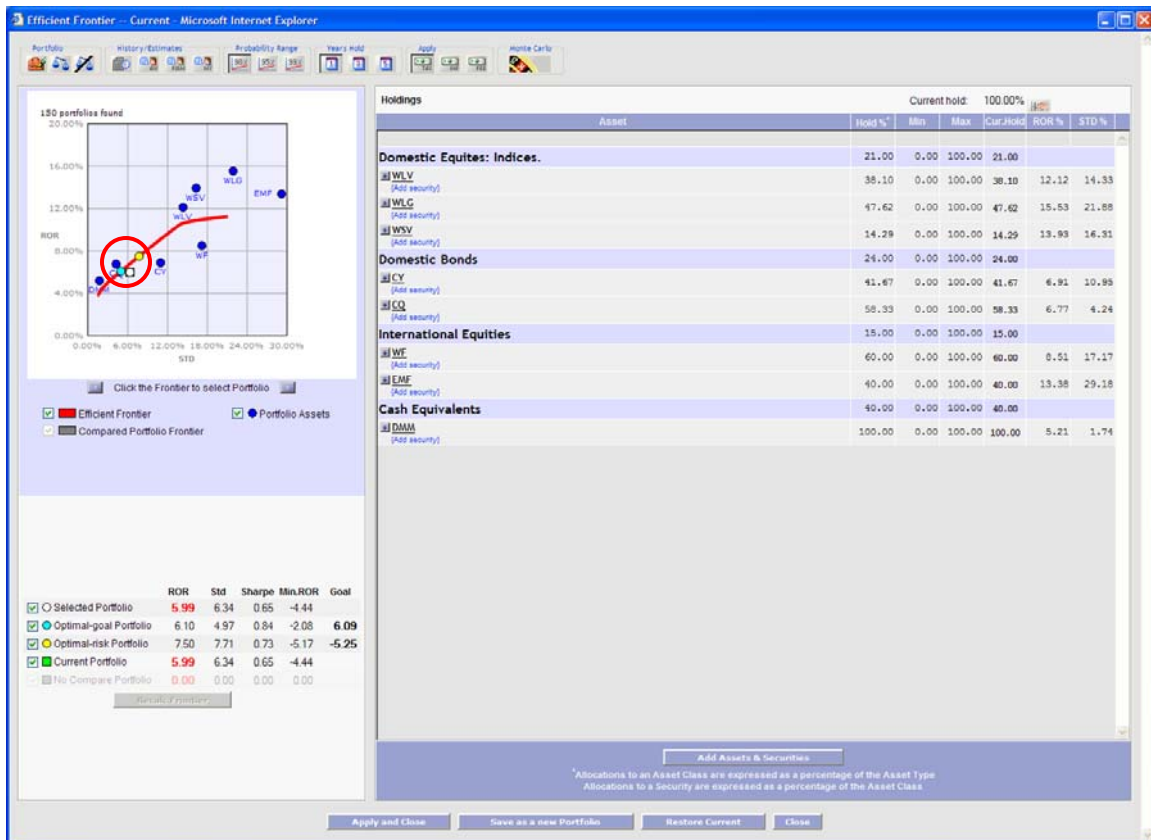
End Portfolio Value:	\$-367,754.66
Portfolio Value at Objective:	\$931,790.18
Portfolio Value Required for Objective:	\$993,575.53
Portfolio Income Needed for Objective:	\$65,722.54
Total Annual Portfolio Income:	\$62,706.79
Minimum ROR required:	6.33%

Contributions/Withdrawals required for Shortfall/Excess Correction

Max Objective Withdrawal Available:	\$47,765.70
Lump-sum:	\$35,940.38
OR Monthly Payments:	\$417.74
OR Annual Payments:	\$4,605.50
Minimum ROR required:	6.33%

I pressed the button next to the Minimum ROR requires. Now what?

The efficient frontier plots several optimal portfolios based on maximizing return while minimizing risk. The light blue dot on the curve is the Optimal Goal portfolio. This portfolio mix (you can see the mix by clicking on the dot) has historically met the Average annual Rate of Return necessary to achieve the Main Goal based on current portfolio ROR and contributions/withdrawals.



Check our website or drop us a line for more information on financial planning, optimization or Monte Carlo Simulation.

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