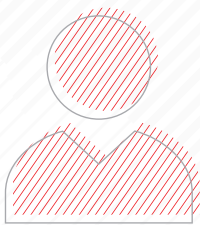# Leveraging Goal Bridge to Create Goal-Based Investment Plans in Morningstar Office Web
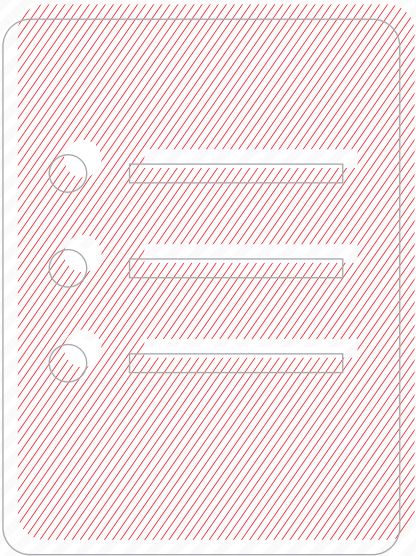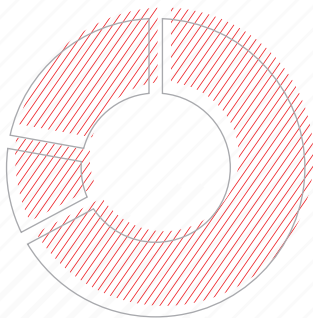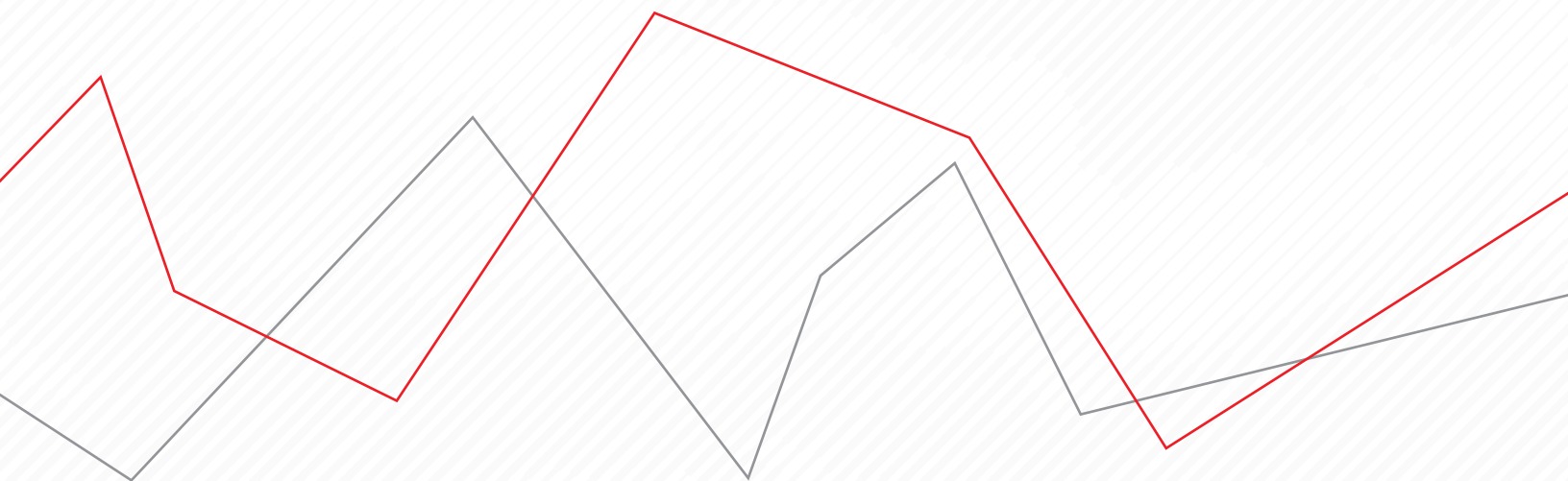
Exercise Guide

MORNINGSTAR Office

MORNINGSTAR

Contents

Leveraging Goal Bridge to Create Goal-Based Investment Plans in Morningstar Office Web

Overview

Welcome to Morningstar Goal Bridge, a planning and investment proposal tool designed to combine goal setting and investment planning into a single workflow. In this exercise manual, you will create a Goal Plan for prospects Chris and Nicole Haba. The following topics are covered:

MORNINGSTAR

Learning about Your Prospects

Meet Chris and Nicole Haba. You've learned a lot about them over the course of a few virtual meetings. They are a recently married couple. They love to travel, and they have family scattered across the globe. This is both of their second marriage. Nicole has two grown children from her first marriage.

Overview

So far, your working relationship is going well. Using Morningstar Office Web, you've shown the value you can provide helping them build a portfolio aligned with their investment objectives.

Today, you and the Habas are meeting virtually once again to discuss their goals. Using Morningstar Goal Bridge, you and the Habas will work together to create a goal-based investment plan.

Chris and Nicole Haba

Before you begin creating the Habas's investment plan, review the **Exploring Benefits and features of Morningstar Goal Bridge** section of the Goal Bridge user manual.

As you move through the plan, be sure to refer back to the user manual to review guidance on the different steps of the goal plan.

Establishing the Habas in Morningstar Office Web

Before creating a Goal Plan, you must first establish the Habas within Morningstar Office Web. Data within the prospect and account profiles automatically push into Goal Plan. So, be sure to enter as much information in this initial step as possible.

Overview

In this section, complete the following exercises:

- ▶ Create a prospect record (Exercise 1 on page 6)
- ▶ Add a member (Exercise 2 on page 8)
- ▶ Import a quick account, and (Exercise 3 on page 10)
- ▶ Create a model portfolio. (Exercise 4 on page 12)

To begin, create a prospect record for the Habas. The demographic data entered here autopopulates the Profile step of the goal plan. In addition to the required fields noted with a red asterisk, be sure to enter the following fields:

Exercise 1: Create a prospect record

- ▶ Date of Birth
- ▶ Desired Retirement Age, and
- ▶ State of Residence/

    ☞   Note: If you already created a prospect record for the Habas, please edit the prospect profile. **Hover the cursor** over the **Haba** record, then click **Actions** > **Prospect** > **Edit Prospect Profile/Settings**. Then use the table in step 2 to update the prospect record.

To create a prospect record, do the following:

1. In the header, click the **Create** icon, then select **Prospect**. The Create Prospect window opens.
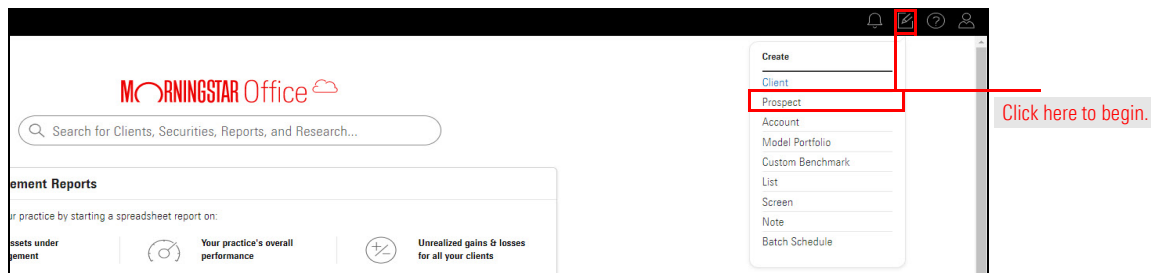
2. In the Create Prospect box, fill out the following **fields**:

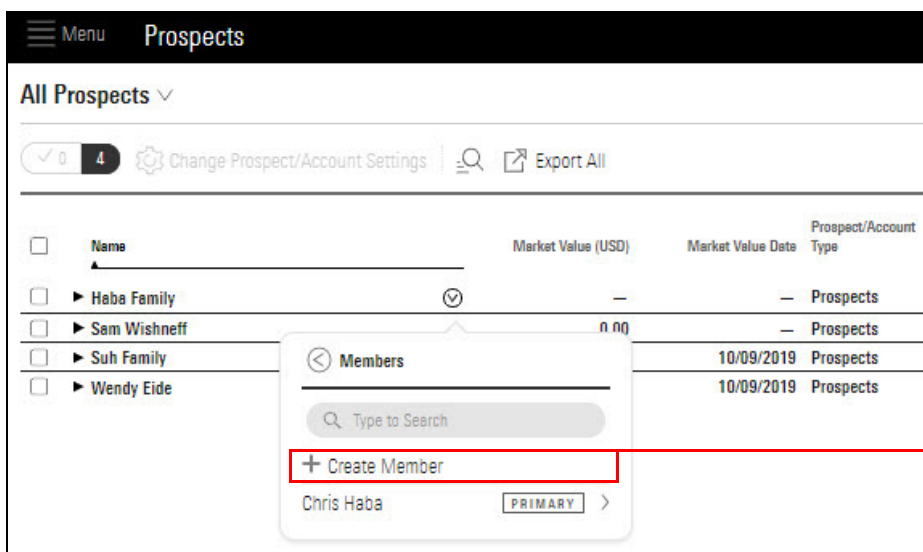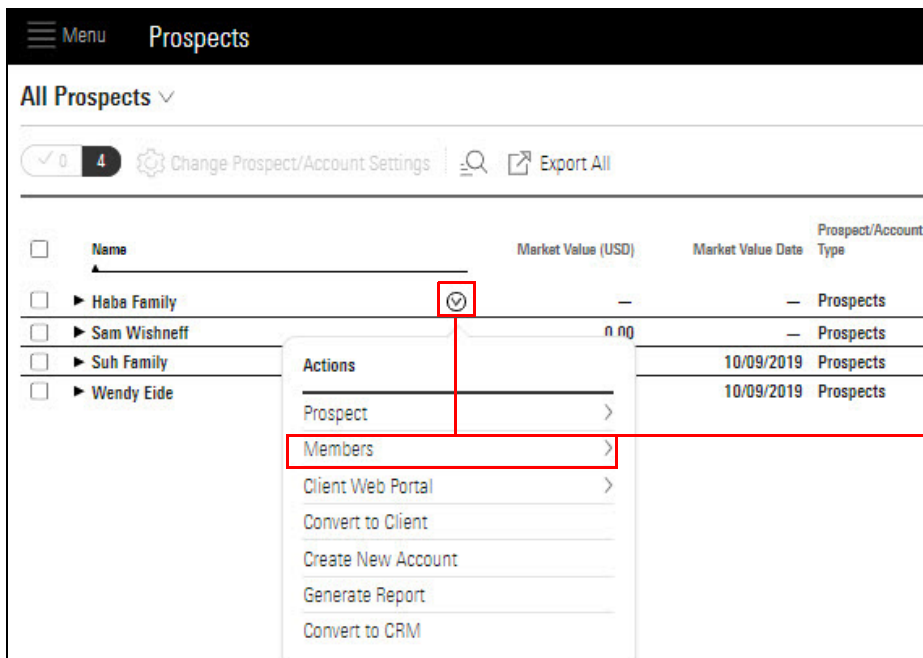| In this field …	Enter this data …
Prospect Name	Haba Family
First Name	Chris
Last Name	Haba
Date of Birth	10/12/1972
Desired Retirement Age	65
State of Residence	TX

3. Click **Create**. The Create Prospect window closes.

To include Nicole in the plan, she must be added as a member of the prospect record.

☞   Note: If you already added Nicole as a member of the Habas Family record, please edit the member profile. Hover the cursor over the Haba record, then click **Actions** > **Member** > **Nicole Haba** > **Edit Profile**. Then use the table in step 2 to update the member record.

Exercise 2: Add Nicole to the Haba Family record

Do the following:

1. **Hover the cursor** over the **Haba Family** row, click the **Action** icon, then select **Members** > **Create Member**. The Create Member window opens.

2. In the Edit Member box, fill out the following **fields**:

| In this field …	Enter this data …
First Name	Nicole
Last Name	Haba
Date of Birth	10/24/1975
Desired Retirement Age	62
State of Residence	TX
Relationship	Spouse

3. Click **Create**.

Prior to today's meeting, the Habas provided you with a current account statement. In this exercise, use the import tool to create a quick account based on their current holdings and market value. This account will be used to fund goals within the goal plan.

Exercise 3: Import a quick account

☞ Note: Click here to download the Microsoft Excel file to import.

Do the following:

1. From the **Menu**, select **Import**. The Import page opens.

Click here to begin.
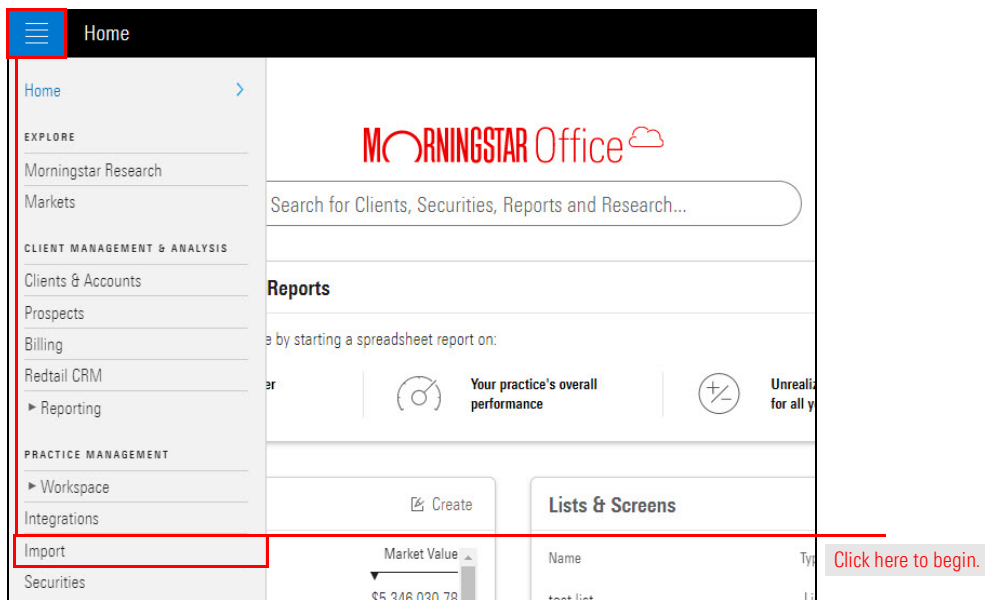
2. **Drag-and-drop** the **GoalBridgeAccount.xlxs** file to the Upload File banner. The File Type box opens.

Drag-and-drop the Excel file here.
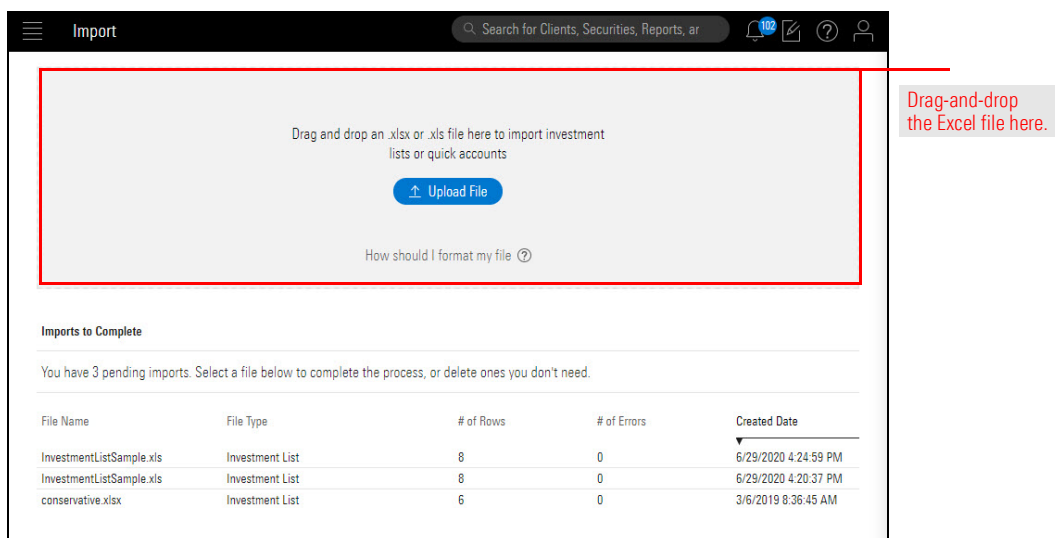
3. From the **drop-down** menu, select **Quick Account**, then click **Confirm**. The Import panel opens.

Select this option.
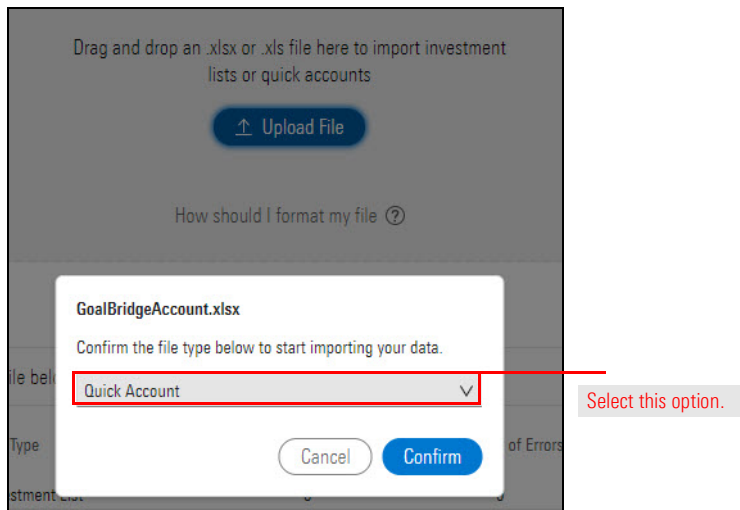
4. In the Import panel, validate the label in each header matches the content in its column, then click **Process File**. A red warning symbol appears.

Review these headers.

Click this button.
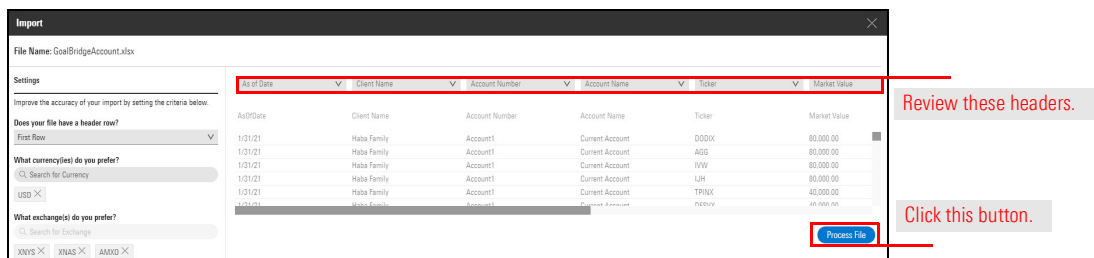
5. In the **Account Name** column, in the first row, select **Current Account**. The Create New Account box opens.

☞ Note: If you previously created an account for the Habas, the Match Account box opens. Click **Current Account**.

Click this option.

6. Click **Create**.

Click this button.

7. Click **Import Data**. The Habas's account is now available within the Prospects page.

The final step before initiating the goal plan is to create a model portfolio with your preferred holdings. This model portfolio is used to create an investment plan for each goal.

Exercise 4: Create a model portfolio

☞ Note: If you already created the Recommended Portfolio in a previous class, skip this exercise and move on to .

To create a model portfolio to fund the plan, do the following:

1. On the header, click the **Create** icon, then select **Model Portfolio.** The Create a Model Portfolio box opens.

Click here to begin.

2. In the **Model Portfolio Name** field, type **Recommended Investments**, then click **Next**. The Creating: Recommended Investments box opens.

Enter a name for the model portfolio here.

3. Click the **Add Holdings** button. The Add Holdings menu opens.

4. In the **Add Holdings** field, type **AULRX**, then click the **suggestion**. The fund is added.

5. **Click away** from the Add Holdings menu.

6. In the **Weight %** column, type **30**, then **click away**.

7. Repeat **steps 3 – 6** to add holdings as outlined in the following table:

Ticker	Weight %
VASVX	20
VTSMX	15
EFG	10
PRFHX	10
DFSVX	5
DODIX	5
VSGBX	5

8. Click **Save**, then click **Close**.

Initiating a Goal Plan

You have established the Habas as a prospect, added a current account, and created a model containing recommended investments. Now you are ready to create the Goal Plan from Morningstar Office Web.

In this section, complete the following exercises:

▶ Launch Goal Bridge from Morningstar Office Web, and (Exercise 5 on page 15), and
▶ Create a new Goal Plan. (Exercise 6 on page 17)

Overview

Goal Bridge is launched from a client or prospect record. Once launched, Goal Bridge opens in a separate browser tab.
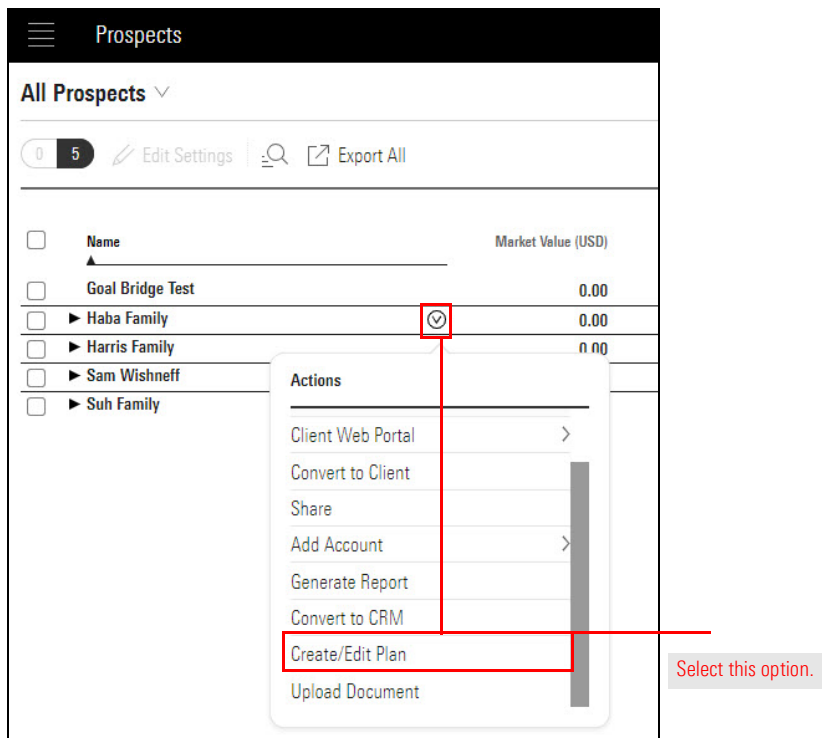
To open Goal Bridge, do the following:

1. From the **Menu**, select **Prospects**. The Prospects page opens.
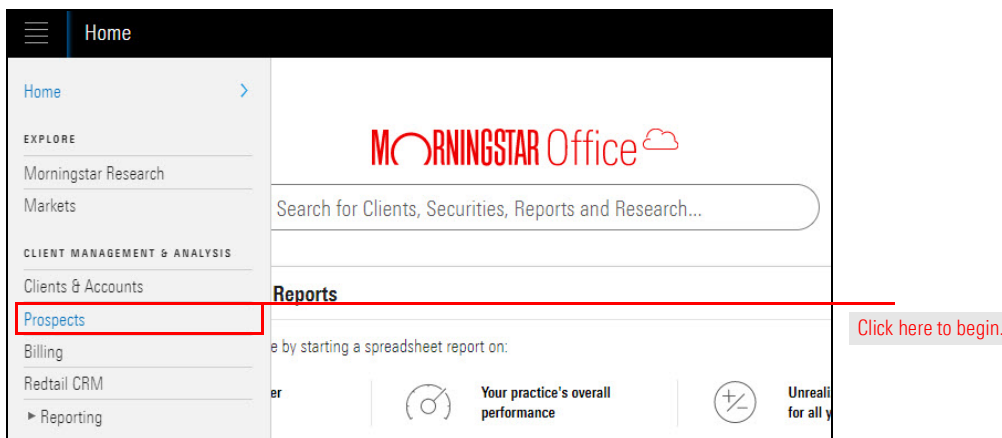
Exercise 5: Launch Goal Bridge from Morningstar Office Web

2. **Hover the cursor** over the **Haba Family** record. The Action icon appears.

3. From the **Actions** drop-down menu, select **Create/Edit Plan**. Goal Bridge opens in a separate browser tab.


Select this option.

Goal Bridge opens on the client dashboard. Within this dashboard, you find any previously created plans, as well as the option to create new plans.

Exercise 6: Create a Goal Plan

To create a new plan for the Habas, do the following:

1. On the Goal Bridge client dashboard, in the **Goal Bridge & Investment Plan** box, type **Haba Family Goal Plan**.

Enter a name for the goal plan here.

Select this button.
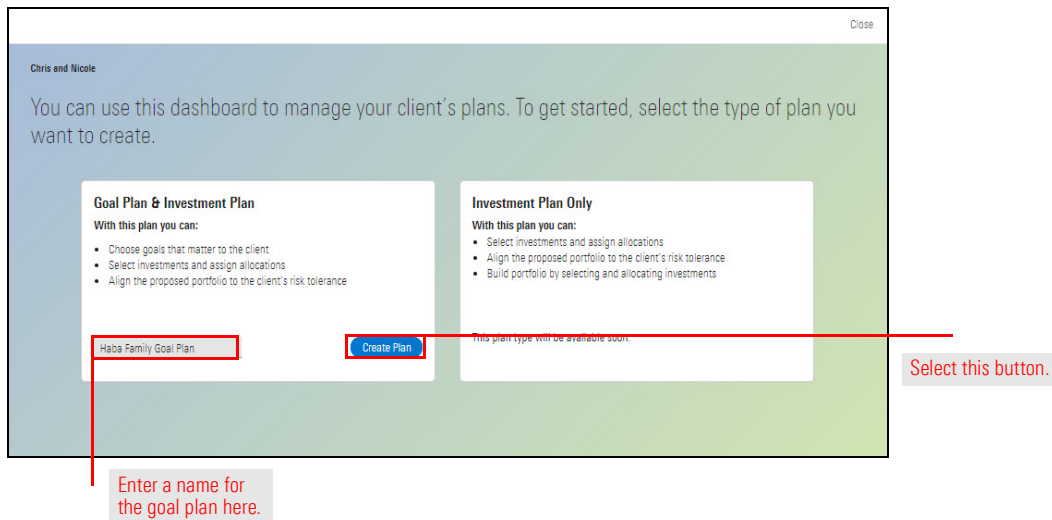
2. Click **Create Plan**. The Information section of the Goal Plan opens.

Completing the Information Section

The Information section captures important client data necessary to inform the plan. This includes retirement age, life expectancy, income, risk tolerance, and more. The Information section includes the following steps:

Overview

1. Profile
2. Incomes
3. Accounts, and
4. Questionnaire.

   ☞ Note: Click here to access instructions on the Information section in the user manual.
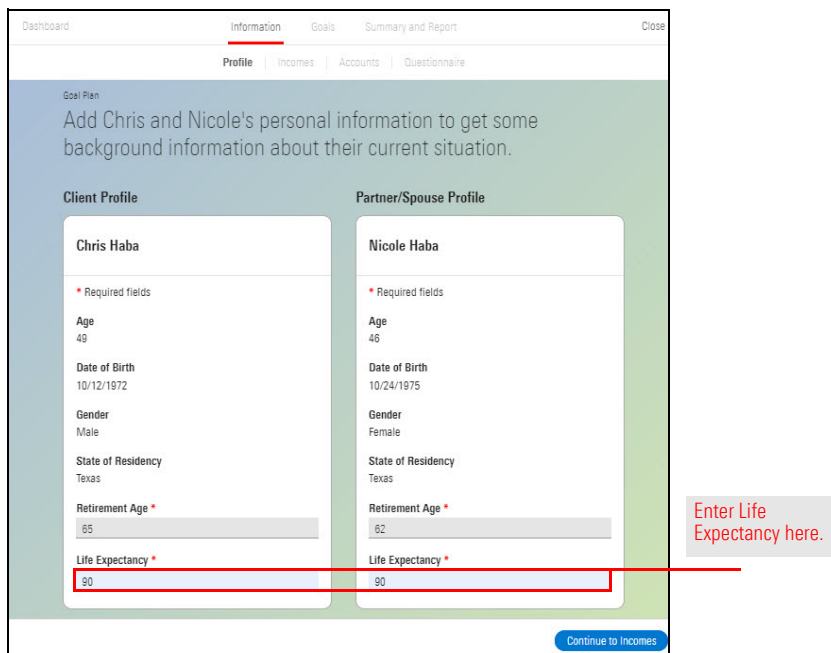
In this section, complete the following steps:

▶ Edit the Profile (Exercise 7 on page 18)
▶ Enter Income Sources (Exercise 8 on page 19)
▶ Add Retirement Accounts (Exercise 9 on page 27)
▶ Add Contribution Amounts, and (Exercise 10 on page 30)
▶ Complete the Risk Questionnaire. (Exercise 11 on page 31)

Many of the fields entered in the prospect profile automatically push through to Goal Bridge. To include additional information, do the following:

Exercise 7: Edit the Profile

1. In the Client Profile, from the **Gender** drop-down menu, select **Male** (first plan only).

2. In the **Life Expectancy** text box, type **90**.

3. In the Partner/Spouse Profile, from the **Gender** drop-down menu, select **Female**.

4. In the **Life Expectancy** text box, type **90.**

5. On the bottom-right corner of the screen, click **Continue to Incomes**. The Income page opens.

Next, enter the following income sources for the Habas:

Exercise 8: Enter Income Sources

▶ Employer income for Chris & Nicole, and
▶ Social Security for Chris & Nicole.

To add Chris's employer income, do the following:

1. From the **Add Income** drop-down menu, select **Full-time Job**. The Full-time Job box opens.
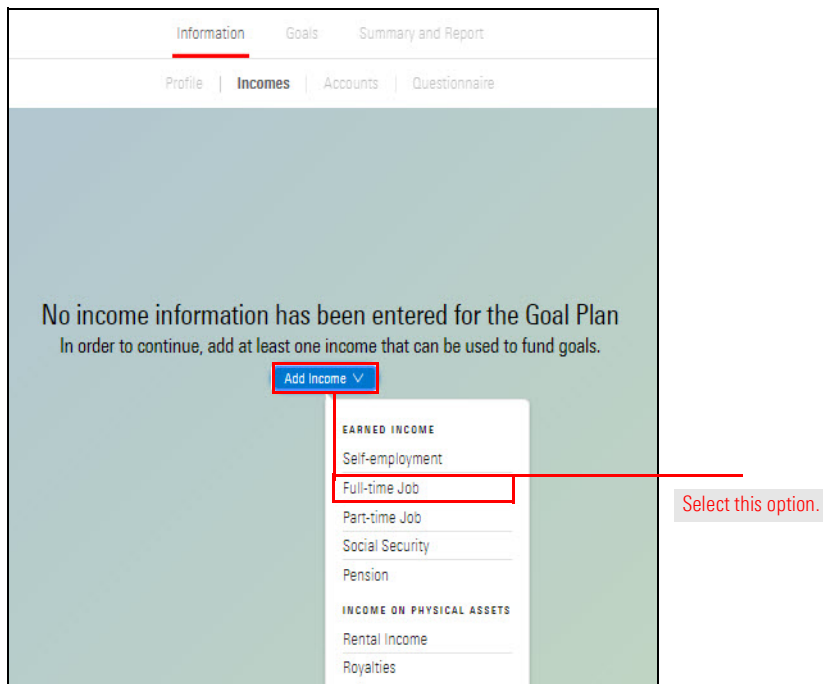
2. In the Owner field, confirm Chris Haba is selected.

3. In the income entry box, enter the following:

In this field …	Enter this data …
Income Name	Chris's Employer Income
Annual Salary	$100,000
Income Growth Rate	2.5%

Enter data into these fields.

To add Nicole's employer income, do the following

1. From the **Add Income** drop-down menu, select **Full-time Job**. A second box opens.
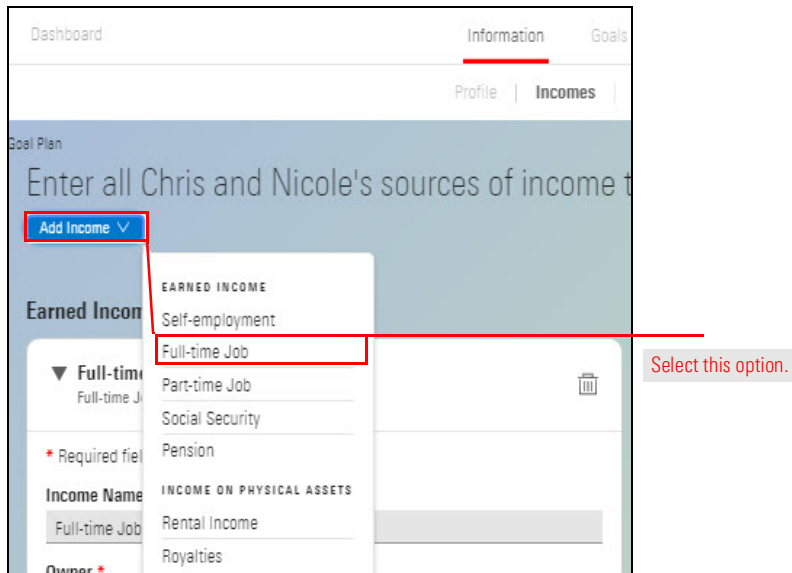
2. In the Owner field, confirm Nicole Haba is selected.

3. In the income entry box, enter the following:

In this field …	Enter this data …
Income Name	Nicole's Employer Income
Annual Salary	$120,000
Income Growth Rate	2.5%

Enter data into these fields.

To add Chris's Social Security income, do the following:

1. From the **Add Income** drop-down menu, select **Social Security**. A third box opens.
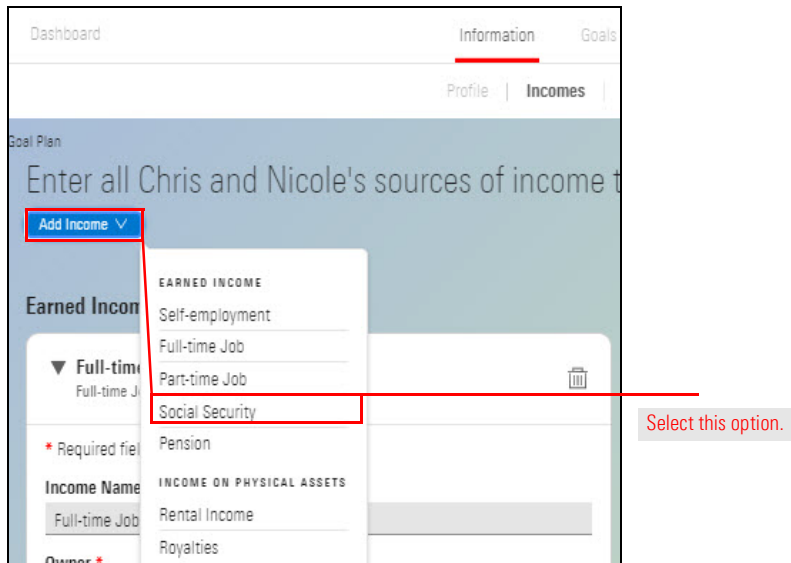
2. In the Owner box, confirm Chris Haba is selected.

3. In the income entry box, enter the following:

In this field …	Enter or select this data …
Income Name	Chris's Social Security
Social Security Benefit Age	65
Social Security Benefit	Projected Benefit Amount

To add Nicole's Social Security income, do the following:

1. From the **Add Income** drop-down menu, select **Social Security.**

2. In the Owner field, confirm Nicole Haba is selected.

3. In the income entry box, enter the following:

In this field …	Enter or select this data …
Income Name	Nicole's Social Security
Social Security Benefit Age	68
Social Security Benefit	Projected Benefit Amount

4. On the bottom-right corner of the screen, click **Continue to Accounts**. The Accounts page opens.

Once all income sources are added, the next step is to add additional accounts to help fund the goal plan. In this exercise, you will add 401(k) plans for Chris and Nicole.

Exercise 9: Enter Retirement Income

To add Chris's retirement account, do the following:

1. From the **Add Accounts** drop-down menu, select **401(k)**. A box opens.

2. In the Owner field, confirm Chris Haba is selected.

3. In the account entry box, enter the following:

In this field …	Enter or select this data …
Account Name	Chris's 401(k)
Account Value	$200,000
Managed	Check the box
Pre-tax Contribution	10%
Employer Contribution — Matches	75% of the first 10%

To add Nicole's Retirement Account, do the following:

1. From the **Add Accounts** drop-down menu, select **401(k)**. A second box opens.

2. In the Owner field, confirm Nicole Haba is selected.

3. In the account entry box, enter the following:

In this field …	Enter or select this data …
Account Name	Nicole's 401(k)
Owner	Nicole Haba
Account Value	$250,000
Managed	Check the box
Pre-tax Contribution	10%
Employer Contribution —0% regardless of the employee contribution	7%

In addition to adding additional accounts, you must also add a contribution amount for the Habas's Current Account.

To add account contributions, do the following:

1. Click the **caret** to the left of the Current Account. The account entry box expands.
2. Check the **Managed** box.
3. In the **Post-Tax Contribution** text box, type **$10,000**.

Enter an amount here.

4. On the bottom-right corner of the screen, click **Continue to Questionnaire**. The Questionnaire page opens.

Exercise 10: Enter a contribution amount for the Habas's Current Account

The final step within the Information section is to complete the FinaMetrica risk tolerance questionnaire. Once the questionnaire is filled out, FinaMetrica autogenerates a risk tolerance score. This score is considered alongside the time horizon when establishing goals to produce a suggested investment profile and target asset allocation for each goal.

Exercise 11: Complete the Questionnaire

The questionnaire includes 10 questions designed to be answered with clients. Answer the questionnaire for the Habas according to the following table:

For this question …	Select this answer …
1. Compared to others, how do you rate your willingness to take financial risks?	Average risk taker.
2. How easily do you adapt when things go wrong financially?	Somewhat easily.
3. When you think of the word "risk" in a financial context, which of the following words comes to mind first?	Opportunity.
4. When faced with a major financial decision, are you more concerned about the possible losses or the possible gains?	Usually the possible gains.
5. What degree of risk are you currently prepared to take with your financial decisions?	Medium.
6. Suppose five years ago you bought stock in a highly regarded company. That same year, the company experienced a severe decline in sales due to poor management. The price of the stock dropped drastically and you sold at a substantial loss. The company has been restructured under new management and most experts now expect it to produce better than average returns. Given your bad past experience with this company, would you buy stock now?	Not sure.
7. Investments can go up or down in value and experts often say you should be prepared to weather a downturn. By how much could the total value of all your investments go down before you would begin to feel uncomfortable?	33%.

For this question …	Select this answer …
8. Most investment portfolios have a mix of investments - some of the investments may have high expected returns but with high risk, some may have medium expected returns and medium risk, and some may be low-risk/low-return. (For example, stocks and real estate would be high-risk/high-return whereas cash and CDs (certificates of deposit) would be low-risk/low-return.) Which mix of investments do you find most appealing? Would you prefer all low-risk/low-return, all high-risk/high-return, or somewhere in between?	Portfolio 5.
9. With some types of investment, such as cash and CDs (certificates of deposit), the value of the investment is fixed. However, inflation will cause the purchasing power of this value to decrease. With other types of investment, such as stocks and real estate, the value is not fixed. It will vary. In the short term it may even fall below the purchase price. However, over the long term, the value of the stocks and real estate should certainly increase by more than the rate of inflation. With this in mind, which is more important to you - that the value of your investments does not fall or that it retains its purchasing power?	Somewhat more important the value doesn't fall.
10. Think of the average rate of return you would expect to earn on an investment portfolio over the next ten years. How does this compare with what you think you would earn if you invested the money in one-year CDs (certificates of deposit)?	About 3 times the rate of a CD.

On the bottom-right corner of the screen, click **Continue to Goals**. The Select Goals page opens.

Establishing Goals

Now that the Habas's information has been added and their risk tolerance has been determined, work together to set goals. Once goals are selected, you will use the accounts added in the previous section to fund the goals. Last, you will create a proposed plan for each goal for the Habas.

Overview

☞ Note: Click here to access the Goals section of the user manual.

In this section, complete the following exercises:

- ▶ Select and customize goals (Exercise 12 on page 34)
- ▶ Fund each goal, and (Exercise 13 on page 37)
- ▶ Create a proposed plan for each goal. (Exercise 14 on page 40).

In working with the Habas, you've learned retiring comfortably is important to them. They also enjoy traveling internationally to visit family. In this exercise, you will select and customize the following goals:

Exercise 12: Select and customize goals

- ▶ Retirement, and
- ▶ Long-term travel budget.

To add a Retirement goal, do the following:

1. **Click-and-drag** the **Retirement** goal from the List of possible goals area to the Prioritized goals area. The Retirement box opens.
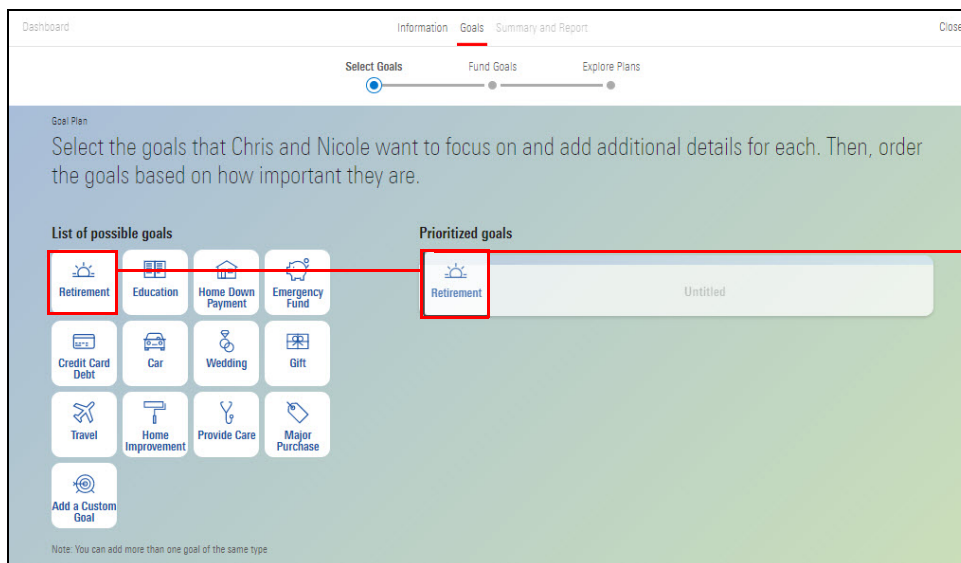
2. In the goal entry box, enter the following:

In this field …	Enter or select this data …
Goal Name	Chris & Nicole's Retirement
Desired Amount	$180,000
Withdrawals Start Year	Client's Retirement 2037 (Age 65)

Enter data
into these fields.

3. **Click-and-drag** the **Travel** goal from the List of possible goals area to the Prioritized goals area. The Travel box opens.

4. In the goal entry box, enter the following:

In this field …	Enter or select this data …
Goal Name	Visit Family Internationally
Target Amount	$5,000
Inflation Rate	2.27%
Withdrawals Period	Deselect One Time box 2037 through 2047

5.   In the Prioritized goals area, **click-and-drag** the **Chris & Nicole's Retirement** above
     Visit Family Internationally.

6.   On the bottom-right corner of the screen, click **Continue to Fund Goals**. The Fund Goals
     page opens.

The next step is to fund each goal using the accounts entered into the Accounts   **Exercise 13: Fund Goals**
step of the Information section. Each goal is funded individually, and Goal Bridge
recommends account types usually used to fund certain goals, such as a 401(k) to fund
a retirement goal. However, you can use any account to fund any goal. In this exercise,
you will add funding to the following goals:

▶ Chris & Nicole's Retirement goal, and
▶ Visit Family Internationally goal.

To fund the Habas's goals, do the following:

1. Click the **caret** to the left of the Retirement goal. The goal entry box opens.

2. In the **Accounts generally used for this goal type** area, in the text box next to **Chris's 401(k)**, type **100%**.

3. In the text box next to **Nicole's 401(k)**, type **100%**.

4. In the **Consider these if you need more funding** area, in the text box next to **Current Account**, type **75%**.

5. Click the **caret** to the left of the to the Travel goal. The goal entry box opens.

6. In the **Accounts generally used for this goal** type area, in the text box next to **Current Account**, type **25%**.

Enter data into this field.

7. On the bottom-right corner of the screen, click **Continue to Explore Plans**. The Explore Plans page opens.

On the Explore Plan page, note the Retirement goal is funded at 62%, while the Travel goal is funded at 100%. In this exercise, create a proposed plan for Chris & Nicole's Retirement in order to increase the likelihood of meeting their goal.

Exercise 14: Create a Proposed Plan

To create a proposed plan, do the following:

1. From the Explore Plans page, click **Create Proposed Plan**. The Proposed Plan area populates.

2. Click the **caret** to the left of Chris and Nicole's Retirement. A series of tabs opens.

3. In the Details tab, in the Retirement Age fields, enter the following:

In this field …	Enter this data …
Chris's Retirement Age	68
Nicole's Retirement Age	65

4. Click the **Asset Allocation** tab, then select **Moderately Aggressive.**

Select this option.

5. Click the **Accounts** tab, then click the **caret** to the left of Nicole's 401(k).

6. In the Pre-tax Contribution field, type **12%**.

Update this field.

7. Click the **caret** to the left of Chris' 401(k), then repeat steps **5 – 6**.

8. On the left-hand side of the screen, click the **caret** to the left of Visit Family Internationally. The Goal Entry box opens.

9. In the Details tab, in the Withdrawal Period fields, type **2039** to **2049**.

10. Click **Save**. The Proposed Plan appears.

11. At the top of the Proposed Plan, click **Select**.

12. On the bottom-right corner of the screen, click **Continue to Summary and Report**. The Summary and Report page opens.

Creating Investment Plans and Goal Plan Summaries

So far, you've combined important client information such as a retirement goal, risk tolerance, and current financial state, with short-term and long-term goal planning. Through this effort, you've created a goal plan to present to the Habas.

Overview

The Summary and Report page lists all of the Habas's goals. Each goal provides a summary of the agreed-upon plan changes within the selected plan.

> ☞ Note: Click here to access the Summary and Report section of the user manual.

In this section, complete the following exercises:

- ▶ Build an Investment Plan for the Habas (Exercise 15 on page 45)
- ▶ Review the Allocate Portfolio page (Exercise 16 on page 47)
- ▶ Generate an Investment Plan (Exercise 17 on page 48)
- ▶ Generate the Goal Plan Summary, and (Exercise 18 on page 49)
- ▶ Locate the Summary in Morningstar Office Web. (Exercise 19 on page 51)

To create an Investment Plan for the Habas's retirement goal, use the Recommended Investments model you created in Exercise 4 on page 12 as a strategy.

Exercise 15: Create an Investment Plan for the Habas's retirement goal

Do the following;

1. From the Summary and Report section, in the Chris & Nicole's Retirement goal, click the **Create Investment Plan**. A text box opens.

2. Click **Save**. The Build Plan page opens.

3. Click **Model Portfolios**. The Choose Option page opens.

4. In the Search by Name field, type **Recommended Investments**.

5. In the **Recommended Investments** box, click **Select**.

6. On the bottom right-hand corner of the page, click **Continue to Allocate Portfolio.**

On this page, adjustments can be made to the strategy to meet the target asset allocation. Note the Recommended Investments model you created closely mirrors the target asset allocation.

Exercise 16: Review Allocate Portfolio page


Compare allocations here.
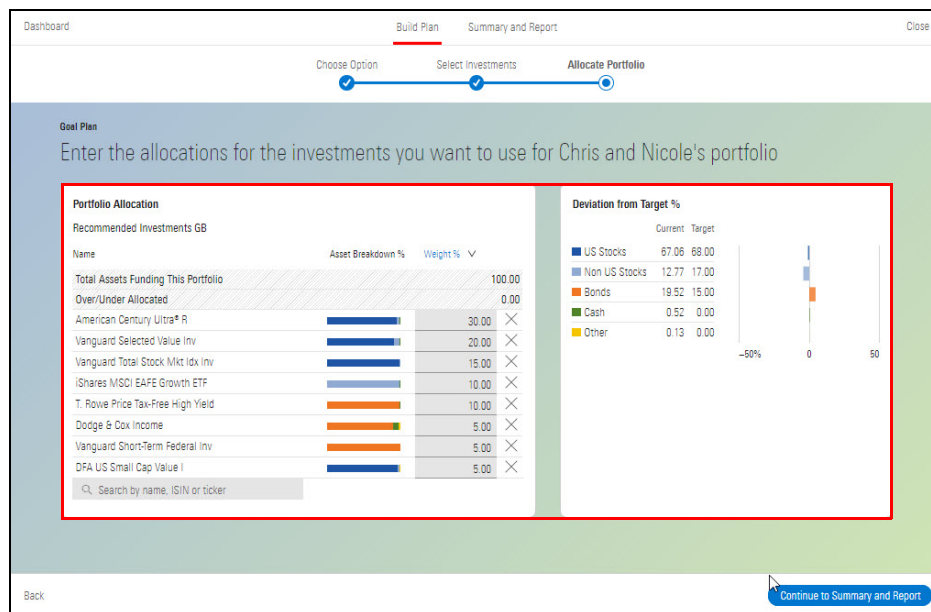
On the bottom right-hand corner of the page, click **Continue to Summary and Report**.

The final investment report shows the target allocation and target funding, along with an assessment of the current versus proposed portfolios in relation to the target allocation. A Target Portfolio Risk score is defined for the goal, and the current investments assigned to the goal receive a Risk Score (Current Portfolio Risk) as well as the proposed portfolio (Proposed Portfolio Risk), making it straightforward to demonstrate the proposed portfolio is better aligned to the Habas's needs for the goal.

To generate a Client Report, on the bottom-right corner of the screen, click **Generate Report**. In the text box, click **Save**. The report opens in a separate browser tab.
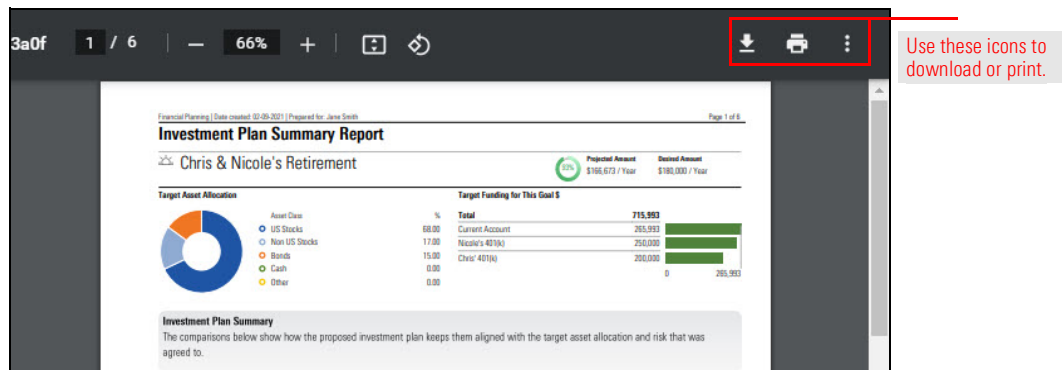
Exercise 17: Generate an Investment Plan
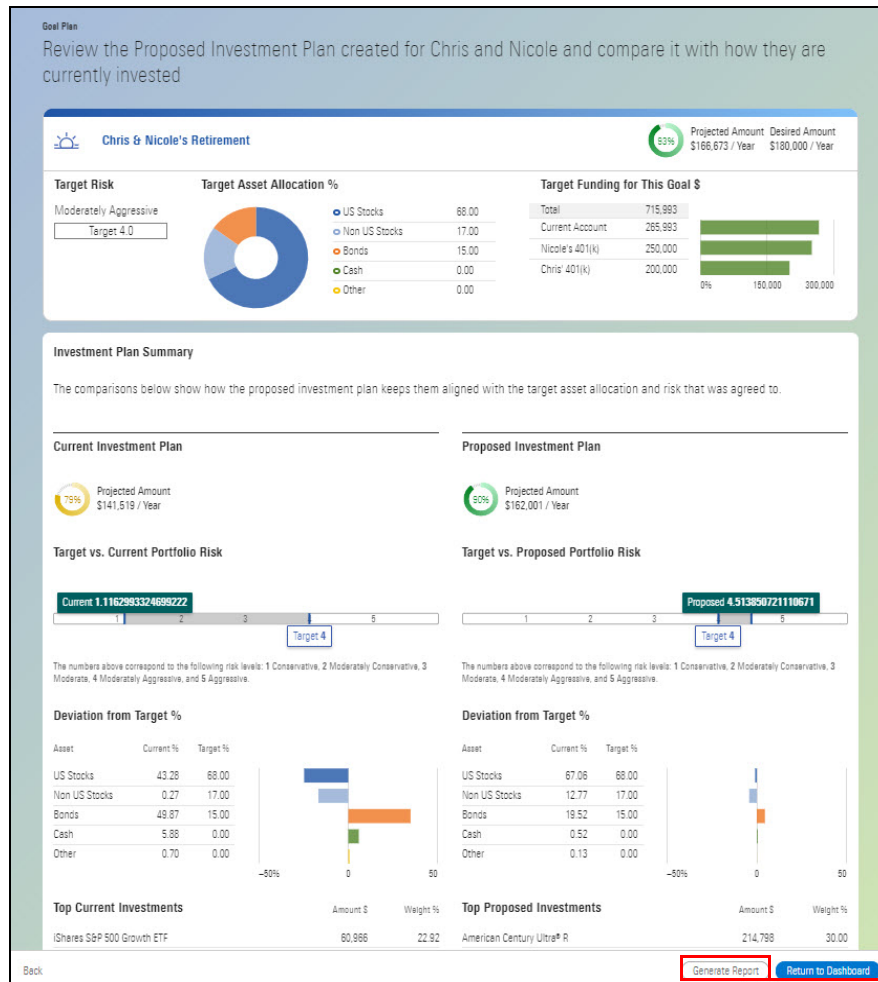
Compare the current and proposed investment plans here.

Select this option.

To print or download this report, use the **icons** on the top-right corner of the screen.
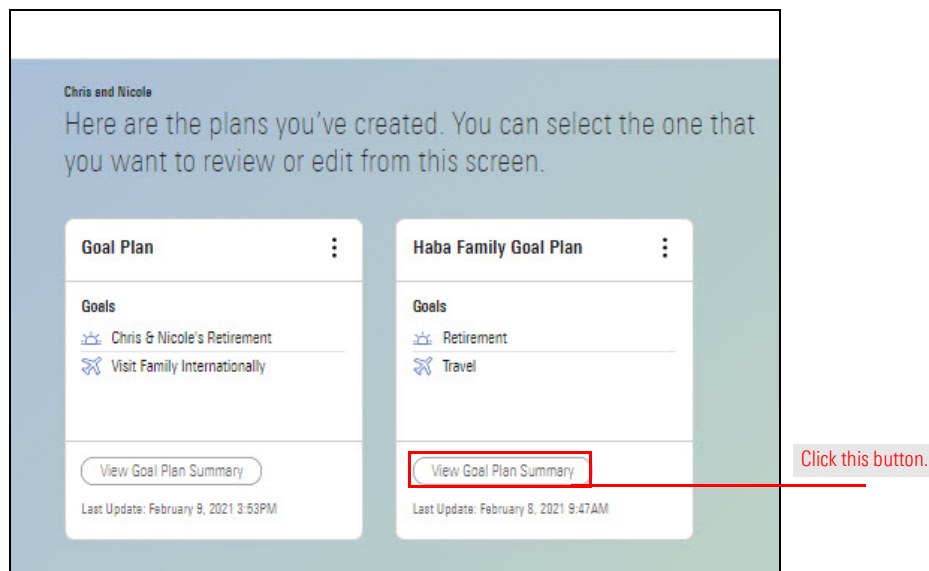

The Client dashboard stores all saved Goal Plans for the Habas. In this exercise, you will prepare a Goal Plan Summary report to share with the Habas.

Exercise 18: Create a Goal Plan Summary report

To create a Goal Plan Summary, do the following:

1. From the Dashboard, in the Haba Family Goal Plan, click **View Goal Plan Summary.** The Summary and Report page opens.

2.   From the Summary and Report page, on the bottom-right corner of the screen, click
     Generate Report. In the text box, click **Generate Report**. The report opens in a separate
     browser tab. Each goal is outlined on a separate page.

3.   To print or download this report, use the **icons** on the top-right corner of the screen.

Creating Investment Plans and Goal Plan Summaries

Exercise 19: Locate the Habas's Goal Plan Summary in Morningstar Office Web.

Once generated, the Goal Plan Summary automatically saves within the Reports page in Morningstar Office Web. To locate the Habas's saved summary, do the following:

1. From the **Menu**, select **Reporting** > **Reports**. The Reports page opens.

Exercise 19: Locate the Habas's Goal Plan Summary in Morningstar Office Web.

Click here to start.
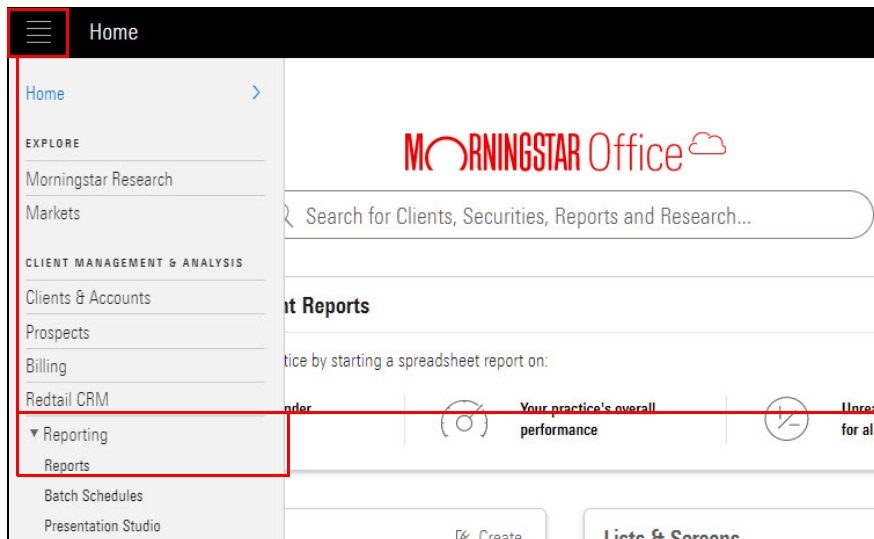
2. In the Filter, in the Report Level area, click **Plan**.

3. Use the **icons** on the top of the screen to download, publish to the Client Web Portal, Archive, and more.

Use these icons to manage the goal plans summary.

Select this option.