The Basics

The features discussed in this quick reference guide outline the uses for strategies in NaviPlan. NaviPlan contains several types of strategies: savings, debt modification, redemptions, and cash surplus.

To define or edit these strategies, click **Strategies** under the ***Enter Financial Data*** section.

Savings Strategies

These strategies direct income to specified accounts from which you can later allocate toward goals.

- ❑ Entering an amount other than zero in the ***Amount*** field will direct that figure to a designated account at the indicated frequency.
- ❑ Establish a timeframe for the savings. The default start date is Jan. 1 of the current year and the default end date is the first client's retirement.
- ❑ Adjust the inflation rate using the ***Infl +/-*** field.

Debt Modification Strategies

These strategies direct funds from accounts to repay liabilities, such as a mortgage or other loans.

- ❑ Entering an amount other than zero in the ***Amount*** field will direct that figure toward repayment of a designated liability at the frequency indicated to the right.
- ❑ Establish a timeframe for the payment. The default start date is Jan. 1 of the current year and the default end date is the second client's death.

> **Note**: Redemption strategies work in the same way as debt modification strategies, except through establishing fixed withdrawals from an account.

Surplus Strategies

These strategies define how surpluses will be used in applicable years. NaviPlan defines a surplus as when total cash inflows exceed total cash outflows as of December 31 in a given year.

Two type of surplus strategies exist in NaviPlan: surplus savings and surplus expenses. You can establish multiple strategies for a surplus. An example surplus strategy is outlined below.

Client with two savings strategies
To allocate a portion of a surplus to one account (Account A) and the remaining portion to another (Account B), enter a percentage in the ***% of Surplus*** fields.

Account A has a 40% savings strategy, while Account B has a 60% savings strategy:

Original Surplus: $100,000

Account A (40% of Surplus): receives $40,000

Account B (60% of Surplus): receives $60,000

The entire surplus has been saved between these two accounts. In contrast, you can also have strategies of different types.

Client with savings strategy and expense strategy
Account A has a 50 percent savings strategy and the client has a 25 percent expense strategy:

Original Surplus: $80,000

NaviPlan first applies the savings strategy:

Account A (50% of Surplus): receives $40,000

Next, NaviPlan® takes the remaining surplus and applies the expense strategy.

Remaining Surplus: $40,000

25% Expense Strategy: allocates $10,000

NaviPlan® allocates the assigned percentage of the remaining surplus as an assumed lifestyle expense.

If a client wants to allocate the entire surplus using strategies instead of placing it in the surplus/deficit account, the final expense strategy should be 100%.

Making the most of strategies

To make the most of these different strategies, use them in ***Scenario Manager***. This allows you to create alternative scenarios in which clients save more, pay off debts earlier, or use their surpluses differently.

Scenario Manager allows you to visualize the immediate and long-term effects of these modifications on financial goals to make creating a successful financial strategy easier on you and more reassuring for your clients.