



GENERAL FINANCIAL PLANNING & WELLNESS

An important foundational component of a solid financial plan is General Financial Planning, also known as Financial Wellness. Below is an overview of the basic aspects of General Financial Planning to help you understand the importance of how they fit together in a cohesive financial plan.

Net Worth

Reviewing net worth can help to solidify a client's understanding of where they are now, as well as additional opportunities, red flags, or outside accounts of which you weren't aware.

Tracking net worth over time can help clients feel motivated about their progress and help quantify and illustrate the value of an ongoing financial planning relationship over the client's lifetime.

Cash Flow

To ensure reports and projections are as accurate as possible, it is critical to make sure current and future incomes, contributions, withdrawals, and expenses are accounted for in the financial plan.

A cash flow analysis can also help identify what action(s) the client should take in the current year. A true surplus can be deployed toward financial goals (increasing retirement contributions, making additional debt payments, gifting to charity, etc.). Alternatively, if the client is either breaking even or has a deficit, it may be time to try to identify some additional cash flow. In some cases, not having any cash flow surplus can be a good thing- it means every dollar in the client's financial plan has been properly allocated.

Emergency Fund

A client's emergency fund can provide peace of mind that there is adequate protection in case of the unexpected. Once a goal has been set, it is important to regularly review it to ensure there are sufficient funds. Any surplus funds could be used towards financial goals, such as backfilling Traditional or Roth IRAs prior to the tax deadline.

Additionally, a tiered approach can add sophistication to an emergency fund strategy.



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Loan/Debt Repayment

This can include:

- “Good” debts such as a mortgage
- “OK” debts such as student loans
- “Bad” debts such as credit card balances

Review what debts the client has along with their current repayment plan. If the client is making extra payments, could those funds be better deployed elsewhere in their financial plan, such as saving or investing? Alternatively, does the client have additional money in their bank accounts or cash flow that could be put towards debt?

While a high-level understanding of plan elements is important, the Financial Planning Department can coordinate the intricacies of financial plan development. Leave the time-consuming planning work to us so you can focus on building your client relationships!

If you have any questions, please reach out to us at (855) 558-4287 or planning@vicuscapital.com.