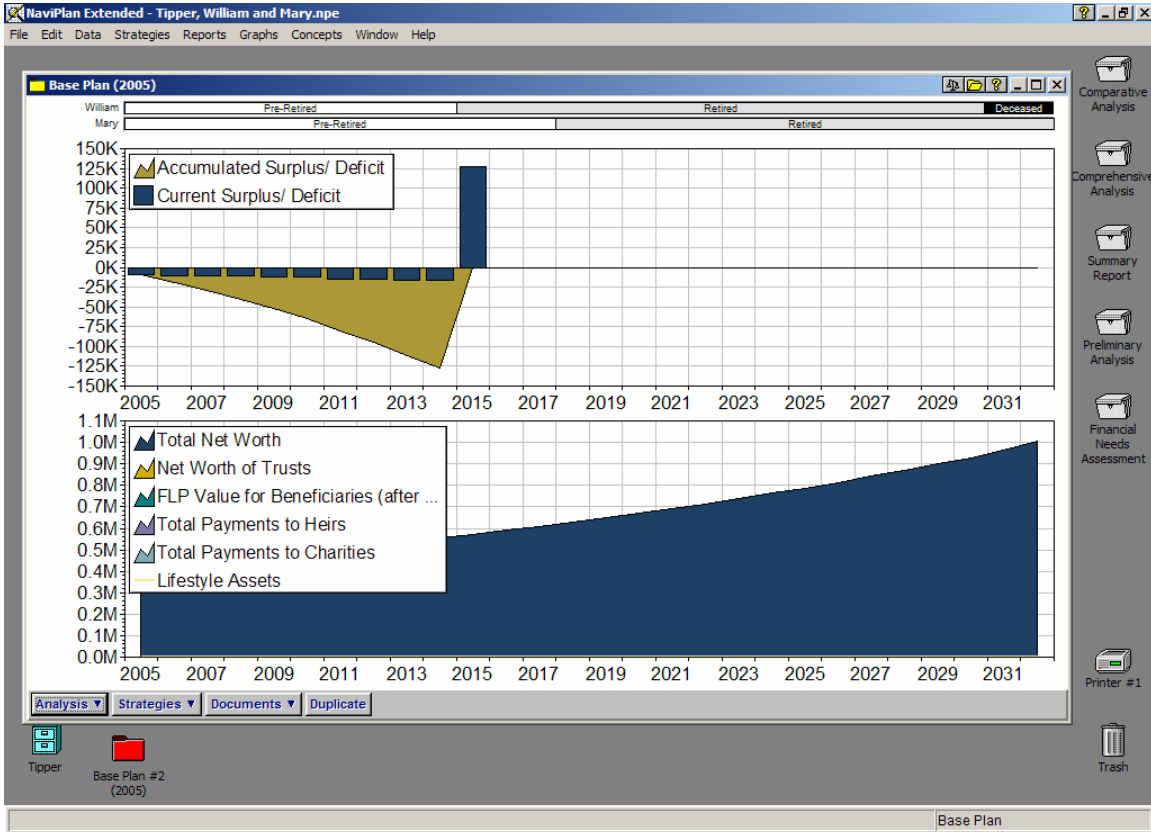


Targeted deficit coverage vs. full deficit coverage

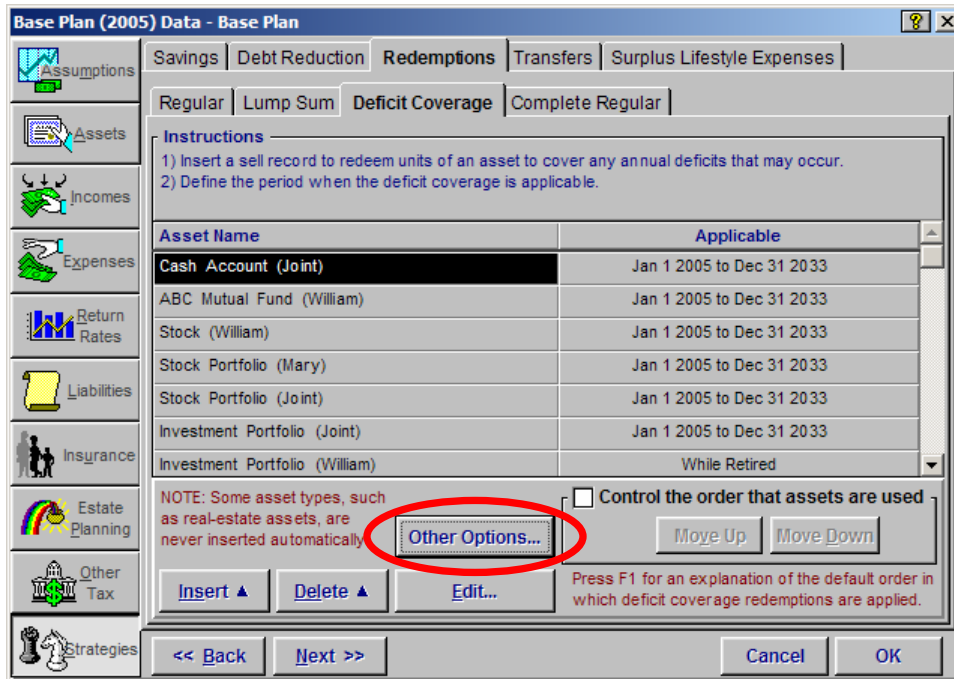
By default, NaviPlan will not redeem assets to fund all pre-retirement deficits. NaviPlan has this default because if assets were redeemed automatically, it would be more difficult to identify potential pre-retirement cash flow problems.



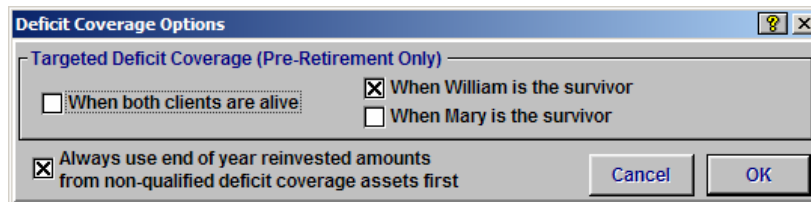
The client runs a pre-retirement deficit with targeted deficit coverage in effect. The deficit accumulates until the plan enters the retirement period.

If you want to model a scenario where the clients sell liquid assets to cover **all** pre-retirement expenses, you can change the deficit coverage settings.

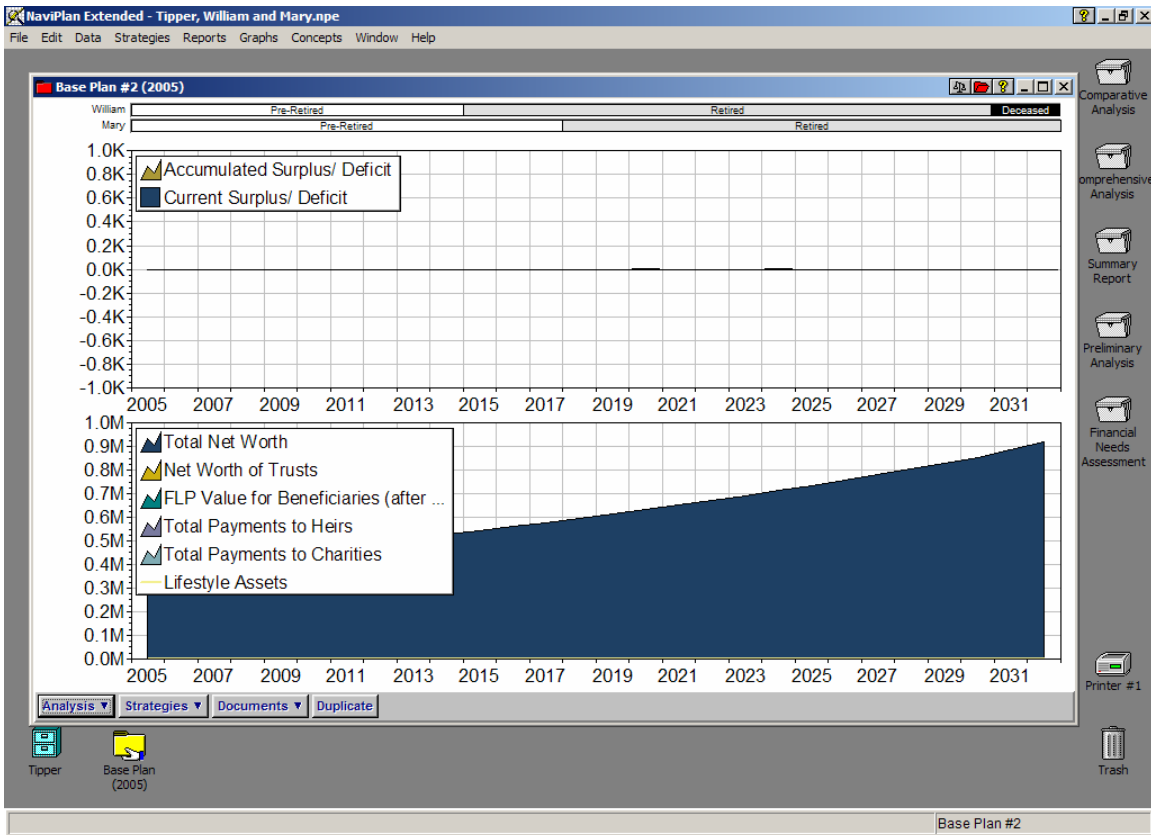
Go to the **Data** menu, and then select **Strategies – Redemptions**. Go to the **Deficit Coverage** subtab, and then click **Other Options**. The *Deficit Coverage Options* dialog box opens.



To turn off targeted deficit coverage, clear the **When both clients are alive** check box, and then click **OK**. (If your plan has a single (unmarried) client, you would select *Inactive* and then click **OK**.)



Full deficit coverage is then implemented throughout the plan.



The *Plan Analysis* graph in the *Plan Analysis Window* with targeted deficit coverage inactive. The pre-retirement deficits are covered by the automatic redemption of liquid assets.