

# Alpha Beta PARTNERS



## Talking Decumulation at Alpha Beta Partners

[www.alphabetapartners.co.uk](http://www.alphabetapartners.co.uk)

## A tale of two tails



A way of accurately measuring the impact of sequence risk across investment portfolios has recently been developed by academics studying the problems associated with decumulation.

This is critical because income in retirement is a function not only of the expected lifetime portfolio return but also the probability (and the likely extent) of suffering large drawdowns or a bout of severe sequence risk.

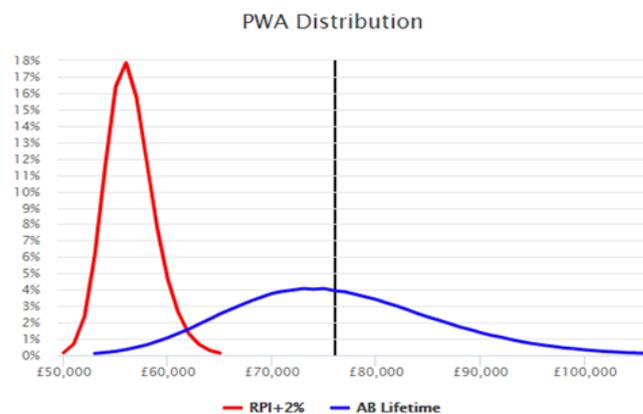
With this new bit of tech, now embedded in the AB Pension Pathway app, income drawdown rates can now be accurately calculated, investment products compared and better decumulation products developed.

The AB Lifetime portfolio is one such new product, specifically designed to mitigate sequence risk in drawdown, by reducing the likelihood of suffering what is known as left tail events or large portfolio losses.

Using this new tech, the search was now on for the gold standard, that product whether replicable or not that maximises sustainable income in retirement income.

What about the Retail Price Index + say 2%? Who would not want to invest in such a product offering lifetime stable returns while out pacing inflation? Intuitively it feels right. Wrong.

Loading the data into the app, and assuming our retiree has £1 million and a 20-year planning horizon, the distribution of Personal Withdrawal Amounts (PWAs) came back as follows:



Both have short left tails, relative to other investment options, but RPI+2% has no right tail!

RPI +2% historically misses those great annual returns that equity markets can deliver from time to time, which help to enhance a pension pot with the result that average annual income from RPI+2% is £55,000 but £75,000 for ABL Lifetime.

The search continues....

Let's talk decumulation together and together with our academic and R&D partners.

Contact us [here](#)

Geoff Brooks.

Tel: 07725 710787

Email: [gb@alphabetapartners.co.uk](mailto:gb@alphabetapartners.co.uk)

Andrew Thompson.

Tel: 07968 934127

Email: [at@alphabetapartners.co.uk](mailto:at@alphabetapartners.co.uk)

**Important Information:**

This communication is from Alpha Beta Partners Limited an Appointed Representative of Oakham Wealth Management Limited, Registered in England at Berkeley Square House, Berkeley Square, London, England, W1J 6BD. Oakham Wealth Limited is authorised and regulated by the Financial Conduct Authority. Reference No. 431206 . Alpha Beta Partners Limited – reference number 799887. The information in this email, and those ensuing, is confidential and may be legally privileged. It is intended solely for the addressee. If you are not the intended recipient(s) please note that any form of disclosure, distribution, copying or use of this communication or the information in it or in any attachments is strictly prohibited and may be unlawful. If you have received this communication in error please destroy this message and any copies of it and kindly notify us immediately-mail communications may not be secure and may contain errors. Where possible, confidential data should be sent to us in encrypted form. This e-mail will have been scanned by our anti-virus software before transmission. We cannot however, warrant that this e-mail is free from viruses. We do not accept liability for the consequences of any viruses that may be inadvertently be attached to this e-mail. Anyone who communicates with us by e-mail is taken to accept the risks in doing so.

When addressed to our clients, any opinions or advice contained in this e-mail and any attachments are subject to the terms of business in force between Alpha Beta Partners Limited and the client.

**Alpha Beta Partners Ltd.**

**4 Lombard Street, London EC3V 9AA**

**info@alphabetapartners.co.uk | 020 8059 0250**



[www.alphabetapartners.co.uk](http://www.alphabetapartners.co.uk)