

# Alpha Beta PARTNERS



## Talking Decumulation at Alpha Beta Partners

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## Flexible yet stable retirement income?

Six bridges were recently built to link the Klaus Tunnels between Austria and Slovakia. In the jobsite areas, there are many river valleys with steep slopes. The geology is characterized by gravel and loose sediments. The construction of the bridges required stabilization due to the unstable foundation soil. The engineers employed the devices pictured to bring stability to the infrastructure but also allow flexibility as conditions subsequently require.



By Simon Glover, CEO Whole Money Ltd

Sound familiar? Managing drawdown income in retirement with unstable investment returns, changing personal circumstances and unknown longevity requires an engineering type solution.

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 'foundational slippage' or a bout of severe sequence risk.

With this new tech, now embedded in the **AB Pension Pathway app** we can engineer a new solution to managing income in drawdown.

Annual withdrawals are needed to meet 'stable' income needs for the purchase of essentials. A drawdown rate that has next to no risk of ever having to be reduced in the future, and that portion of a pension pot to be segregated for this purpose, can now be calculated.

Whatever is left over can meet flexible or 'nice to have' expenditure, drawn down at a rate which has say a 50% chance of having to be reduced in the future. Half the time this rate will be increased in the future and half the time it will have to be reduced but probably by not by very much, if reviewed routinely.

The **AB Pension Pathway app**, developed together with Whole Money Ltd and leading academics at Cass Business School provides all the calculations, illustrations, comparisons needed and an evidence based annual withdrawal statement to enable the end to end provision of a client recommendation and so help meet a decumulation suitability check list.

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

Contact us [here](#)

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