

Alpha Beta PARTNERS



Talking Decumulation at Alpha Beta Partners

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12 reasons to select the Pension Pathway with 'AB Lifetime inside' for your clients nearing or now in retirement.

"Decumulation strategies are still in their infancy. There is a danger that accumulation carries on into decumulation. I am not sure there has been enough thought put into a wide enough range of decumulation solutions."

Sam Liddle, Church House Investment Management. October 2020, Professional Adviser.

Building an investment portfolio suitable for drawdown in retirement has always been difficult but is even more so now we are in a world of zero (or even negative) real interest rates.

Moving up the industries risk rating scores to find equity growth returns with which to stretch a pension pot, brings with it the increased likelihood of a client's hard-earned pension suffering sequence risk.

To make matters worse, a common benchmark for withdrawal strategies: the "4% rule" can no longer be assumed to work reliably in today's environment and increased longevity.

Then there is the regulatory requirement to evidence the suitability of the retirement investment selection, the annual income drawdown recommendation and a consideration of annuity rates to ensure income throughout an unknown life span.

No wonder Nobel prize winning economist Bill Sharpe called this "the nastiest, hardest problem in finance" but now it has been solved.

Introducing the Pension Pathway with 'AB Lifetime inside'

Alpha Beta Partners, together with Whole Money Ltd and leading academics from Cass Business School have developed a science-based solution to this nasty problem: the 'Pension Pathway with AB Lifetime inside'.

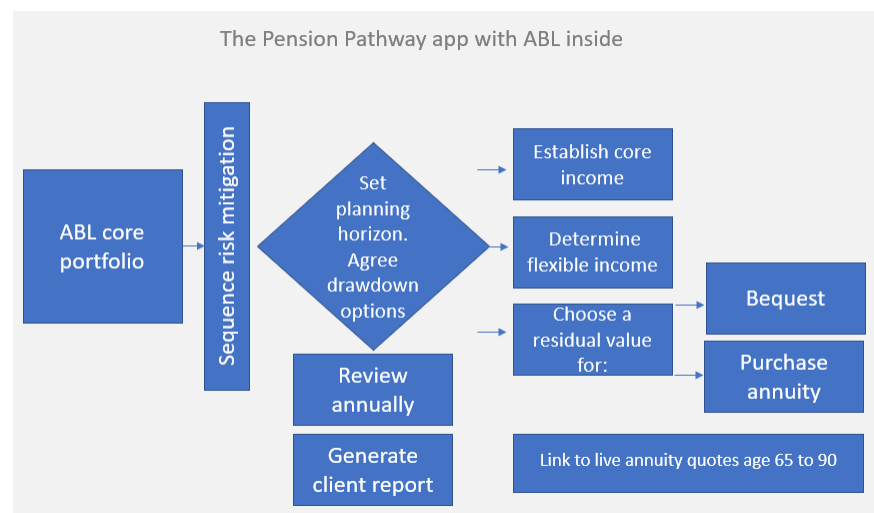
The Pension Pathway app is an 'end to end' solution for IFAs and for their clients in drawdown. Here we list 12 reasons to adopt the Pension Pathway with AB Lifetime inside, to provide the best possible outcome for your clients.

The Pension Pathway app with AB Lifetime includes:

- 1) **The AB Lifetime portfolio** which is specifically designed to mitigate sequence risk.
- 2) **The ability to calculate annual drawdown income scientifically**, given an adaptable planning horizon, exactly and exactly on time which replaces 'rules of thumb'.
- 3) **The ability to calculate both 'core' and 'flexible' income drawdown rates**. Ensuring core income has been covered to meet the expense of basic needs will likely be ever more a focus of the regulators. Core income drawdown rates are enhanced as sequence risk is mitigated by the AB Lifetime portfolio.

- 4) **The ability to compare other risk rated investment options** to evidence suitability of investment selection.
- 5) **An annual review process**, which generates a report for clients evidencing the suitability of the investment and drawdown recommendation, which can adapt to any changing circumstance.
- 6) **Live annuity income comparisons** at any age to help determine the suitability of any recommendation to stay invested or switch to annuities.
- 7) **Delayed (enhanced) annuity comparisons** to determine at what age to replace income drawdown with annuity income to solve for longevity risk.
- 8) **A glide path to annuitisation** to reduce the risk of changing annuity rates and investment returns.
- 9) **A fully autonomous mode**, for clients who do not wish or who are not able to engage in an annual review, as the Pension Pathway is entirely scientifically driven.
- 10) **Academic research and scientific rigour** to evidence and defend suitability.
- 11) **Full client functionality and record keeping**, to be integrated with Intelliflo for easy onboarding and maintenance.
- 12) **Ultra-low cost**: AB Lifetime AMC 0.40%.

The diagram below sets out the Pension Pathway workflow and process:



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

Contact us [here](#)

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