The Longevity of Your Nest Egg: Safeguarding Your Retirement Income

We are living longer and, naturally, we want our retirement income to also age well–that is, for our **investments to have equal longevity**–right alongside us.

Your retirement might be as long as 30 years (or possibly more), which is why safeguarding your income and **extending the longevity of your portfolio** in the **decumulation phase** of your financial journey is crucial.

1 What is decumulation?

During your prime working years, you focused on accumulating significant levels of assets to support your retirement. You had time to participate in sell-off markets and compounding worked in your favour. When retirement arrives, your investment portfolio will begin to decumulate: you are no longer adding money to your nest egg; instead, you begin to drawdown or subtract from those assets to maintain the lifestyle to which you are accustomed.

Your assets need to shift from growth to yield-producing. At the same time, the volatility that may have been your friend when accumulating, and the timing of when you withdraw assets, can have a negative impact on the rates of return of your retirement portfolio.

2 You worked hard for your money – portfolio longevity

At retirement there is likely one main–and quite basic–concern about your investment portfolio: to ensure your hard-earned money lasts for as long as possible. Another way of describing this concept is to create portfolio longevity; making your money work as hard as you did with the aim of extending its longevity to fund your retirement.

Just like you, your money itself has longevity, and while the equation for human longevity depends on many interconnected variables, the primary drivers of portfolio longevity are two factors: the stability of your portfolio's investment return and your spending rate. Withdraw too much or invest inappropriately and your portfolio will collapse fast.

3

How do you extend portfolio longevity?

Knowing you cannot withdraw too much or too soon from your portfolio means you will want the portfolio returns to help fund these withdrawals over time. Your advisor can illustrate a good average estimate of how long your portfolio will last based on a number of factors, such as the anticipated number of years of life remaining, what the value of your nest egg is at retirement and by using a real rate of return (after taxes and inflation), and a withdrawal amount in real dollars.

Find the right investment strategy for longevity and your retirement goals.

Now that you are aware of the importance of **portfolio longevity** and the **implications of withdrawal rates** and **investment returns**, you can look for investment **products** that incorporate strategies that aim to **limit the downside risk**. Guardian Prosper™ solutions are specifically tailored for the decumulation phase of the retirement savings lifecycle, which requires a focus on wealth preservation and income generation.

Talk to your financial advisors to learn more about **portfolio longevity** and solutions tailored for the decumulation phase of the retirement savings lifecycle.

Guarding Your Prosperity Journey

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