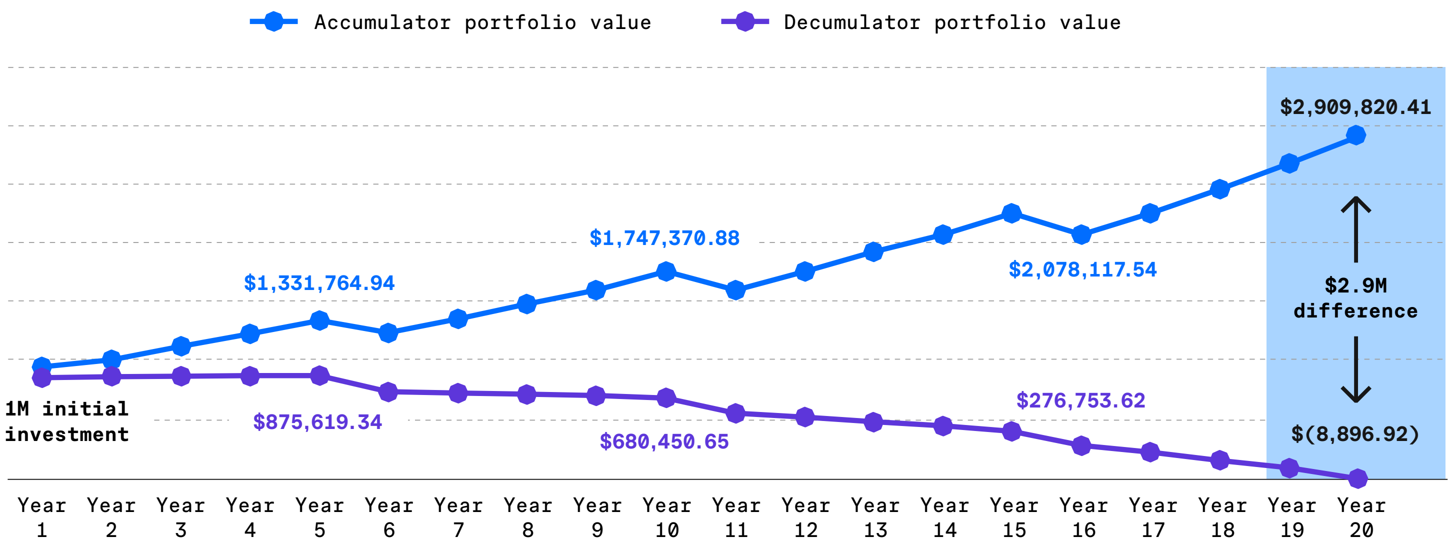
Changing the Retirement Conversation

For new retirees and those on the cusp, the transition to retirement requires a drastic change in mindset. For their entire working life, people have been building their assets, and then suddenly they're in the spending phase of retirement, also known as decumulation.

During the accumulation period, market drawdowns have minimal effect on the end value of a portfolio because an investor's time horizon is typically longer, and they are not withdrawing assets. For those in the decumulation phase, it's a different story.

As you can see below, even with regular market downturns, the investor in the accumulation phase (i.e., working years) has almost tripled their portfolio, while the investor in the spending phase has run out of assets after 20 years. This is because the added effects of systematic withdrawals and market drawdowns deteriorate capital significantly faster.

Figure 1: A tale of two investors



For illustrative purposes only.

Assumptions: scenario assumes an initial 50k cash flow withdrawn annually at the end of year, a 7% return for both accumulation and decumulation, the first correction occurs in the first year and every 5 years after at the same time and a 3% annual inflation is assumed for the cash flow only.

From Decumulation to Income

As Canadians enter retirement, we often hear the word "decumulation" used to denote the spending phase. However, "decumulation" suggests that we're on a critical path to totally spending all of our money.

At Dynamic, we believe that retirement doesn't have to be an inevitable depletion of assets. By eliminating the "decumulation" mindset, we're helping retirees realize that their assets can be used to deliver consistent, sustainable retirement income – without depleting capital.

Paycheque Portfolio™ Approach: Re-envisioning Retirement Income

The key is having a strategy that allows us to continue to deliver the retirement cash flow people need, without selling the investments that are generating that income – especially at a point in time where the investments are down in value. This strategy, which we call the Paycheque Portfolio™ approach, has one goal: to deliver consistent income in bull and bear markets alike.

Introducing Dynamic Payout Portfolio™

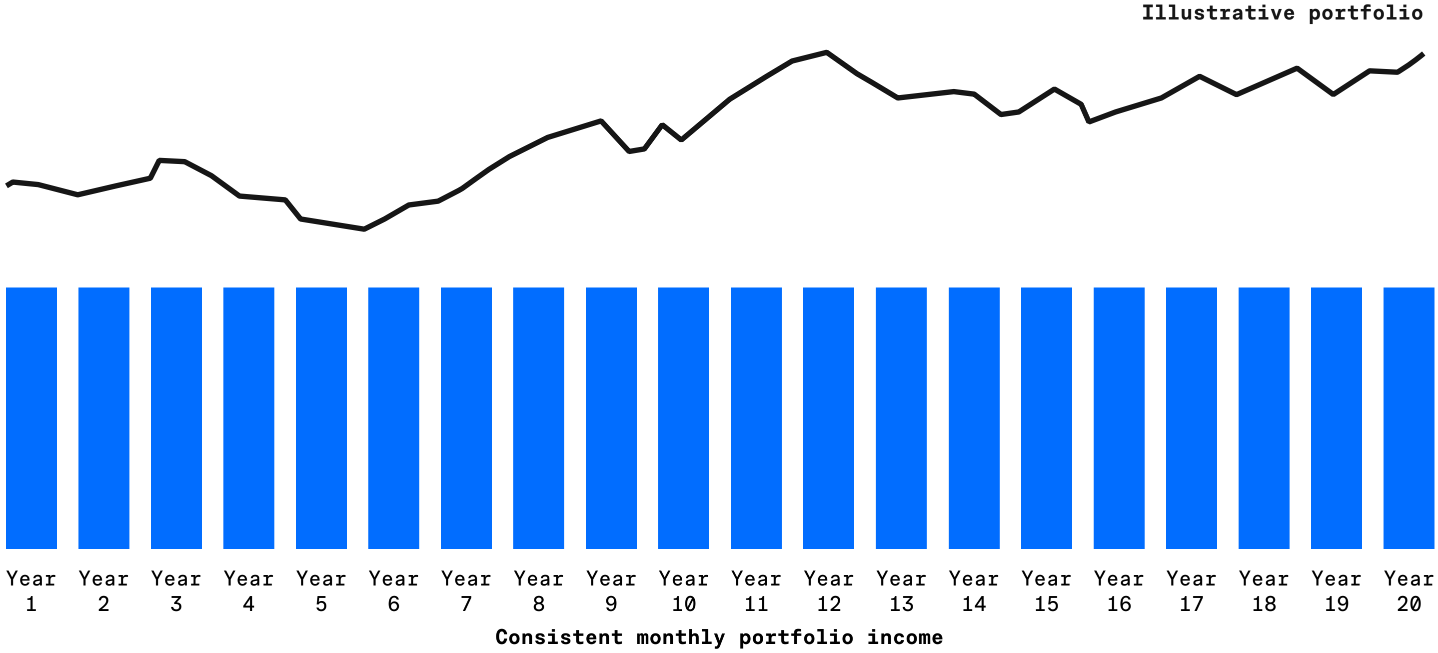
An innovative, actively managed retirement solution that harnesses the power of the Paycheque Portfolio™ approach, Dynamic Payout Portfolio employs a unique blend of income-focused equities, fixed income and non-traditional assets designed to withstand market fluctuations and provide a higher level of consistent and sustainable income – even in bear markets.

Four Simple Words: Spend Income, Not Capital

With Dynamic Payout Portfolio, retirees don't have to sell anything to get the consistent retirement income needed to fund their retirement. This strategy allows time for the investments to recover in value after a market downturn – and provides peace of mind for retirees during volatile markets. With Dynamic Payout Portfolio, retirees spend income not capital.

Dynamic®

Figure 2: Spend income, not capital



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Contact your financial advisor or Dynamic sales representative to learn more

Customer Relations Centre
Toll free: 1-800-268-8186
Tel: 514-908-3212
Email: service@dynamic.ca

dynamic.ca/ric

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