Retirement Income Strategies

Portfolio Immunization – Protecting and Growing Retirement Assets

Matching portfolio cash flow with annual living expenses is called Portfolio Immunization, or liability-driven investing, and is used extensively in large pension plans. Liability driven investing structures a portfolio with the relatively attractive asset alternatives that funds current and future cash flows to meet expenses and growth requirements.

Through the financial planning process we determine your cash flow and identify income gaps to be filled from cash flow generated from the income allocation of the portfolio. Assets not needed to generate income are invested in the growth allocation.

Income Allocation

- Current and future liabilities are identified to determine the cash flow needed to meet anticipated expenses.
- An allocation of low risk, high quality securities are selected to generate sufficient cash flow to satisfy expenses.

Growth Allocation

- Growth securities are selected to increase net worth to provide for gifting, future unexpected cash needs or for wealth transfer strategies.
- An allocation of domestic equity, foreign equity, fixed income, currencies and alternative investments designed to match an investor’s risk tolerance and investment time horizon.

The goal of portfolio immunization is to structure a portfolio that funds future cash flows to meet expenses while continuing growth requirements.

Portfolio Immunization Strategies

Based on the results of your cash flow analysis, we present investment solutions to generate your required cash flow:

- Conservative Income Portfolio (individual fixed income securities)
- Moderate Income Portfolio (fixed income and equity securities)
- Aggressive Income Portfolio (fixed income and equity securities)