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# PRESS RELEASE

26 May 2023

## Half advisers believe FCA should recommend different investment approaches for decumulation and accumulation, finds Copia

A poll of advisers by Copia Capital Management [Copia] reveals that more than half (52%) believe the Financial Conduct Authority's thematic review of retirement income advice should recommend that a different investment approach is required for clients in decumulation compared to those in accumulation. Two-fifths (42%) believe the decision is not clear-cut, while just 5% don't think a different approach should be recommended.

The survey of 84 advisers formed part of a webinar on the new Copia Select Retirement Income Plus (RI+) portfolios, with Tony Hicks, Head of Sales, and Kevin Blackwell, Portfolio Manager from Copia, and Yannis Katsis, Business Development Director, and Stuart Slegg, SLI Proposition Manager from Just Group.

Setting out Copia's position, Tony Hicks explained: "I think it's unlikely that the FCA's thematic review will say anything other than your decumulation strategy should be purpose-built. We firmly believe that the risks in accumulation and decumulation are different. Accumulation is pretty straightforward, we're trying to provide a real return and beat inflation, within the client's risk appetite. In decumulation though, we need to consider longevity and sequencing risk and clients want certainty of outcome. Over the last 18 months, we've seen the traditional approach of the 60/40 bond/equity portfolio fundamentally fail in decumulation due to the correlation of bonds and equities in falling markets. People have gone into retirement and seen their portfolio fall by perhaps 20%, which is really concerning as it will significantly alter their lifestyle in retirement."

RI+ is a range of five risk-rated portfolios purpose-built to combine guaranteed income, delivered by Just Group's Secure Lifetime Income (SLI), with a complementary managed portfolio. The range offers investors in drawdown some protection against sequencing and longevity risk and as such helps advisers meet the new Consumer Duty rule to "avoid causing foreseeable harm". By reducing the need to sell assets in unfavourable markets to generate income, more of the assets stay invested for longer, increasing the opportunity to outperform without increasing the overall risk for the investor.

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Outlining the benefits of using guaranteed income assets as part of a decumulation portfolio, Yannis Katsis said: “By using Just Group’s guaranteed income producing asset, delivered by our Secured Lifetime Income solution, it can sit inside the overall asset allocation framework, but importantly doesn't interfere with what the investment manager is doing. The guaranteed income is paid for the life of the client. The income won’t fluctuate and isn’t correlated to anything in the portfolio, so it frees up risk budget for the investment managers to use elsewhere. The regular income delivered through SLI can be used to subsidise withdrawals, dampen sequencing risk within the portfolio, and helps to mitigate longevity risk. If there’s surplus income, then some or all of it can be left in the cash account to help manage tax liabilities, retained for future use, or reallocated back into the portfolio, enhancing the client’s legacy pot.”

A recording for the webinar can be accessed at: https://vimeo.com/829902390/80d2789337

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## NOTES FOR EDITORS

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**About Copia**
Copia is the investment solutions division of Novia Financial plc, a UK platform provider with group platform assets in excess of £11.8bn under administration. Novia was launched in 2008 and Copia was launched in 2013.

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