



Build the low-cost ABP strategy before adding retirement products

Retirement-income design should start with the retiree's existing capital and ask a simple economic question: **what is the most efficient way to convert that capital into sustainable real income over 30 years?** The first pathway to test is logically the one that preserves the most flexibility, imposes the least structural cost, maintains the clearest access to capital and gives the retiree the strongest real-dollar outcome. Once that baseline has been measured any annuity, IRIS or other retirement product can be assessed. If a product improves the retiree's income, risk and access position in real dollars, it may have merit. If it does not, it is not an enhancement. It is additional structure without sufficient retiree benefit.

The account-based pension is the natural foundation for that exercise. It is already the structure most retirees understand. It preserves visibility of capital, allows flexible drawdowns, supports changing spending needs and avoids the immediate surrender of control that can come with some lifetime income products. Properly structured, any remaining account balance can generally be paid to beneficiaries or the estate, subject to superannuation law, fund rules, nominations and tax treatment. That matters because retirees are not managing only one risk. They are managing income needs, health uncertainty, aged-care contingencies, family circumstances, inflation, markets and the possibility of dying earlier than expected.

The problem is not that the ABP is inadequate. The problem is that it is often unmanaged for the drawdown phase. ABPs are treated as investment accounts that happen to make pension payments. That misses the essential task. In retirement, the portfolio should be subject to asset/liability management principles, where the "liability" is the **CPI-indexed income stream over 30 years or more**. The question is not simply whether the fund earns a long-term average return. The question is whether the retiree can keep drawing real income through cycles of poor returns, inflation shocks and market recoveries without permanently damaging the income pathway.

That is where MyRI and ABCD IQ change the analysis. MyRI gives the retiree the evidence base. It tests income levels, investment settings, Age Pension interaction, additional drawdowns, residual capital and potential IRIS or annuity overlays against long-run historical investment and inflation experience. It allows the retiree, with or without a financial planner, to see whether the base ABP strategy already delivers the required outcome before a product is added.

ABCD IQ then provides the operating method. It is not a fund manager and does not interfere with day-to-day investment management. Fund managers continue to manage the underlying funds. ABCD IQ determines how the retiree's capital should be allocated across available asset classes and, if needed, a retirement product to support the income "liability". It uses a rules-based switching approach: maintaining a liquid and stable fund before shocks, using growth assets to support long-term income, responding when adverse events are large enough to require action, and restoring the required asset allocation after recovery.

This is materially different from a product-first process. In a product-first process, the retiree's money is partly committed before the total outcome has been optimised. The ABP then receives what is left. That can reduce real-dollar income, reduce flexibility and obscure whether the product improved or weakened the retiree's position.

Conclusion: Low-cost retirement income strategies should be built in the right order. First, test the ABP and Age Pension as an integrated 30-year income system. Then add products only where they improve the retiree's real-dollar outcome. **MyRI sets the retirement course; ABCD IQ manages it.**