

Pension Plan strategy by Aktieutbildning.nu, English version

****Your Strategic Pension Plan – A Guide to Future-Proofing Your Capital** By Mikael Hellberg, Founder of Aktieutbildning.nu**

One of the biggest and most devastating risks you face as an investor is running out of money in retirement. As a professional asset manager for 35 years—during which I was responsible for portfolios worth over SEK 20 billion at Handelsbanken Fonder—I have seen this happen far too often. People work extremely hard their entire lives to save enough for a comfortable retirement, only to be crushed when they realize their money doesn't go as far as they had hoped.

At the top tier of the financial industry, nothing is about “quick wins” or unproven shortcuts. It's about proven methodology, macro analysis, and rigorous risk management. That is exactly the institutional-level quality I now teach at Aktieutbildning.nu.

To reduce the risk of outliving your capital, we need to build a strategy. I recommend always keeping the following four fundamental questions in mind when planning your retirement:

1. How long does your portfolio need to last?
2. How will withdrawals and inflation affect your portfolio?
3. How do you define your primary investment objective?
4. What key trade-offs are you willing to make?

Let's break them down step by step.

1. How long does your portfolio need to last?

One of the most common mistakes private investors make is assuming far too short a time horizon. Many life expectancy forecasts are likely too conservative given ongoing medical advances.

When looking at life expectancy statistics, remember they show averages. Planning only for the average isn't enough, since about half of people in each age group will live longer.

- * If you are 65 today, your average life expectancy is 85.
- * If you are 70, your average life expectancy is 86.
- * Factors like overall health and genetics also significantly affect your personal lifespan.

****Conclusion:**** Your time horizon may be much longer than you think. You must prepare for a long life and ensure you have enough money to sustain your lifestyle throughout.

2. The silent thieves: Inflation and unrealistic withdrawals

When calculating your investment horizon, it is crucial to understand how withdrawals affect your portfolio. Many investors have unrealistic expectations about how much they can withdraw annually during retirement.

****The myth of 10% withdrawals****

A common—but extremely flawed—assumption is that since stocks have historically returned just over 10% annually, you can withdraw 10% per year without reducing your capital. This is completely wrong.

While the stock market may average 10% over long periods, returns vary significantly year to year. Market volatility plays a major role. Poor timing of withdrawals during downturns can severely damage your portfolio's longevity.

A painful example: If your portfolio drops 20% and you withdraw 10% at the same time, it must then grow about 39% just to recover to its original value.

Inflation erodes your purchasing power

Inflation is another critical factor. It quietly reduces purchasing power over time and eats into both savings and returns.

* Since 1930, inflation in Sweden has averaged 3.9% per year.

* At that rate, someone needing SEK 200,000 annually today would need about SEK 430,000 in 20 years and SEK 632,000 in 30 years just to maintain the same purchasing power.

* Put differently: SEK 1,000,000 kept in cash today would be worth only about SEK 316,000 in today's value after 30 years.

Your portfolio must work for you—otherwise, you are effectively losing money every day.

3. Define your primary investment objective

Time horizon, cash flow needs, and inflation are crucial—but another key step is defining your portfolio's primary goal. This means thinking in terms of what you want the portfolio's **end value** to be.

Which of these best describes your goal?

Maximize end value: You want your capital to grow as much as possible.

Preserve real value: You want your portfolio to maintain its purchasing power.

Reach a specific target: For example, leaving a planned inheritance.

Deplete the portfolio: You aim to use up the capital during your lifetime.

4. What trade-offs are you willing to make?

Your retirement cash flow needs combined with your end goal often require compromises to reduce the risk of running out of money. For example, you may need higher exposure to return-generating assets and accept greater volatility.

Historical simulations over rolling 30-year periods for a SEK 5,000,000 portfolio show:

Scenario 1: 10% withdrawal (SEK 500,000/year)

Extremely high risk. Even with 100% stocks, the probability of lasting 30 years is only 20.6%.

Scenario 2: 7% withdrawal (SEK 350,000/year)

Better, but still risky. With 100% stocks, survival probability is only 47.1%.

Scenario 3: 5% withdrawal (SEK 250,000/year)

Now approaching sustainable levels. Significantly improves chances of both survival and growth.

Scenario 4: 3% withdrawal (SEK 150,000/year)

Much stronger outcomes. Median end values after 30 years exceed the starting value across multiple portfolio allocations.

*** **Scenario 5: No withdrawals (0%)****

Excellent survival rates regardless of allocation, with 100% stocks producing the highest end value.

Which scenario feels right for you?

There is no one-size-fits-all solution—only what is optimal for you. If your goal is maximum growth, a 100% stock portfolio may make sense. If you want to preserve purchasing power with lower volatility, a 70/30 stock/bond mix may suit you better.

Once your primary goal is clear, choosing the right asset allocation becomes much easier.

Next step: Let's future-proof your portfolio together

Building financial security requires a deep understanding of market behavior and the ability to filter out media noise. That's why Aktieutbildning.nu exists—to help you apply institutional strategies to your personal finances.

****Want help taking control of your retirement? Here's how:****

1. ****Join our community****

Join our growing Facebook groups Aktieraketer 2.0 and Aktieutbildning.Nu. Over 8,000 members share insights, discuss macro trends, and avoid beginner mistakes—completely free.

2. ****Access free knowledge****

Download our e-books ****“Getting Started with Stocks”** and ****“Investment Strategy”**, or sign up for our introductory course.

3. ****Don't miss “Börssnack”****

Attend our open webinar where we break down current market conditions and what's really driving the stock market.

4. ****Follow the professionals: Börsportföljerna****

When you're ready to stop guessing and start acting like a pro, our main service offers detailed analysis, stock picks, and weekly live webinars.

You don't need to reinvent the wheel—you just need a proven map and a steady guide.

Welcome to Aktieutbildning.nu.

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