

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

**Subject: Strategic Asset Decumulation and Capital Preservation Plan**

Dear [Client Name],

As you transition into the distribution phase of your financial lifecycle, our primary focus shifts from wealth accumulation to strategic decumulation and long-term asset preservation. The goal of this advisory letter is to outline a sustainable withdrawal framework while safeguarding your principal against market volatility and inflation.

**1. Withdrawal Sequencing**

To maximize the longevity of your portfolio, we recommend a tax-efficient withdrawal hierarchy. We will prioritize distributions from taxable brokerage accounts first, followed by tax-deferred accounts (IRAs/401ks), allowing your tax-advantaged assets more time to grow. We will also monitor Required Minimum Distributions (RMDs) to avoid unnecessary penalties.

**2. Capital Preservation Strategy**

To protect your lifestyle from market downturns, we are implementing a "bucket" approach. This involves maintaining a cash reserve equivalent to [Number] years of living expenses in highly liquid, low-risk instruments. This ensures you are not forced to sell equities during a bear market.

**3. Risk Mitigation and Diversification**

We will continue to rebalance your portfolio to shift toward income-generating assets such as dividend-paying stocks, high-quality bonds, and annuities where appropriate. This shift aims to reduce "sequence of returns" risk, which is critical during the early years of retirement.

**4. Estate and Legacy Considerations**

Asset preservation also involves minimizing the erosion of your estate through taxes and legal fees. We recommend a periodic review of your beneficiary designations and trust structures to ensure your wealth is transferred according to your wishes with minimal friction.

**Next Steps**

We have scheduled a meeting on [Date/Time] to review your specific cash flow needs and adjust your asset allocation accordingly. Please have your recent tax returns and updated expense budget ready for review.

We remain committed to ensuring your financial security throughout this phase of your life.

Sincerely,

[Advisor Name]  
[Firm Name]  
[Phone Number]