

Don't Let Your Clients Outlive Their Portfolios

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People are living longer than ever. According to Pew Research, the U.S. centenarian population is projected to quadruple over the next 30 years¹. While modern medicine may be extending lifespans, rising health care costs are making it harder for assets to last. The risk of outliving one's assets, due to both longer lives and more expensive ones, is now central to long-term financial planning.

Private investments can play a key role in mitigating that risk. When used intentionally, private market strategies can support more durable portfolios by enhancing return potential and improving diversification. However, for many advisors and their clients, they also require a shift in mindset, particularly when it comes to liquidity.

The liquidity conversation: misunderstood and overdue

Liquidity is often the elephant in the room when advisors consider alternatives. The reality is that investors tend to overestimate their need for immediate access to cash and underestimate the challenges that come with funding a retirement that could last 30 years or more.

Consider this: the average mutual fund is held in a portfolio for over four years². That's not far off from many interval or evergreen private fund vehicles which offer periodic redemption windows. In other words, "long-term" doesn't necessarily mean tying up capital for a decade.

Most clients don't need every dollar to always be liquid. What they need is access to the right dollars at the right time.

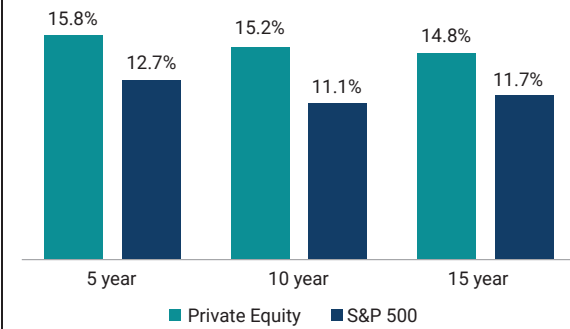
Private investments aren't for clients who, for better or worse, prioritize full liquidity. But for those planning for multi-decade retirements or intending to pass on assets, private investments are well suited to handle a portion of the portfolio that isn't earmarked for near-term needs.

Building portfolios for longer lives

The biggest challenge of modern retirement planning is managing three competing goals: generating income, preserving capital, and achieving growth to support increasingly long time horizons. Traditional public-market portfolios can struggle to deliver on all three fronts.

Private markets offer an enhanced toolkit. Historical data show that private equity has delivered higher returns than public equities over the long-term.³

Exhibit: Private equity has outperformed public equities over the long-term



These strategies also tend to be less correlated with public markets and are valued less frequently, which can help smooth returns and reduce the likelihood of panic-driven selling. For clients with adequate time horizons, the result can be a more efficient and enduring portfolio.

Private investments for retirement durability

The good news is that advisors now have access to a broader, more thoughtfully constructed range of private investment options designed specifically for individual investors. When implemented with discerning manager selection, practical product design, and transparency, these strategies can be powerful tools for meeting long-term goals.

Helping clients avoid outliving their assets means rethinking how portfolios are built. By incorporating private market strategies aligned to long-term needs, advisors can create more resilient portfolios that lead to more fulfilling financial lives.

In the end, it's not just about clients living longer. It's about making sure their money does too. ■

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Learn more at www.axxescapital.com and [LinkedIn](#).

1. Pew Research Center. "U.S. centenarian population is projected to quadruple over the next 30 years." January 9, 2024.
2. Mullaney, R. (2022, January 13). The best investment results in 2021 DALBAR knows. Retirement Income Journal.
3. Source: S&P; Private Equity Global PitchBook Benchmark, Dec. 2024.

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