



SSC # 97 – MANAGING SEQUENCE-OF-RETURNS RISK WITH BUCKET STRATEGIES

This course is eligible for:

2.0 Life & A&S CE Credits for BC, SK, MB & ON.

2.0 Life ONLY CE Credits for AB.

Target Audience

This course is designed for financial advisors, planners, and investment representatives across Canada who advise clients approaching or currently in the retirement income phase. Specifically, this manuscript is relevant to:

- **Licensed insurance advisors** in all provinces who recommend segregated fund products — including guaranteed minimum withdrawal benefit (GMWB) products — as components of a retirement income strategy
- **Fee-only financial planners** who develop written retirement income plans for clients and require technical competence in SORR and decumulation frameworks
- **CIRO-registered Investment Representatives** and Portfolio Managers at CIRO-member dealer firms advising clients on retirement income portfolios
- **CFP and QAFP certificants** (FP Canada) engaged in comprehensive financial planning, with responsibility for retirement income plan construction and documentation

Course Overview

Sequence-of-returns risk remains one of the most consequential—and least understood—threats to sustainable retirement income. Even portfolios with strong long-term averages can fail prematurely when early-retirement withdrawals collide with market downturns. This course examines how **bucket strategies**—structured, time-segmented pools of capital—can mitigate volatility exposure, stabilize cash flow, and preserve client confidence during periods of uncertainty.

Advisors will explore the mechanics of multi-bucket frameworks, including liquidity buckets, intermediate-term income buckets, and long-term growth buckets. The course integrates behavioural finance, withdrawal-rate research, and real-world case studies to demonstrate how bucket strategies can be adapted for diverse client profiles, including mass-affluent couples, high-net-worth households, widowed retirees, and incorporated landlords with rental-income variability.

The manuscript emphasizes practical implementation: determining bucket sizes, rebalancing rules, tax-efficient funding sources, and communication strategies that help clients remain invested during market stress. Advisors will also learn how to integrate guaranteed income products, fixed-income ladders, and total-return portfolios within a bucket framework while meeting regulatory expectations for suitability, disclosure, and risk profiling.

Course Purpose

The purpose of this course is to equip licensed financial advisors with the technical, behavioural, and regulatory competencies required to design and manage bucket-based retirement income strategies that reduce sequence-of-returns risk. Advisors will learn how to evaluate client vulnerability, model withdrawal sustainability, and construct segmented portfolios that align with time horizon, tax position, and risk capacity.

The course also aims to strengthen advisor-client communication by providing language, visuals, and scenario-based explanations that help clients understand why bucket strategies work and how they protect retirement income during market downturns. By the end of the course, advisors will be able to integrate bucket strategies into comprehensive retirement plans that comply with CIRO, FP Canada, CSF, and provincial insurance-council expectations for documentation, disclosure, and ongoing monitoring.

Learning Objectives

Upon successful completion of this course, advisors will be able to:

1. **Define sequence-of-returns risk** and explain why it disproportionately affects retirees drawing income from volatile portfolios.
2. **Describe the structure and purpose of bucket strategies**, including liquidity, income, and growth buckets.
3. **Analyze client-specific vulnerability** to sequence-of-returns risk using risk-capacity, cash-flow, and time-horizon assessments.
4. **Construct multi-bucket retirement income plans** using equities, fixed income, cash equivalents, annuities, and guaranteed products.
5. **Determine appropriate bucket sizing and funding sources**, including tax-efficient sequencing from RRIFs, TFSAs, non-registered accounts, and corporate accounts.
6. **Apply rebalancing and refill rules** that maintain bucket integrity during both favourable and adverse markets.
7. **Evaluate withdrawal-rate sustainability** under different market conditions using historical and Monte Carlo modelling.
8. **Integrate behavioural-finance insights** to help clients remain invested and avoid panic-driven decisions during downturns.
9. **Adapt bucket strategies for segmented client groups**, including mass-affluent retirees, HNW households, widowed clients, and incorporated landlords.
10. **Meet regulatory expectations** for suitability, documentation, disclosure, and ongoing monitoring when recommending bucket-based income strategies.
11. **Compare bucket strategies to alternative retirement income frameworks**, including systematic withdrawal, guardrail strategies, and annuity-based approaches.
12. **Communicate bucket-strategy recommendations** using clear, client-friendly explanations, visuals, and scenario-based narratives.