



Investing for a longer, more complex future

Retirement looks different than many once imagined. It is no longer a single moment when work stops and spending begins, nor a clearly defined destination with a fixed timeline. Instead, retirement has become a longer, more uncertain phase of life - one that places new demands on how portfolios are invested.

As longevity increases and retirement patterns evolve, the shift from saving to spending marks a change in financial priorities. Understanding how this transition reshapes risk, income needs and investment objectives is central to securing sustainable outcomes.

A longer retirement, with more uncertainty

Longevity is one of the most important forces reshaping retirement. With life expectancy rising and the length of retirement hard to predict, planning needs to reflect a longer time horizon than historical standards.

Retirement also brings a different kind of vulnerability. During the working years, market downturns can often be absorbed by time, ongoing contributions and future earnings. In retirement, once withdrawals begin, there is far less opportunity to recover from poor outcomes. Early losses, poorly timed withdrawals or unsustainable spending can have lasting effects on a portfolio's ability to generate future income.

Uncertainty adds complexity. Unknown risks - such as the duration of one's retirement and life events that can affect wealth - sit alongside inflation and volatility. Health costs, family circumstances and spending patterns can all alter financial needs.



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Retirement is no longer a single event

Retirement itself has changed. Many people no longer move straight from full-time work into full retirement. Instead, retirement increasingly unfolds in stages - through part-time work, flexible careers, or more gradual and selective use of pension assets.

Spending patterns tend to evolve as well. Early retirement is often more active, with discretionary spending on travel or hobbies. Later years typically place greater emphasis on stability, income reliability and health-care needs. These shifts matter for how portfolios are designed: approaches built primarily for accumulation may be less suited to a phase where preserving wealth and generating reliable income become equally important.

Rethinking risk once income matters

One of the most important adjustments in retirement investing is how risk is defined. Before retirement, risk is often framed as short-term volatility or underperformance versus a benchmark. In retirement, risk becomes more outcome-focused: running out of money, being forced to reduce spending, or selling assets at depressed prices to meet income needs.

This is where sequencing risk becomes especially important. Sequencing risk refers to the impact of the order in which investment returns occur. Market falls early in retirement - when balances are highest and withdrawals are beginning - can be far more damaging than similar declines later on. Even if markets recover, losses combined with withdrawals can permanently reduce the portfolio's ability to support future income.

This creates a delicate balance. Portfolios in retirement still require growth to reduce the likelihood of outliving assets and to defend purchasing power against inflation. But excessive exposure to volatility can undermine the sustainability of retirement income at critical points.

Why retirement planning is an ongoing process

These realities highlight why retirement planning should not be treated as a one-time decision at the point of retirement. Instead, it is an ongoing process that evolves with life circumstances, markets and spending needs. Strategies may need to adapt - through flexible withdrawal approaches, spending adjustments, or changes in asset allocation.

Much of the pensions industry has historically been set up to service the pre-retirement accumulation phase. However, the need for advice and ongoing support often continues into the retirement income phase, where the emphasis shifts from maximising returns to securing retirement wealth and then drawing consistent, reliable income with reduced market risk.

Process and behaviour matter, too. The ability to remain invested through periods of market stress, while continuing to meet income needs, is often as important as the portfolio itself.

Supporting better retirement outcomes

Ultimately, successful retirement outcomes start with acknowledging that the investment challenge changes once income becomes the priority. Portfolios

need to be structured with a clear awareness of longevity, inflation and the risks associated with taking withdrawals through volatile markets.

Equally important is recognising that retirement is deeply personal. Health, family responsibilities, lifestyle ambitions and attitudes to risk all influence how savings are used and what “success” looks like.

“Retirement changes everything” is therefore a reminder - not of difficulty, but of opportunity. With thoughtful planning, flexible investment frameworks and ongoing support, portfolios can be designed to balance growth, income and resilience over time. Our experience tells us that actively managed, diversified and resilient portfolios are more likely to generate superior outcomes for investors over the long term. As retirement becomes longer and more complex, so too must the way portfolios are constructed and managed to support sustainable outcomes across the full retirement income phase.

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