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Retirement guide

Is your retirement strategy keeping pace with your retirement?

7 questions to ask about your retirement portfolio



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For people approaching or living in retirement



A good portfolio is only part of a good retirement strategy.

You could have a substantial amount invested in the same portfolio as thousands of other investors. But your retirement isn't standing still. The income you need, the growth you still need, the cash you want on hand, your spending plans and how a market fall could affect you all change over time.

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The question isn't simply whether you have a good portfolio. It's whether your retirement strategy is being actively reviewed and adjusted around you.

The seven questions that follow will help you find out. None of them assumes your current investments are wrong.

01 Question

Is my retirement strategy actually built around me?

You may invest through a super fund, a managed portfolio or another professionally managed option. The investment portfolio itself may be shared by many investors.

But the strategy around it should reflect you: your income, your cash needs, your future spending, your other resources and how much longer-term growth you still need. Two people of the same age may need very different strategies.



The important distinction

Your investments may be shared by thousands of other people. Your retirement strategy shouldn't be.

02 Question

Where is the money for my retirement income actually coming from?

You probably know how much arrives in your bank account each month. The less obvious question is where that money comes from before it reaches you.

Is it coming from money already set aside? Income earned by your investments? Are some investments being sold? Or is it a mixture of these? This matters most when markets have fallen and you still need money for everyday living.



Why it matters

Retirement income is more than a regular payment. There should be a clear plan for where that money comes from.

03 Question

What happens to my income when investment markets fall?

Investment markets will have good years and bad years. But your regular living expenses continue regardless.

If investments that have dropped in value need to be sold to pay for everyday expenses, that money is no longer invested if markets recover.

This doesn't mean avoiding investments that can grow. Your retirement could last 20 or 30 years or more, and some of your money may still need to grow.



Why planning ahead matters

You can't control when markets fall. But you can plan ahead for where your income could come from when they do.

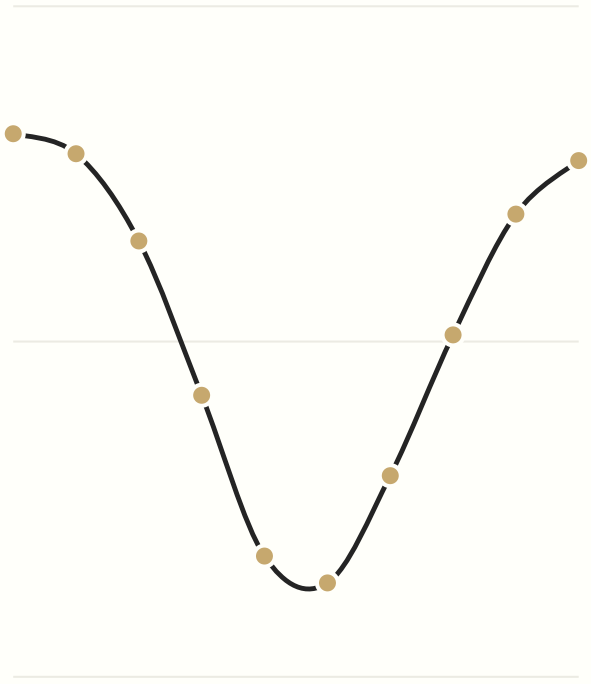
03 Question

Where does your income come from when markets fall?

Two portfolios can hold similar investments but pay your income very differently.

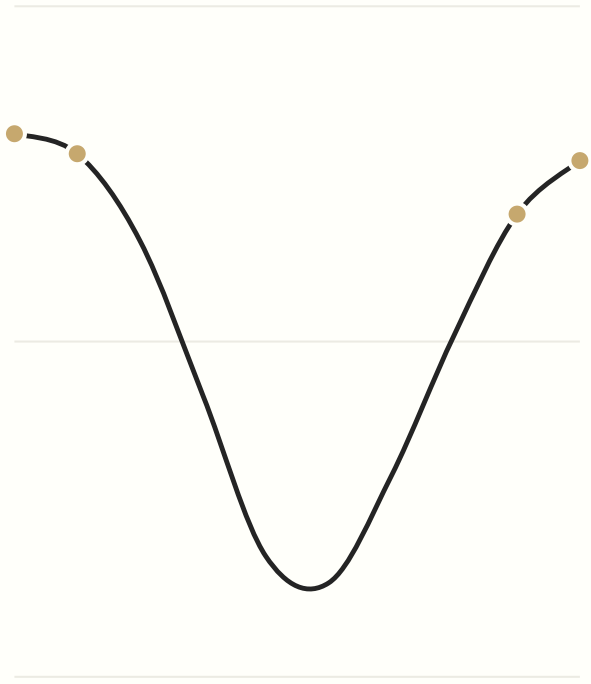
Little set aside: investments sold as income is needed

With little held in cash, investments may need to be sold regularly, including when prices are down.



Money set aside: topped up when markets are stronger

Money set aside keeps paying your income through a fall. Top-ups come from investments that have grown.



Investments sold to top up cash — Market value (illustrative)

Illustrative only. Not based on actual returns. Markets may take an extended period to recover. How much to set aside depends on you. Cash usually earns less over time, and there's no guarantee investments that have fallen can always be left untouched.

04 Question

What is actually being reviewed and changed each year?

An annual review should be about more than last year's performance. It should look at three things that keep changing:

Your life

Cash for your pension payments, larger expenses coming up, and changes in what you need.

Your portfolio

Investments that have done well may be used to top up cash. Others may no longer be doing the job they were chosen for.

Investment markets

Interest rates, market conditions and the outlook for different types of investments.



The purpose of the review

Not simply to describe what happened, but to decide what needs attention for the year ahead.

05 Question

What am I paying for, and what am I getting in return?

There can be several costs: the investments, the platform and the advice. In some areas, a simple, low-cost investment may be all that's needed. In others, there may be good reason to pay for professional investment management.

The question is whether each investment has a reason for being there and keeps doing the job it was chosen to do. The same applies to advice: what ongoing attention, review and personal service are you receiving?



Cost and value are not the same thing

The lowest-cost option isn't always the most suitable. Higher costs don't guarantee better outcomes. What matters is what you're paying for and what you receive in return.

06 Question

Is my money set up for what I need now and what I may need later?

When you retire, not all of your money has the same job. How much goes into each part depends on you.

Top up

Top up

For sooner

Spending

For stability

Steady

For later

Growth

- **Money for sooner.** Regular income, known larger expenses and money you may want easy access to.
- **Money for stability.** A steadier part of the portfolio. It can still rise and fall in value.
- **Money for later.** Australian and international shares, which can rise and fall significantly in value, sometimes over extended periods.

Just because you're retired doesn't mean all of your money needs to be treated as short-term money.



07 Question

When I need help, who do I actually speak to?

Retirement doesn't always run to a schedule. You may decide to buy a new car, travel, help your family, improve your home or simply need some extra money.

Having an adviser who already understands your circumstances and how your retirement money is structured means those decisions can be considered as part of your overall strategy, without explaining your situation from the beginning each time.



Advice should be personal

A retirement strategy isn't only about the annual review. It's also about having someone who knows your situation when you need help during the year.



Your adviser

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How I work

- Your strategy is built around you: your income, your plans and your stage of life.
- I aim to keep your portfolio diversified and easy to understand. You know what you own, and each investment has a clear job.
- For clients in an ongoing service arrangement, your strategy is reviewed every year, looking ahead. Each investment is checked to make sure it's still doing the job it was chosen for, and changes are recommended where needed.
- I look after your strategy personally. When something changes, you speak to someone who already knows your situation.

Personalised at the outset. Actively reviewed as retirement evolves.

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Understand what you have. Understand the strategy around it. Then decide whether anything needs to change.

Next step

A Retirement Portfolio Second Opinion

The initial Retirement Portfolio Second Opinion meeting is provided at no cost and without obligation.

If you'd like to act on anything identified, any recommendations would be provided in a written Statement of Advice.

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