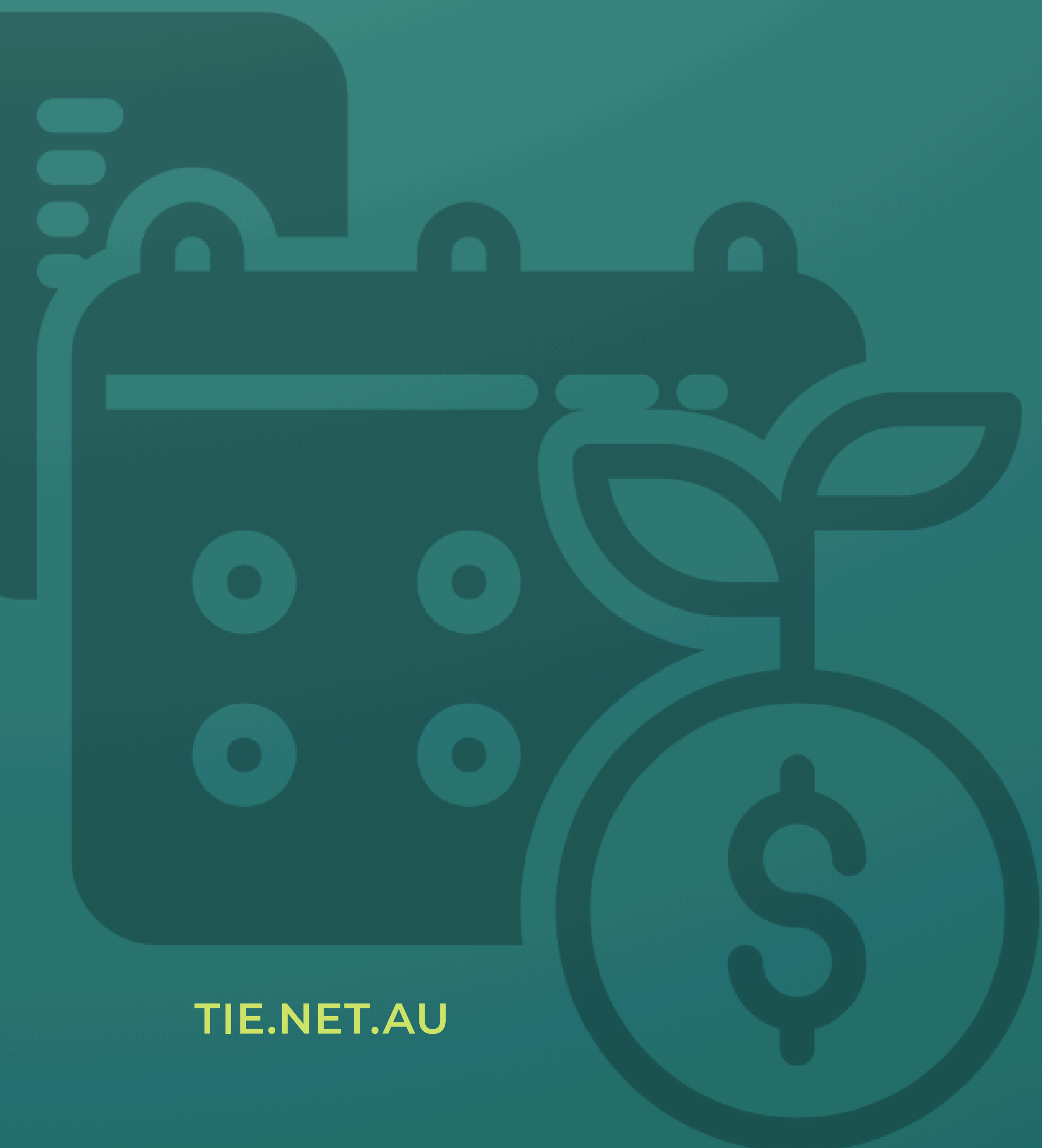
THE INCOME EDIT

Retirement Approach



TIE.NET.AU → RACHEL LAFAZANIS

Retirement Isn’t an Investment problem. It is a Behaviour Change.

For most of your working life, the financial system teaches you to save. Contribute to superannuation. Pay down debt. Build investments. Avoid spending your capital.

Then, at retirement, the system asks you to completely reverse course and start drawing down the savings you’ve spent decades protecting.

Research shows that many retirees struggle with this transition and often spend significantly less than they could safely afford, even when they have substantial savings available.

This isn’t because they have failed. It is because they are being asked to adopt a completely different mindset at one of life’s biggest transitions.

Blanchett & Finke (2025); Industry Fund Services Retirement Pathways Paper (2025)

The problem isn't you.

It's the system

Australia's retirement system is largely built around accumulation. Save your money, invest your money, grow your super. Much less attention has historically been paid to helping people convert those savings into reliable income.

The Retirement Income Covenant by the Australian Government was introduced partly because policymakers recognised that retirees need help spending confidently, not simply accumulating more assets.

Retirement Income Covenant, Treasury, Australian Govt

People prefer spending Income over spending savings

One of the most fascinating findings from recent retirement research is that retirees spend income very differently from capital. Studies have found **retirees consume roughly 80% of lifetime income sources**, **but spend only around half of available savings** and investment wealth. In simple terms, people feel comfortable spending income but uncomfortable spending savings.

Retirement Income Covenant, Treasury, Australian Govt

Essential spending deserves a different solution

Because people experience different feelings towards different types of spending, I divide retirement income into categories.

Essential spending includes housing costs, utilities, insurance, food and healthcare. These expenses **don't disappear because markets have a bad year.**

My philosophy is that these expenses should, where possible, **be supported by reliable income sources that continue for life.** This creates certainty where certainty matters most.

Money Smart

Fun money can be more Flexible

Discretionary spending is different. Holidays, gifts, entertainment and lifestyle upgrades can often be adjusted depending on circumstances. Because these expenses are flexible, they can often be funded from growth assets that are exposed to market returns.

This allows retirees to retain growth opportunities while reducing pressure to sell investments at the worst possible time.

Sequencing risk research shows withdrawals during market downturns can permanently damage retirement outcomes.

Blackrock Research

Reducing Sequencing Risk Improves Confidence

Sequencing risk sounds technical, but the concept is simple.
If markets fall early in retirement and you are forced to sell investments to fund spending, the portfolio may struggle to recover.
By reducing the amount of spending that depends on market performance, **retirees may reduce the impact of poor market timing and gain greater confidence about their future**.

Managing Sequencing risk to optimize retirement income, Canada Life, 2020

The Goal Is To Help You Get On With Living

My goal isn't to change how you think.

My goal is to change how your assets work for you.
By structuring your retirement resources to **provide reliable income** for essentials while maintaining access to capital for opportunities, surprises and legacy goals, I aim to help **reduce the dominance of market performance on your daily life**. The goal isn't simply financial security.

The goal is the **confidence to enjoy retirement knowing the income can last as long as you do.**

Research: Research consistently finds that predictable lifetime income increases retirees' confidence to spend and improves retirement satisfaction

Asset Decumulation Over Retirement and the Role of Guaranteed Income Streams 2020

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