RIVKIN
WEALTH ADVISORS

5 MISTAKES TO AVOID WHEN PLANNING YOUR RETIREMENT

Money and Retiring doesn't have to be difficult

Money and retiring can at times seem complicated. We're faced with a limited time horizon with work and now the emphasis is drawing from the assets we've accumulated over the course of our lifetime.

When it comes to planning for retirement, people often face certain barriers to seeking the appropriate guidance which include feelings of overwhelm, they're worried about the cost of advice, it's too late to make a difference or they simply just haven't gotten around to it.

What ever obstacles life throws at you, it's important to a gain a broader perspective of what is avialable so that you can avoid easy mistakes and get more nourishing experiences and live a life on your terms.

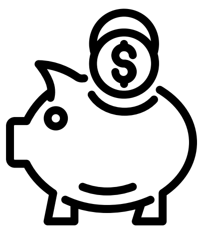
Introduction

Retirement means different things to different people, for some it's a call to adventure and living their best life, while for others they find work and hobbies meaningful. Whatever your definition of retirement is, it is incumbent on financial security. Common questions retirees ask are:

- Will I have enough income to fund my lifestyle?
- Will my money 'go the distance'?
- What do I do now with all of this spare time?

Retirement Assumptions

Here are some common—and dangerous—assumptions that individuals make when planning for retirement:



1. Stock and bond market returns will always be robust.
2. Inflation will be benign.
3. You will be able to work past age 65.
4. You will receive an inheritance.

When planning for retirement, it's important to keep in mind that your money is a commodity that will enable a lifestyle to live of what is true, good and beautiful.

The 5 P's of Retirement Planning

We help our clients control their retirement savings while also managing a giant shift in their personal needs. We've put together a framework called **'The 5 P's of Retirement Planning'** which addresses the key points an individual has to consider when planning for retirement:

1. Position

This represents the starting point of your retirement journey. It's about understanding where you currently stand financially, emotionally, and in terms of your life goals.

2. Portfolio

Your financial assets and investments, tailored to support your retirement lifestyle. Discerning what your asset allocation (risk tolerance) is the first step where investing for retirement. Your asset allocation means the probability of incurring a loss and how your returns will vary from year to year.

It's also important to partner with an advisor as to how a portfolio of investments can be constructed so that it is tailoured to your income needs and overall tax position.

3. Plan

A comprehensive financial plan provides the roadmap for achieving your retirement goals. It also outlines what financial strategies are available to you so that you avoid any mistakes and remain on track for your retirement.

4. Performance & Review

Partnering with an advisor involves regularly assessing and adjusting your retirement strategy to ensure it aligns with your goals and whether there are any changes to your circumstances.

The key areas an advisor will focus on are:

1. Reviewing investment performance
2. Legislative updates and how they pertain to you
3. Monitoring cash flow and expenses
4. Adapting to life changes (e.g., health, family needs)

5. Play!

Retirement no longer means to disengage from work or life, but to begin again, with a stronger focus on living each day to the fullest.

At Rivkin, we prefer to call it “protirement”, meaning to place yourself ahead into the activities and lifestyle of your choice to continue to pursue the “best years of your life”.

Go out and have fun!

This document is designed to help our clients avoid retirement mistakes that could cost more time, money and paying more in tax and retire on their terms.

Curious about what is available to you? Book your consultation with one of our advisors today on (02) 8302 3620.

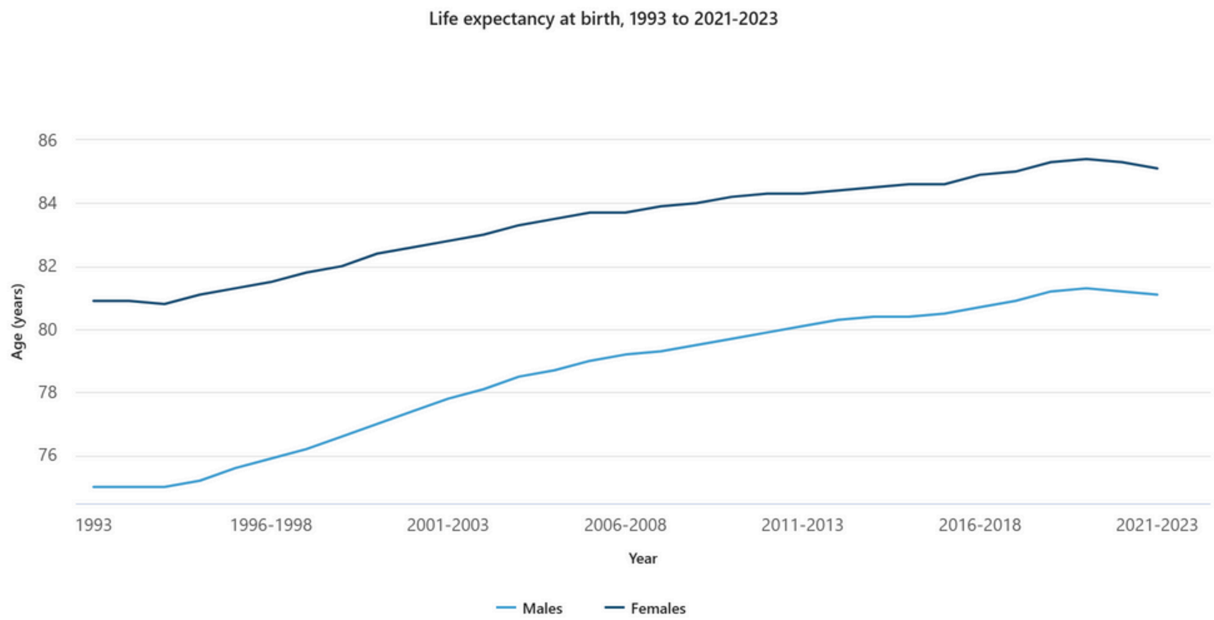
What Is Longevity Risk

... We're all living longer

Longevity risk is the financial risk that an individual will outlive their retirement savings or resources. This risk arises due to uncertainties surrounding life expectancy, with people living longer than expected, potentially depleting their savings or income streams.

The Key Aspects of Longevity Risk:

1. Rising Life Expectancy: Advances in healthcare and living standards contribute to longer lifespans, making it difficult to predict how long retirement savings will need to last.
2. Underestimating Retirement Needs: Many retirees fail to adequately plan for a retirement period that could span 20–30 years or more.



Source: Australian Bureau of Statistics, Life expectancy 2021 - 2023

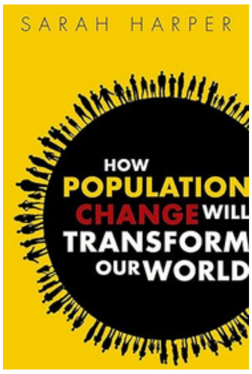
Retirement Mistake 1 - *Relying Too Heavily on Government Benefits*

Relying too heavily on the Age Pension in retirement can lead to financial stress, particularly given the rising life expectancy in Australia. The maximum age pension for an individual who does not own their home is **$29,744.**

The Age Pension is designed to provide a baseline income to support basic living expenses. However, with men living until 85.2 years and women until 87.8 years on average, this support must often stretch over 20–25 years. For retirees living longer than expected, the Age Pension is unlikely to provide adequate income for discretionary expenses, aged care, or medical costs, emphasizing the need for supplementary savings or investments.

Book Recommendation

The book *How Population Change Will Transform Our World* by Sarah Harper underscores the challenge of accurately predicting life spans, which makes retirement planning and resource allocation difficult. Both individuals and governments face the risk of underestimating how long retirement funds or public resources need to last.



Harper's analysis connects the aging population trend to issues like reduced economic productivity, increased healthcare costs, and the need for societal adaptation, such as fostering age-friendly workplaces and infrastructure.

What Is Sequencing Risk

What if your plan didn't go according to plan?

Sequencing risk is the risk that the order and timing of investment returns negatively impact a retiree's portfolio, especially if market downturns occur early in retirement. Poor returns in the first few years, combined with withdrawals, can accelerate the depletion of savings, leaving less capital to recover when markets improve.

Year	Portfolio A	Returns	Portfolio B	Returns	Withdrawals	Difference
Initial Balance	**$300,000**		**$300,000**			
1	$258,750	-10%	$299,000	4%	$12,500	$40,250
2	$229,013	-7%	$349,530	22%	$12,500	$120,518
3	$238,164	10%	$353,882	5%	$12,500	$115,718
4	$214,381	-5%	$399,416	17%	$12,500	$185,036
5	$236,200	17%	$367,571	-5%	$12,500	$131,370
6	$212,515	-5%	$415,885	10%	$12,500	$203,370
7	$244,019	22%	$375,148	-7%	$12,500	$131,130
8	**$222,258**	4%	**$326,384**	-10%	$12,500	**$104,126**

Retirement Mistake 2 *- A Cautionary Tale of Selling in a Market Downturn*

Mark and Susan retired at 65, excited to finally enjoy the freedom they had worked so hard for. With $1.2 million in retirement savings, they felt financially secure. Wanting to make the most of their early retirement, they withdrew large sums in the first few years—$150,000 for travel, home upgrades, and helping their children. They assumed their portfolio would continue growing to sustain them.

Then, the market crashed. Suddenly, their investments lost 20% of their value. Panicked, they sold off stocks to preserve what was left, locking in their losses instead of allowing time for recovery. Fearing further losses, they moved their remaining savings into cash.

At first, it seemed like a safe choice—no more volatility. But as years passed, inflation eroded their purchasing power. Medical expenses rose, living costs increased, and their nest egg dwindled faster than expected. By their late 70s, they faced a harsh reality: their savings were running out. Without a financial buffer, they had to significantly cut expenses, sell assets, and rely heavily on the Age Pension.

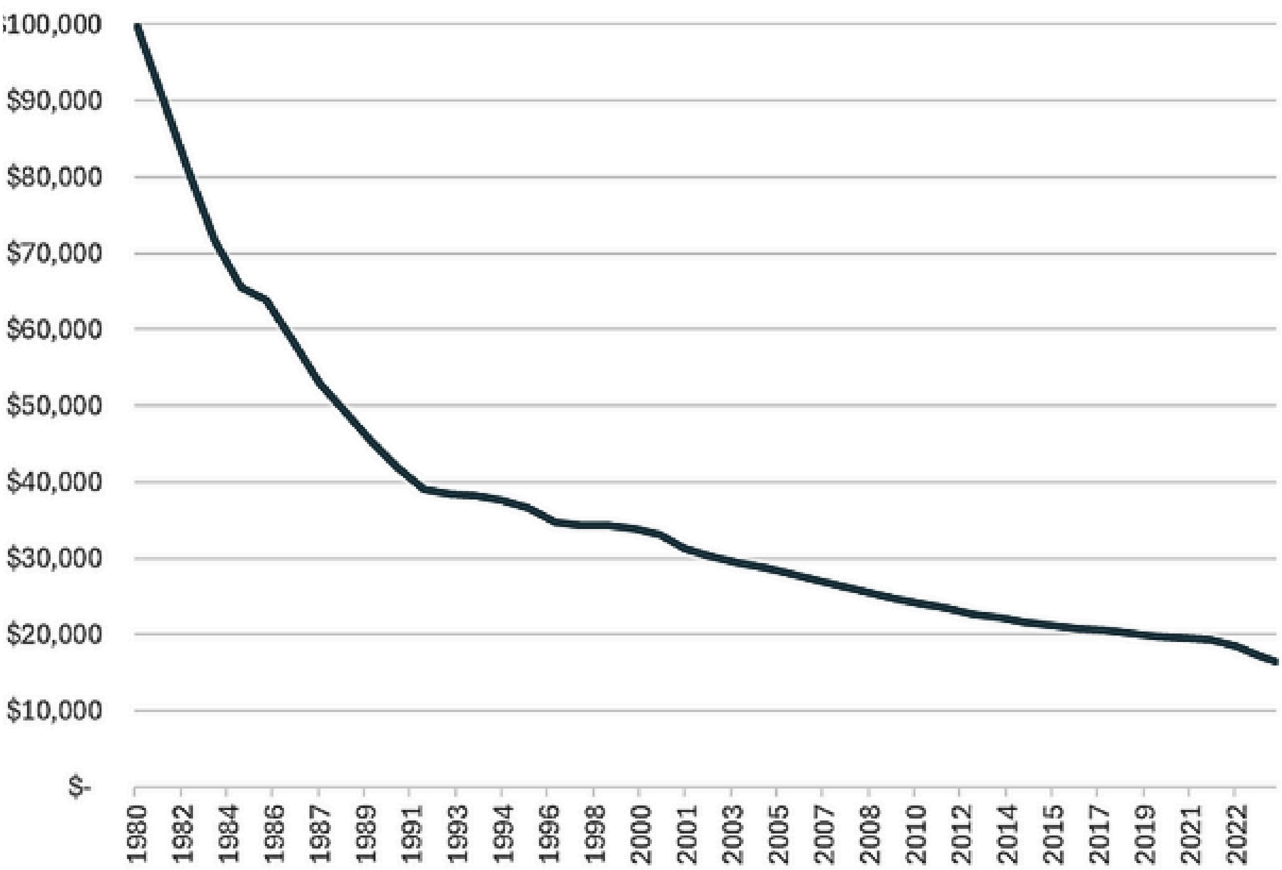
Had they planned for market downturns, withdrawn at a sustainable rate, and kept a portion of their portfolio invested for long-term growth, they could have maintained financial security. Their story serves as a warning—retirement isn't just about having enough to retire, but making sure it lasts for life. Smart planning from day one is the key to avoiding financial regret.

Inflation Explained

... The Only Thing That is guaranteed with money

One of the biggest threats to a secure retirement isn't just running out of money—it's losing purchasing power over time. Inflation steadily erodes the value of money, making everyday essentials more expensive as the years pass. A retiree who needs $60,000 per year today may require closer to $100,000 in 20 years just to maintain the same lifestyle.

Inflation over Time



For example, if you had $100 000 in savings in 1980; today, you would have less than $20 000 in purchasing power. It's important to remain invested wisely to address an individual's longevity concerns. In 1800 the global life expectancy was 29 years, today Australian men are expected to live up until 84, while women have a life expectancy of 87.

For those who shift entirely to cash or ultra-conservative investments, the risk isn't short-term volatility—it's failing to keep pace with rising costs. While cash may feel "safe," it offers little to no growth, meaning retirees relying on it risk depleting their savings too soon. This is where investing for lifespan becomes critical.

A well-balanced retirement portfolio should include growth assets like equities, which historically outpace inflation over the long run, alongside more stable income-producing investments. Structured withdrawals, a diversified asset allocation, and contingency planning for market downturns help ensure retirees don't withdraw too much too soon or lock in losses during bad years.

A simple analogy is to have a bucket that is designed to balance and control sequencing, inflation and longevity risk.

Cash:	Fixed Income:	Equities:
< 2 Years	3 - 5 Years	> 5 Years

Retirement Mistake 3 - *Remaining Invested in Too Much Cash*

Cash is the worst-performing asset class because it barely keeps up with inflation, eroding purchasing power over time. While necessary for short-term stability, holding too much reduces long-term growth.

Maintaining at least two years' worth of expenses in cash protects against market downturns, preventing the need to sell investments at a loss during volatile periods.

Did You Know?

Investing $1.50 in the S&P 500 or ASX 200 indices 30 years ago would have grown to approximately $26.17 and $21.03 today, respectively, assuming average annual returns of 10% for the S&P 500 and 9.2% for the ASX 200

In Sydney, a cup of coffee cost around $1.50 in the early 1990s; today, it averages between $5.50 and $7.00, reflecting significant inflation over three decades.

The premise of this analogy is to show the effects of inflation and how equities can outpace inflation and protect long term purchasing power.

Your Super Is The Most Important Thing

What's the best financial strategy available to me?

Your superannuation is key to a secure retirement, allowing you to maintain your lifestyle without financial stress. With up to $1.9 million in an account-based pension, careful planning helps ensure your savings last.

There's no one-size-fits-all approach—everyone's situation is unique. A cash flow plan, the right insurance, and smart estate planning can help protect your future.

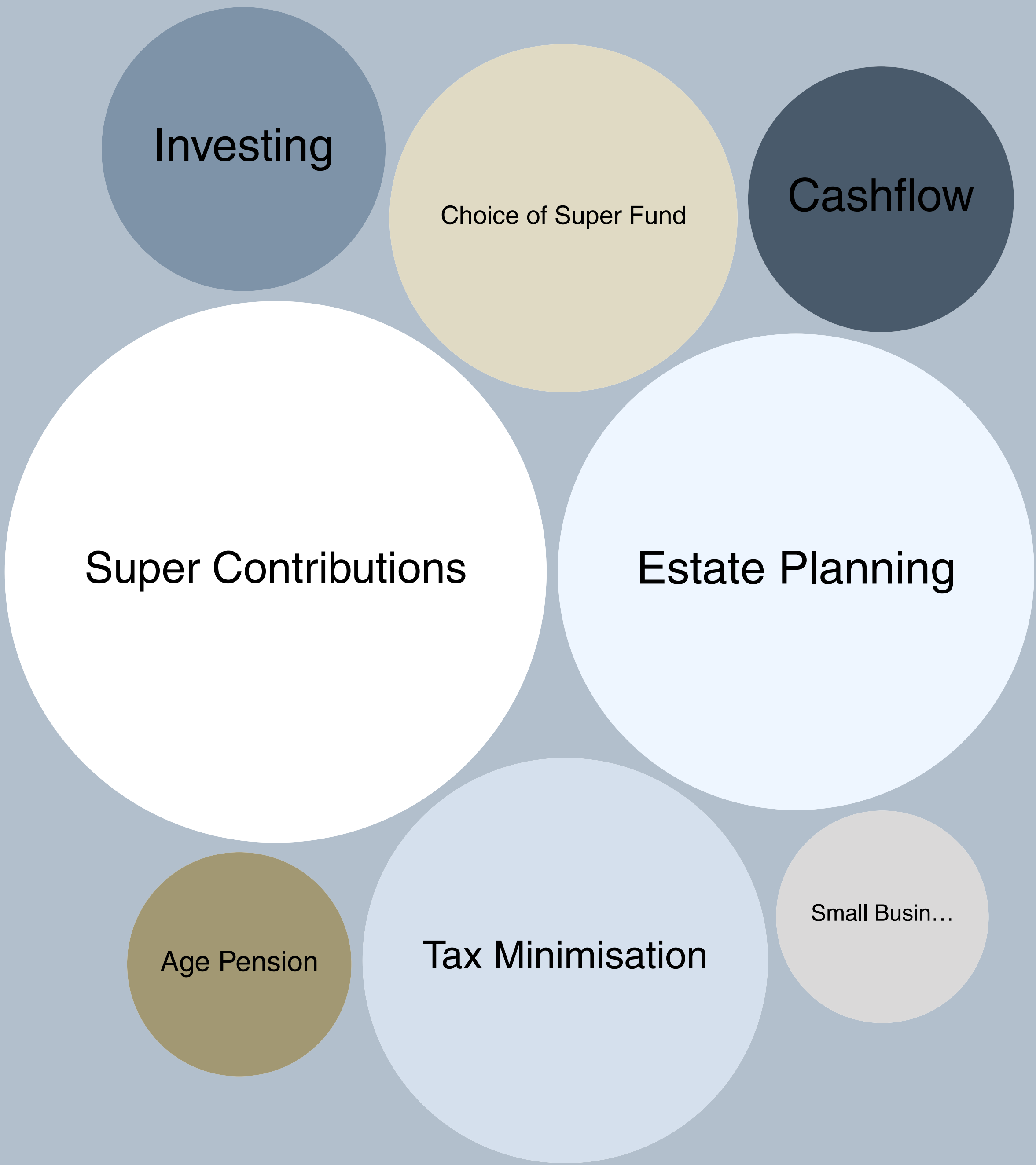
Understanding how to minimize tax, maximize super contributions, and make the most of social security benefits like the Age Pension is crucial. Even small mistakes can have lasting impacts, so planning wisely is essential for long-term financial security.

As you approach retirement there are a range of possible strategies at your disposable that will enable to fund your retirement in the most tax optimal fashion. It also increases the complexity of structuring your assets and understanding how to mitigate any unintended consequences with your financial strategy is best left to discussion with an advisor.

Approaching Retirement Strategies

1. Delaying Capital Gains Until Retirement
2. Delaying Income from Related Entities
3. Managing Insurance Costs and Estate Plan
4. Contributing to Superannuation

The subject areas are the key domains of a retirement plan and what to consider on the basis of financial needs and complexity.



Retirement Mistake 4 *- Leaving It Too Late*

People Don't Plan To Fail But Rather Fail To Plan

It's cliche of "Failing to plan is planning to fail'. When it comes to financial planning money follows a particular pattern, and the sooner you start for retirement in your 40s and early 50s the more abundant your retirement will be.

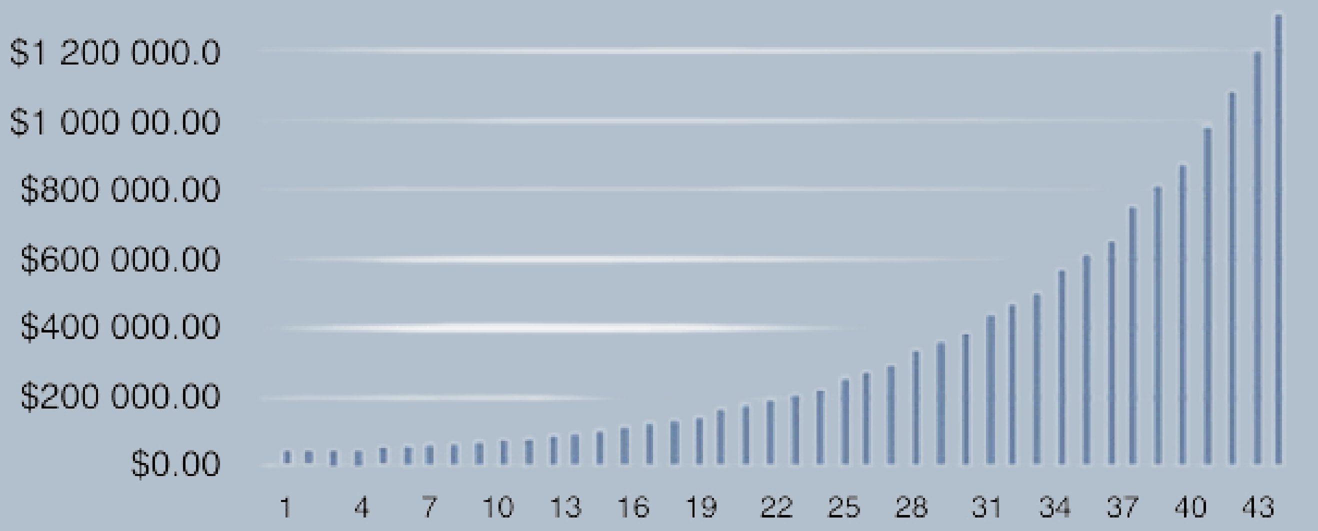
It's important to be mindful of the benefits of compound interest and how time invested works. Consider the following portfolio's as an example:

Assumptions	Portfolio A	Portfolio B
Initial Balance	$10,000	$30,000
Payments per month from employer	$1,200	$1,500
Number of Years Invested	**45**	**35**
Average Return	9%	9%
Total at retirement	$1,114,303.34	$935,985.17

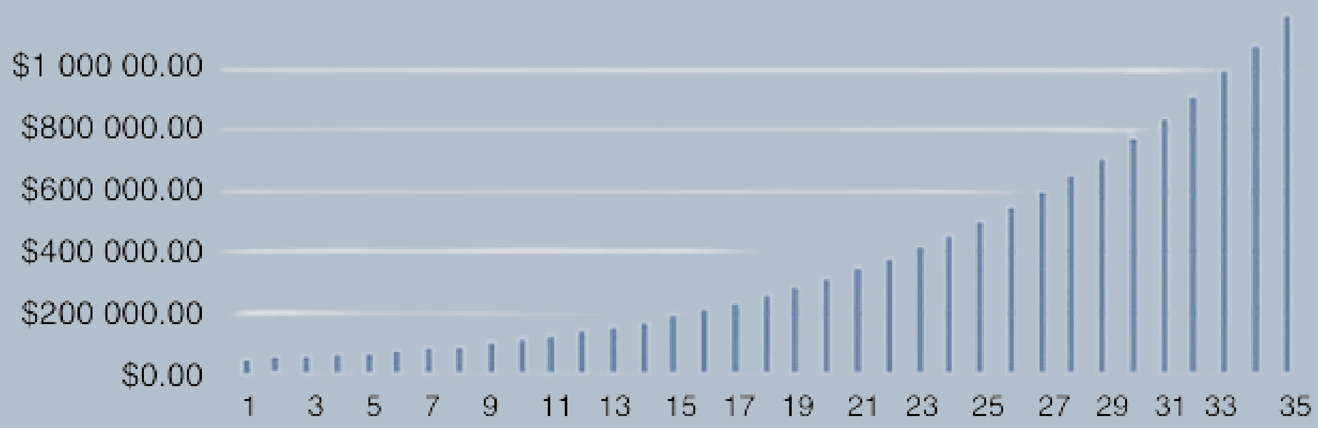
Year	Portfolio A	Portfolio B
1	$12,100.00	$34,200.00
2	$14,389.00	$38,778.00
4	$16,884.01	$43,768.02
5	$19,603.57	$49,207.14
6	$22,567.89	$55,135.78
7	$25,799.00	$61,598.01
8	$29,320.91	$68,641.83
9	$33,159.79	$76,319.59
10	$41,905.15	$93,810.30
15	$71,657.92	$153,315.85
20	$117,436.25	$244,872.50
25	$187,871.88	$385,743.76
30	$296,245.83	$602,491.66
35	$462,992.58	**$935,985.17**
40	$719,553.13	
45	**$1,114,303.34**	

From the table illustrating the previous example, we can see that Portfolio A doubled in value in the 10 years where Portfolio B had stopped investing. From a simple compounding example, we can that investments gain in value exponentially the longer the investments have to mature.

Portfolio A - Superannuation over Time



Portfolio B - Superannuation over Time



Your retirement planning strategy usually starts a long way before retirement. For the average Australian, superannuation is the second most significant investment outside the family home. And it's essential to get that right. Partnering with a financial adviser will also provide you with the retirement framework and mentorship that will help transition with the tide.

Want to understand these strategies in more detail and how they can benefit your unique retirement goals? Reach out to a financial advisor for personalised advice. Our advisors help you sensibly minimise tax, secure your retirement capital and help you with achieving more quality time with your loved ones in retirement.

Now that you've considered the financial strategies available to you, let's explore your relationship with money and how it can affect your retirement.

The Builders Dilemma: A Lifetime of Property, A Late Realization on Super

For Michael, a 63-year-old builder, property was everything. Over decades, he poured his wealth into investment properties—a mix of commercial units held in a unit trust and residential investments in his personal name. He had little interest in superannuation, believing bricks and mortar were the only real path to wealth.

Now, as retirement looms, Michael faces a harsh reality. His rental income is inconsistent, and selling property triggers capital gains tax. Meanwhile, he sees others with account-based pensions drawing a tax-free retirement income from super. He regrets not contributing earlier, missing out on years of compounding growth and tax advantages.

Fifteen years ago, he could have bought commercial property inside an SMSF, securing long-term tax benefits. Now, with contribution limits and age restrictions, getting money into super is harder. He scrambles to make last-minute concessional and non-concessional contributions, but time is running out.

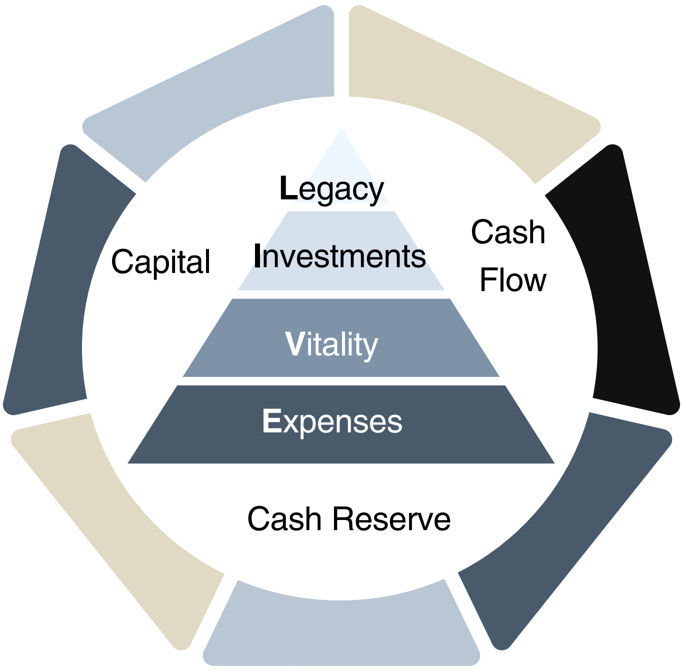
Michael's story is a cautionary tale—super isn't just an afterthought. The choice of fund, contributions, and investment strategy matter at every stage of life. Waiting too long can mean missing out on tax benefits and a secure, flexible retirement income.

Healthspan vs Lifespan

Money is simply a medium of exchange and stores value. Given that it's a store of value, it's important to keep in mind how it reflects your values.

Retirement isn't just about how long you live—it's about how well you live. While lifespan refers to the total years you have, healthspan is the time you remain active, independent, and free from serious illness. The reality? 50% of retirees live with at least one chronic condition, impacting their quality of life and financial needs.

Ignoring health in retirement planning can lead to higher medical costs, reduced mobility, and limited lifestyle choices. A strong retirement plan isn't just about funding longevity—it's about ensuring you can enjoy those years comfortably and independently. Can you retire and L.I.V.E.?



Retirement Planning Mistake 5 *- Not Being Clear on YOUR Numbers*

One of the biggest mistakes in retirement planning is not having a clear understanding of your expenses. Many retirees enter this phase with only a rough idea of how much they'll need, often underestimating key costs like health care, home maintenance, and everyday living expenses. Without a clear budget, it's easy to overspend early and struggle later.

According to the ASFA Retirement Standard, a comfortable lifestyle for a couple requires around $72,148 per year (as of 2023). This covers essential living costs plus a few luxuries like holidays, dining out, and entertainment—but does your budget align with this?

Beyond daily expenses, unexpected costs can arise. Home maintenance, body corporate fees, and health-related expenses increase with age. Private health insurance and out-of-pocket medical costs can put pressure on savings, especially if one partner requires aged care.

A structured budget provides clarity and confidence, ensuring that your retirement savings align with your lifestyle goals. By understanding where your money will go, you can make informed decisions, avoid financial stress, and truly enjoy retirement without the fear of running out of funds.

Are you 'On-Track' for retirement?

We also have a link to our online Retirement Ready Scorecard as per the QR code below. The scorecard will ask you 15 questions assessing your current situation and will provide you with a FREE 20 page report as whether you're on track for retirement and explore any opportunities for personal growth and improvement.

We offer a complementary consultation and talk to your financial needs. As advisors, we have a fiduciary obligation to deliver advice that puts you in a better position. Start today by giving us a call or email us at the following details:

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Our Team

Ready to have a conversation?

Rivkin Wealth Advisors is committed to guiding you with the utmost professionalism and dedicated service as you navigate your financial journey. We look forward to partnering with you on this exciting path towards financial growth and stability.

Jock Evans, Financial Advisor

Jock Evans is a key member of our Wealth Advisor team. With over seven years of experience in the financial services industry, Jock specialises in creating tailored wealth management strategies and investment plans. Holding a Bachelor of Commerce and having studied Financial Planning and Economics at the postgraduate level, he is dedicated to helping clients understand the intricacies of their investments, empowering them to make well informed financial decisions.

Alex Galvin, Financial Advisor

Alex Gavin is a Senior Financial Advisor at Rivkin Wealth Advisors. He has over ten years of experience with focus on helping clients create and preserve their wealth. Alex adopts a client-first approach in crafting prudent financial strategies that ensure that his clients achieve their financial and lifestyle goals. He holds Certified Financial Planner status and an Investment Management Analyst Certificate, while also possesses a Bachelor of Commerce and a holds Master of Financial Planning.

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Retirement Quiz

Are you confident in your retirement plan?

1 = No 2 = Uncertain 3 = Yes

1 I am confident that I am on track to achieve my retirement goals.

1 2 3

2 I am aware of where and how my superannuation fund is invested, the benefits and the risks and can sleep at night if markets crashed.

1 2 3

3 I am aware of how to minimise my personal income tax and how to minimise the tax paid in my estate?

1 2 3

4 I am confident in my investment experience, discipline and knowledge to fund my retirement?

1 2 3

5 I understand the benefits of superannuation and how my retirement savings are structured

1 2 3

Scored under 15? **Contact us today for expert advice.**

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