Parmenion

RETIREMENT REVOLUTION

The nine nemeses of retirement planning

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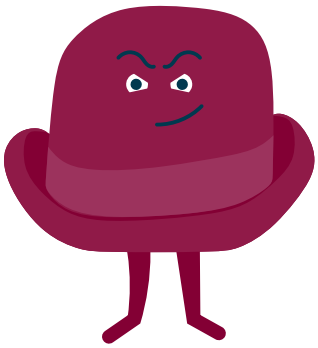
The nine nemeses of retirement planning are just some of the forces that can quietly erode long-term outcomes if left unmanaged.

They tend to be behavioural, shaped by biases, like emotions or human instinct, rather than financial logic alone. Together, they can provide a practical framework for client conversations.



Tax

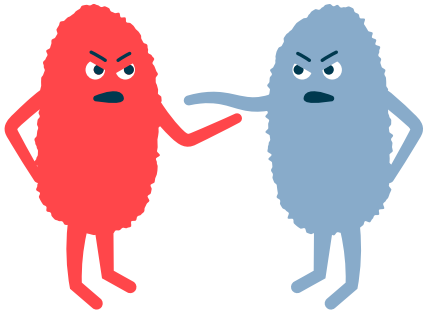
Tax planning is now interconnected with investment and retirement strategy. Decisions around wrappers, timing of withdrawals, gifting and legacy planning can all have a dramatic effect on long-term outcomes.

Cognitive overload is common when it comes to tax – people may procrastinate or avoid the subject altogether when rules are hard to understand. The ability to make the complex simple underscores the value of advice.

War

Conflict and expectations of disaster can badly affect investor composure.

Behavioural science calls this the *availability heuristic*: we overestimate risks that feel real, emotional or heavily reported. Rolling news coverage can make geopolitical events feel permanent and overwhelming. By showing how markets have weathered these kinds of crises in the past, we can demonstrate how emotional reactions can do more damage to a customer's long-term investment, than the event itself.



Risk & Return

After periods of volatility, investors often become more cautious because recent losses feel more emotionally significant than their long-term growth needs.

Moving cautiously may feel safer in the short-term, but it can negatively impact a customer's long-term returns.

Showing the different growth trajectories of low and high-risk portfolios can be a good way to highlight that while lower-risk portfolios may lessen emotional discomfort, they can also reduce growth potential and the flexibility to maintain purchasing power throughout retirement.

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Spending

Retirement spending is rarely linear. Early retirement is often an expensive phase – travel, experiences, home improvements, family support and lifestyle ambitions can all put pressure on assets.

But many retirees face the opposite problem: underspending. This is known as a scarcity mindset – where fear of future loss causes people to become overly cautious, even when they have the resources to enjoy life comfortably.

Reframing money as an enabler of experiences rather than a dwindling resource and replacing abstract anxiety with objective data can help build a guilt-free spending plan.

Inflation

Over a retirement lasting 20 or 30 years, inflation can quietly and relentlessly erode purchasing power. A retirement income that feels comfortable today may look very different after years of rising living costs, particularly during periods of elevated inflation or persistent price increases.

Clients often anchor themselves to today's spending levels and underestimate how much future costs may rise over time.

Simple examples can show it's not about the money, it's what it can buy. At 3% inflation, prices roughly double over 20–25 years. Retirement income needs to stretch much further than it might seem today.

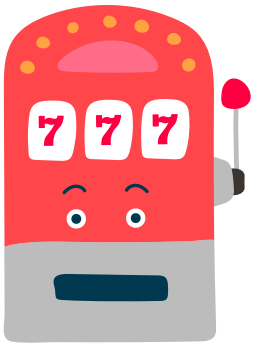
Charges

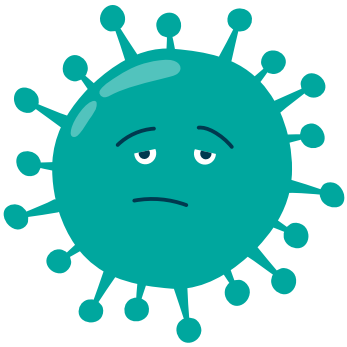
More than 50% of adults in England have numeracy skills at or below primary school leaver level*. To avoid bamboozlement, simple design principles can help lay out costs and charges information clearly, so everyone can see what they're paying for and why.

Don't overwhelm with dense blocks of text or numbers. Summary tables or bullet points can show costs at a glance. Then signpost where to find more details.

When it comes to those details, write in plain English: avoid jargon, acronyms and caveats. Your clients will thank you for it.

**Source: National Numeracy Charity – New OECD data shows a positive shift in numeracy levels in England, 2024.*





Luck

Retirement outcomes are influenced by timing, markets, health, legislation and other events entirely outside anyone's control. Two clients with similar portfolios, withdrawal rates and objectives can still experience very different outcomes depending on when they retire, how markets behave early on, or what life throws at them.

This is where a solid retirement strategy is worth its weight in gold. With skill, discipline and good planning on your side you can, to a certain extent, create your own luck.

Disease

Longer life expectancy increases the likelihood of extended periods of ill health, care needs or cognitive decline.

Optimism bias, or the tendency to believe negative outcomes are less likely to happen to us can lead clients to avoid difficult conversations around care costs, powers of attorney or later-life planning until options become more limited. This can be a daunting conversation to have head-on. Relatable examples that show this is normal, manageable, and worth acting on can be useful.

Longevity & Death

People are living far longer than they expect to – research shows that 8 in 10 over 50s underestimate their life expectancy by up to 10 years*.

Retirement as a single life stage is disappearing. Life after the monthly payslip is now a series of transitions: part-time work, evolving priorities, family support, changing health needs and shifting spending patterns.

Planning for life at 90 feels abstract, but using milestones to break plans down into stages can feel more realistic.

** Source: FT Adviser, – Majority of over-50s underestimate life expectancy, Feb 2026*

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