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CFA SOCIETY SINGAPORE

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Regulators and banks rightly treat seniors as vulnerable and try to minimise product risk. Yet, they should also be thinking about longevity risk – the danger of outliving their assets. PHOTO: BLOOMBERG

## From super savers to secure retirees: Rethinking how Singaporeans invest through life

Aligning behaviour with needs at each stage can help residents enjoy a retirement that is safe, secure, comfortable and dignified

SINGAPORE is one of the world's great wealth hubs. Assets under management have crossed S\$6 trillion, yet, for most residents, the real question is personal: Will my money last as long as I do?

In an industry survey, over 60 per cent of Singaporeans said they have investing experience, but more than half admitted they invest "when the time feels right" – in other words, emotionally and opportunistically.

This indicates good habits for budgeting and emergency savings, but not many residents have a proper retirement plan.

At the same time, life expectancy at age 65 has climbed to about 21 more years, and a typical retiree today may need their portfolio to last well into their mid-80s.

Regulators and banks rightly treat seniors as vulnerable and try to minimise product risk. Yet, they should also be thinking about longevity risk

– the danger of outliving their assets.

The real issue is not a lack of investing, but a mismatch between behaviour and needs at each life stage.

### First job: confident, connected, but inconsistent

The newly employed in their 20s are often better informed than any generation before them. They know about exchange-traded funds, cryptocurrencies, options and "financial freedom" long before they understand Central Provident Fund (CPF) rules.

They have access to views from various sources such as YouTube commentators and ChatGPT before they even see an adviser.

But behaviourally, many still treat investing as a series of bets rather than a long-term plan. Volatility feels exciting, not something to be managed.

What they miss:

- The power of starting early and staying boring – small, automatic monthly investments into diversified portfolios;
- That CPF is a strong base, but rarely a complete retirement plan;
- The difference between trading for fun and investing for the future.

Here are some suggestions to keep on track. Set up a standing instruction that goes out right after payday into one or two diversified core funds.

Accept that markets will be noisy, and resist the urge to pause just because headlines are scary. At this age, consistency matters more than cleverness.

### Early 30s: young family, big mortgage, "I'll catch up later"

By the early 30s, life becomes more complicated:

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housing, childcare, ageing parents, sometimes a single income.

For many households, the home is by far the biggest asset, and "my house is my retirement" becomes an emotional backstop. Money is pulled towards the mortgage, insurance policies and day-to-day expenses.

Investing becomes something people plan to do "once the kids are older" or "after the next promotion".

What they miss:

- Being heavily concentrated in property and light on liquid, income-generating investments;
- The risk of becoming "asset rich, portfolio poor" with most wealth locked in a flat that does not generate cash flow;
- How hard it is to "catch up later" if they stop investing during their 30s.

Some suggestions to keep on track: Treat the mortgage as a fixed commitment, not a reason to stop investing. Even modest, regular contributions can keep compounding in the background.

View your home as an important part of your retirement picture, but not the whole story.

#### 40s and 50s: peak earning, peak complexity

These are often the highest-earning years – and, ironically, the most chaotic. University fees, parental healthcare, career transitions and sometimes divorce or second careers can all collide at the same time.

People in this group have attended product talks, bought unit trusts, and may have dabbled in structured products. Yet, their portfolios can resemble a museum of past sales conversations: a few old funds, some stocks bought during market swings, multiple savings plans for the children, and a cash buffer "just in case".

What they miss:

- A written retirement income plan that ties all these pieces together;
- An explicit balance of growth and defensive assets that reflects when they plan to retire;
- Stress-testing their plan for inflation and a longer life, not just short-term market dips.

Here are some suggestions to keep on track.

Your portfolio should be shaped around three considerations: safety – how much needs to stay relatively stable so that major setbacks do not derail everything; growth – how much must still work hard so that retirement remains affordable in your 80s or 90s; and planned expenditures or legacy – what portion of wealth is earmarked for children, parents or causes, and over what time-frame.

If the answers to these questions are unclear, this is the decade to turn a collection of products into a coherent, written plan.

#### Pre-retirees: slamming on the brakes at the wrong time

As retirement nears, fear of losing money often



Singapore will likely become even wealthier in the coming decade. PHOTO: REUTERS

takes over. Many Singaporeans in their late 50s and early 60s respond by de-risking aggressively – switching into fixed deposits, capital-guaranteed products or leaving large amounts idle in cash.

The problem is that avoiding losses on paper does not mean your money is keeping up with the rising cost of living. A portfolio that is too conservative for too long is likely to lose ground to inflation over a 20- to 30-year retirement.

What they miss:

- Longevity risk – being too conservative for their savings to last;
- The idea of taking measured risk on a portion of assets while keeping near-term spending safe.

Here are some suggestions to keep on track. Instead of switching everything into "safe" instruments, pre-retirees can consider a two-stage approach: keep several years of planned spending in conservative assets such as cash, short-term bonds and CPF payouts, and invest the rest in a diversified growth portfolio that can ride out market cycles.

This balances the emotional need for security with the financial need for growth.

#### Retirees: vulnerable, but still needing growth

Once someone is formally retired, the industry's

approach often changes sharply. Regulators and banks emphasise protection: extensive disclosures, product restrictions, and a default assumption that seniors should avoid complex or high-risk products.

But many retirees still need their money to grow. Most own their homes outright, which means they have a substantial but illiquid asset that could form part of their retirement strategy.

If we treat retirees only as people to be protected from risk, rather than partners who must manage and price risk, we create a new vulnerability: well-meaning under-investment that leaves them dependent on children, forced property sales or lifestyle cuts.

What they miss:

- Thoughtful ways to unlock their "brick-and-mortar balance sheet" – periodic income, partial monetisation, or drawdown plans that integrate property with CPF and investments;
- Simple, rules-based portfolios that keep a sensible portion in growth assets while protecting day-to-day spending and maintaining their lifestyle.

For many retirees, the key question is not "should I still take risk?", but "how much risk can I afford, and where?" Here are some suggestions to keep on track.

A common pattern is to secure near-term income through CPF Life, annuities and cash; maintain a modest growth portfolio to fight inflation and support late-life healthcare costs; and make an explicit plan for how property will or will not be used to fund later years.

#### Comfortable retirement in a wealth hub

Singapore will likely become even wealthier in the coming decade. But more money does not automatically mean better for retirements.

At each life stage, our behavioural defaults push us towards some version of the same mistake – treating investing as episodic product picking instead of a lifelong, evolving plan.

Fixing this does not require exotic products. It means building steady investing habits when still young; recognising property as part of the portfolio, not the whole plan; writing down a retirement income strategy by the late 40s; balancing safety and growth, especially after 60; and putting safeguards in place for decision-making in old age.

If we can align behaviour with needs at each stage, Singapore can be known not just as a global asset management centre, but as a place where residents enjoy what matters most: A retirement that is safe, secure, comfortable and dignified.

The writer is the founder and chief executive officer of Photis Wealth AI. He is a CFA charterholder and volunteers as a member of the CFA Society Singapore Advocacy Committee.