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How to make the most of your peak earning years

Sequencing risk: what is it and how to safeguard against it

Count
The confidence to look ahead

How to make the most of your peak earning years

When you get a pay rise, it's tempting to let lifestyle spending creep up at the same rate. But in doing so, you may be passing up an opportunity to secure your future financial freedom. We examine how being intentional now opens doors your future-self will thank you for.

When most people earn more, they spend more. It's such an easy trap to fall into.

Here's why. If your income is increasing, you're probably working hard. So you can feel entitled to the expensive holiday, bigger house or nicer car – as a well-deserved reward.

What's more, you may be in a line of work where there's pressure to look successful. As a result, you justify spending, even in seemingly small ways, such as on pricier grooming or an upgraded wardrobe.

Through many small purchases over time, we can slide into increased spending – without deciding or even noticing. Lifestyle creep can feel normal, particularly if our friends and colleagues are making the same choices.

Here's the catch. The first time we enjoy something – whether it's new clothes or a holiday – the emotional reward is strong because it's novel. But our brains become accustomed to the stimulus, and the initial excitement fades. Economists call this diminishing marginal utility: each time we consume something, we're less satisfied. Those luxuries that once felt exciting quickly become our new normal. To feel that same pleasure again, we spend even more.

Choices that deliver long-term satisfaction

There's a much smarter way. You can make the most of your income by making active choices, squirreling away surplus income and investing your savings wisely. Here's why it's worth the effort.

- **Compounding**. It's been said that compound interest is the eighth wonder of the world, because time can grow your savings for you. For example, a one-off investment of $10,000 earning 6.8% p.a. for 20 years grows to a remarkable $37,200. That's almost four times the original value. And $10,000 invested every year for 20 years becomes a hefty $400,084, based on the same assumptions. [1] Note that this example is illustrative only. We encourage you to seek personal advice from your Count Financial adviser before acting on the information.
- **Freedom**. If you aren't locked into a costly lifestyle, you'll have the freedom to walk away from a job or situation that's harmful or damaging your health. And if life throws something unexpected your way, you'll be better able to adapt.
- **Peace of mind**. If you know that your tomorrow is being taken care of, then you'll feel more confident in the decisions you make today.

1 Investment in a superannuation account, high growth option earning 6.8% p.a. net of tax and fees. Return assumptions sourced from **Moneysmart** 10 July 2026.

Four ways to get ahead

The key to building your savings is to be intentional. Here are four things you can do:

1. **Set a six-month cooling-off period**. When you get a raise, bonus or any other financial windfall give yourself time to put the increase into perspective. You'll avoid impulsive decisions and have time to weigh up how to best use the money.
2. **Avoid locking in fixed, recurring spending commitments**. Unnecessary recurring spending ties you down and can be difficult to exit if your circumstances change. In contrast, planned one-off treats can be better controlled and are more likely to bring greater pleasure.
3. **Set a budget and stick to it, if you don't already have one**. Often the smaller things such as ordering takeaway food more often, or buying a better-quality bottle of wine, can creep up on you.
4. **Anchor on a goal**. Ask your financial adviser to help you pinpoint the retirement savings goal you should be aiming for – because keeping that goal in mind can bring purpose to your savings. What's more, when you're on track to reach your goal, you'll have the freedom to make other choices, such as working less or spending more.

How your Count Financial adviser can help

Talk to your Count Financial adviser about how to make the most of your peak earning years. They'll be able to discuss your options and recommend a savings plan and an investment approach that's right for your situation.

Sequencing risk: what is it and how to safeguard against it

Many retirees and soon-to-be retirees share a familiar concern: the risk that investment markets might take a tumble. The good news is that with the right strategies in place, investors can lessen the impact of market downturns, while still taking advantage of market growth. We explain how to best protect and grow your superannuation savings.

If you've lived through investment history's 'greatest hits' – the COVID-19 crash in 2020, the 2008 Global Financial Crisis, the 2000 Dot com crash and 1987's Black Monday – you've seen markets fall. And you've seen them bounce back again.

However, when a market downturn strikes close to, or in, early retirement, investment losses can have an outsized impact. This is because, when you withdraw money to cover living expenses, losses get locked in, reducing your capital base. With less capital, there is less scope for recovery. In contrast to younger investors who can wait for markets to recover, at this stage of life a deep loss can be consequential.

Sequencing risk is about timing. If the market falls later in retirement, you've likely already benefited from years of market growth and there are fewer years of spending ahead, so the effects are less damaging.

So what's the answer? When we can't anticipate the future, it can be tempting to switch into cash or term deposits. The risk here is that switching too much of a portfolio too early can lead to regret. A typical retirement could span two or more decades – and that's a lot of investment market upside to miss out on.

Four strategies that may help manage sequencing risk

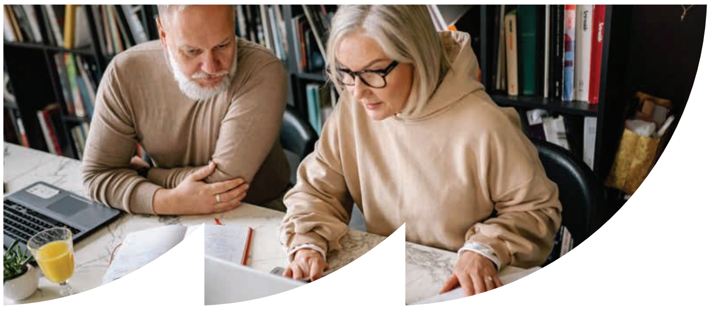
The good news is that by putting the right strategies in place, you may cushion the effects of market volatility without missing out on market returns. Here are four alternatives for participating in market growth while also defending against market downturns.

1. Set a bucket strategy

Set aside the income you'll need to live on in the first two to five years of retirement in a low-risk investment 'bucket'. With your short term spending needs secured, the remainder of your portfolio can stay invested in investment markets. That way, if you experience a market downturn early in your retirement, your portfolio may have more time to recover, taking into account your broader retirement strategy and the performance of investment markets.

2. Maintain a cash reserve throughout retirement

Keeping aside six to 24 months of living expenses in cash or term deposits means you won't need to sell investments if the market drops. This approach puts aside what you need for short term spending while allowing long term investments to grow over time.



3. Adopt a more conservative pre- and early-retirement investment mix

As retirement approaches, one option is to gradually reduce your exposure to higher-risk assets, thereby softening the impact of market swings and creating a smoother transition into the drawdown phase. You may have seen lifecycle or age based superannuation investment options that automate this shift by progressively moving members into more defensive investments as they near retirement. Note that a more conservative investment mix may reduce volatility but can also reduce long-term growth potential.

4. Consider annuities, deferred annuities and other options that offer downside protection

Products such as annuities, deferred annuities and other income solutions can provide a stable income regardless of market conditions. By locking in a portion of your retirement income, you may be able to reduce your exposure to market downturns. Some of these products even allow you to access investment market growth. Because features vary by product and provider, always read the relevant disclosure documents.

And if you're concerned about running out of money, deferred annuities allow you to secure an income stream for later in life.

These protective products can be particularly helpful when used strategically alongside market-linked investments, such as an allocated pension. That way a retiree's portfolio can provide income certainty as well as flexibility and growth exposure.

How your Count Financial adviser can help

As always, you should seek personal advice before acting on articles such as this one. Talk to your Count Financial adviser about how a personalised retirement plan can best protect your retirement savings against sequencing risk. Your adviser will be able to discuss your options and recommend an investment approach that's right for your situation.

The numbers

Source: Australian Bureau of Statistics

Household saving to income ratio fell to

6.2%[2]

from

7.0%

in the prior quarter

The Australian economy grew

0.3%[3]

in the March quarter 2026 (seasonally adjusted, chain volume measures) with an annual growth of

2.5%

Wages rose

3.3%[4]

over the year to March 2026, with a quarterly rise of

0.8%

Household wealth increased

$224.9b[5] **(1.2%)**

to $19,211.9b

in the March quarter 2026

The trend unemployment rate increased marginally to

4.4%[6]

in May 2026

CONTACT YOUR COUNT ADVISER AT:

2 Australian Bureau of Statistics

3 Australian Bureau of Statistics

4 Australian Bureau of Statistics

5 Australian Bureau of Statistics

6 Australian Bureau of Statistics