

1 The Retirement Bridge

Two stages. One retirement journey.

AGE 55

Retire from work

**S\$1.2 million
portfolio**

THE 10-YEAR BRIDGE

Ages 55 to 65

Your investment portfolio funds most of your spending during this period.

AGE 65

CPF LIFE starts

**~S\$1.0 million
portfolio
(illustrative)**

**CPF LIFE
~\$1,800/month
(illustrative)**

Same journey. Different portfolio jobs.



Provide income
for today



Preserve and grow
for tomorrow



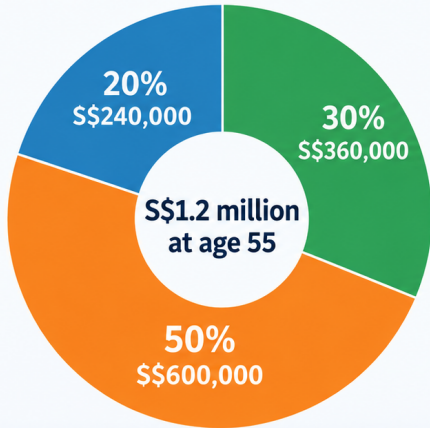
Stay flexible
through market cycles



Adjust when
CPF LIFE begins

2 Portfolio at 55 — The Three Jobs

\$1.2 million, organised around what each part of the portfolio is meant to do.



Liquidity reserves — 20% (\$240,000)

- Money market funds, fixed deposits, T-bills, Singapore Savings Bonds
- Not to maximise returns
- Provides flexibility and prevents forced selling in a market downturn



Income portfolio — 50% (\$600,000)

- Dividend stocks, REITs and bonds
- Generate a meaningful stream of portfolio income
- Bonds and dividend equities behave differently, but grouped here for their income role



Growth portfolio — 30% (\$360,000)

- Diversified equity ETFs and growth-oriented equities
- Mainly for long-term capital appreciation
- Ideally not sold down too much in the early years

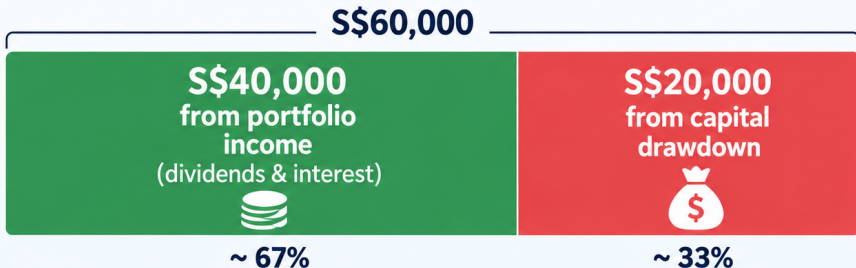
Even though I have stopped working at 55, only 20% is really near-term money.
The other 80% still has an investment job to do.

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Where Does My S\$60,000 of Spending Come From?

An illustrative breakdown for the first year (age 55).

Annual
spending
S\$60,000
(S\$5,000 per month)



Illustrative portfolio income: ~S\$40,000 per year

- Assumes ~6% cash yield from the S\$600,000 income portfolio
- Plus ~1.5% from the S\$240,000 liquidity reserve

This is not a guaranteed return. It simply reflects the kind of mixed income portfolio we're using for this example.

**That still leaves ~S\$20,000 a year, which needs to come from capital.
And the question is: where should it come from?**

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What Do I Sell?

It depends on market conditions and how the portfolio is positioned.



Sell Income Assets?

- Possible, but there is a trade-off.
- Selling S\$20,000 of assets yielding 6% removes about S\$1,200 of annual income.
- If I sell income assets repeatedly, the portfolio's future income may gradually shrink.
- Bonds work differently, but the underlying point remains.

May not be my automatic choice.



Spend the Cash?

- Easiest option — take the S\$20,000 from the S\$240,000 liquidity reserve.
- Avoids selling equities and initially looks very comfortable.
- But if I withdraw year after year, the reserve slowly disappears.
- I still need the buffer to protect me during a market downturn.

Don't view the reserve as a pile of money to spend to zero. Its real job is flexibility.



Sell Growth Assets?

- May be sensible after a strong market year.
- Helps fund spending and rebalances the portfolio if growth assets have become overweight.
- Much less attractive if markets have fallen and growth allocation is below target.

More attractive after a strong year; less attractive during a downturn.



Better question: Which part of the portfolio can I sell most sensibly under the conditions that exist at that time?

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What If Equities Fall 30% Just After Retirement?

Same spending need. Very different cash-flow risk.



Retire at 55
Leave the workforce.



Spending: S\$60,000/year
About S\$5,000 per month.



Equities fall 30% after 6 months
A sharp early market decline.

Without a liquidity reserve



Entire portfolio heavily exposed to equities / REITs

Most of the portfolio is in growth assets, with little cash or fixed income.



Still need about S\$5,000 per month

Your spending need does not change, even if markets fall.



May be forced to sell depressed assets

To fund spending, you may need to sell equities / REITs after the 30% fall.



Temporary market fall becomes a permanent sale

Selling at low prices can lock in losses and reduce the portfolio's long-term potential.

With a liquidity reserve



Liquidity + income + growth structure

A portion in cash and short-term fixed income, a portion in income assets, and a portion in growth assets.



Still receive dividends and interest

Income from dividend stocks, REITs and bonds continues, even when markets fall.



Use liquidity / maturing fixed income for the spending gap

Draw from cash, money market funds or maturing fixed income to meet the S\$5,000 per month spending need.



Give growth assets time to recover

Avoid selling growth assets at low prices, allowing them time to recover when markets stabilise.



The reserve does not prevent losses. It buys time.

It gives you the flexibility to meet your spending need without being forced to sell at the wrong time.

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Using Capital Was Part of the Plan

A planned drawdown is not the same as a failed plan.

Age 55

Retire from work

\$S\$1.2 million
portfolio



Your savings and investments support your spending during the next 10 years.

Ages 55 to 65

The 10-year retirement bridge



Dividends and interest

Provide regular income from your portfolio.



Planned capital withdrawals

Top up income as needed.



Bridge retirement spending

Fund your lifestyle during this period (age 55 to 65).



Illustrative capital drawn over 10 years:
around \$S\$200,000 (about \$S\$20,000 per year).

Same plan. A different phase.

Age 65

CPF LIFE starts

Planning reference:
roughly \$S\$1.0 million
still invested

Your portfolio can continue to support your future needs, including potential legacy goals.



Actual balance will depend on investment returns.

Higher or lower market returns can lead to a higher or lower portfolio value at age 65.



The goal is not to preserve \$S\$1.2m untouched.

It is reasonable and expected to use part of your capital during the retirement bridge.



The goal is to reach 65 with enough for Phase 2.

Use income and planned withdrawals now, so your portfolio can continue to support you in the years ahead.

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How the Portfolio's Job Changes at 65

Older investor. Smaller portfolio burden.

AGE 55

Portfolio funds most of your spending



Portfolio:
S\$1.2 million



Spending:
S\$60,000/year
(S\$5,000 per month)



CPF LIFE:
Not started

Portfolio allocation (age 55)

20%

Liquidity



50%

Income



30%

Growth



Role of portfolio (before 65):

Funds most of your spending during the 10-year bridge (ages 55 to 65).

How the allocation changes



Liquidity
20% → 15%

Lower need for near-term cash after CPF LIFE starts.



Income
50% → 45%

Slightly lower share as CPF LIFE provides a stable income base.



Growth
30% → 40%

Higher share to support longer-term spending and growth, with a smaller cash-flow burden.

AGE 65

Portfolio supplements CPF LIFE



Portfolio:
~S\$1.0 million
(illustrative)



CPF LIFE:
~S\$21,600/year
(~S\$1,800 per month, illustrative)



Remaining portfolio-funded need:
~S\$38,400/year
(~S\$3,200 per month)

Portfolio allocation (age 65)

15%

Liquidity



45%

Income



40%

Growth



Role of portfolio (after 65):

Supplements CPF LIFE to fund the remaining spending need.



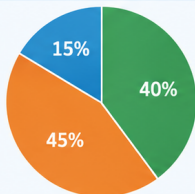
CPF LIFE lowers the portfolio's cash-flow burden.

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Two Ways I Could Structure the Portfolio at 65

Balanced flexibility vs higher-income simplicity.

Balanced approach



Allocation

● Liquidity	15%
● Income	45%
● Growth	40%



Objective

Income + growth + flexibility.



Main advantages

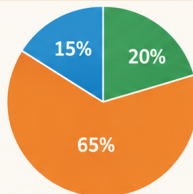
- Better long-term growth potential
- Less pressure to chase yield



Trade-off

- May still need occasional planned asset sales.

Income-heavy approach



Allocation

● Liquidity	15%
● Income	65%
● Growth	20%



Objective

CPF LIFE + portfolio income cover most or all spending.



Main advantages

- Simpler cash flow
- Fewer investment sales.



To earn ~\$39,000 from a S\$650,000 income sleeve, the yield is around 6%.
Ask: what risks are producing that yield?



Trade-offs

- Lower growth potential
- Greater dependence on income assets
- Higher yield risk



My takeaway

I still lean toward the balanced 15 / 45 / 40 structure.

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My Retirement Framework Is Still Evolving

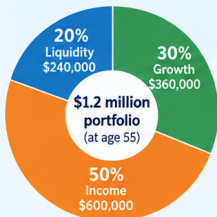
One portfolio. Different jobs at different stages.

1

At 55

Build the foundation.

- Build liquidity + income + growth
- Illustrative split: 20% / 50% / 30%
- Portfolio begins the heavy lifting



Liquidity
for flexibility



Income
for today



Growth
for tomorrow

2

From 55 to 65

Live off the portfolio.

- Spend income first
- Draw capital selectively
- Rebalance based on market conditions
- Let the liquidity reserve act as a shock absorber



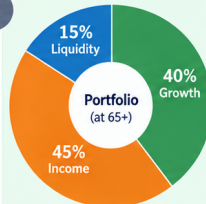
*A 10-year bridge, funded by
my investment portfolio.*

3

At 65 and beyond

A more balanced picture.

- CPF LIFE joins the picture
- Reduce liquidity need
- Keep meaningful growth
- Illustrative split: 15% / 45% / 40%



CPF LIFE
provides a
stable income
for life



Lower
liquidity need



Continue
to grow for
inflation and
legacy



My personal note:

As I move closer to retirement, I can replace these illustrative numbers with my actual spending, CPF balances and portfolio size.



I'm planning for a deliberate transition, not one permanent portfolio.