MLC **Investments**

# What about me? I'm a pensioner.

While many investors may be feeling nervous, those in the pension phase, as well as those planning on retiring in the next few years, are probably the most concerned about the safety of their retirement nest egg.

Self-funded retirees, who have started receiving an account based pension, may well be nervously watching performance reports at the moment. This is because many fear that by drawing down from the pension for regular income, they're breaking the 'golden rule of investment': never sell when the markets are down.

Pensions allow access to capital, provide tax benefits, offer a range of investment options and can provide retirees with a flexible income to meet their individual needs. In addition, because they are treated favourably under the social security income test, pensions can help retirees to access, or increase their entitlements to, Age Pension benefits.

However, pension investors have less time to wait for the market to stabilise, and less or no opportunity to re-contribute to the fund. It's understandable then, that many may be concerned about whether the recent volatility may impact their goal of funding a comfortable, secure retirement.

Diversification across a range of asset classes is a key to reducing the impact of downward fluctuations in any one asset class over the short term, yet still capture the benefits of potentially higher returns from growth assets like shares over the long term.

What this means for the investor is there is the potential for capital growth over the long term which may help their nest egg keep pace with inflation.

Even during volatile times, holding a broadly diversified portfolio within a pension account may deliver for investors. Historic analysis shows us that a portfolio diversified across a range of asset classes, including an appropriate allocation to both growth and defensive assets, can still be appropriate for pension investors, notwithstanding any short-term market fluctuations.