Financial Planning White Paper 2026

Seventy Is the New Fifty

What longer lives mean for financial planning, and why most planning frameworks have not caught up yet.

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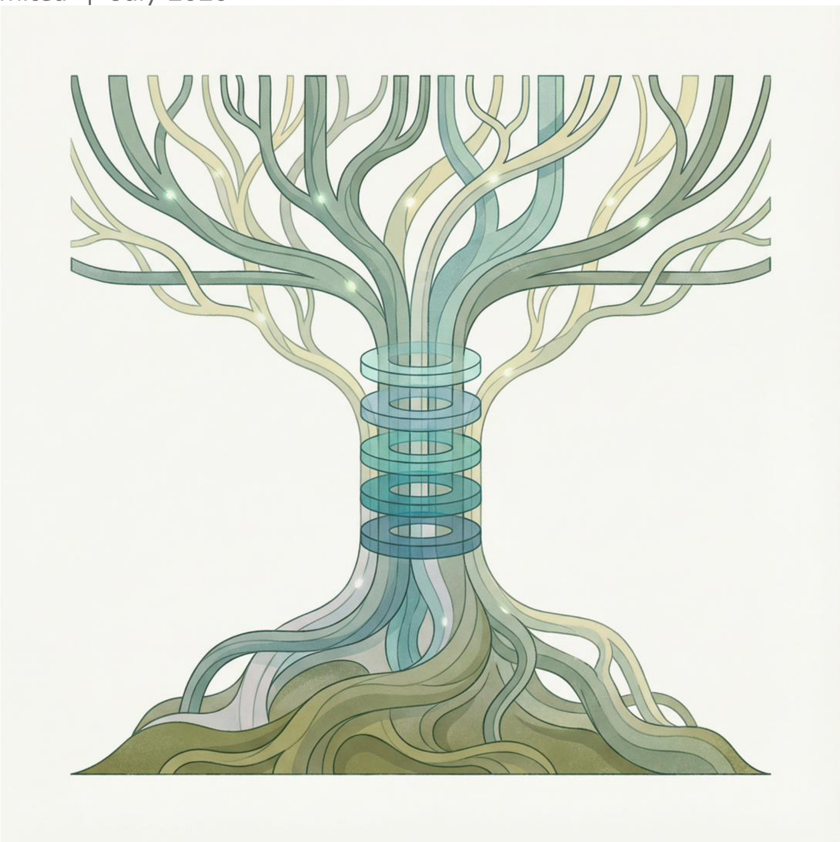

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Most financial plans were not built for that.

Longevity is a structural change, not a lifestyle trend

In recent decades, life expectancy has increased steadily across most developed countries. What is more significant for financial planning, however, is not simply that people are living longer. It is that the balance between working life, active retirement, and later-life dependency has shifted in ways that most planning assumptions have not caught up with.

Research from the International Monetary Fund consistently identifies the risk of outliving your wealth as a structural issue, one that affects retirement systems, financial products, and personal plans alike. Those systems were largely designed for lives that were shorter and more predictable than those many people now experience.

A seventy-year-old today has the same cognitive ability as a 53-year-old did in 2000.[1] A retirement lasting 25 to 30 years is no longer unusual. That is a fundamental change in the length and complexity of the period that financial planning must support, and it has practical consequences for every decision a client makes between now and the end of their life.

This paper explores what that shift means in practice, drawing on international research and real-world financial planning experience. The focus throughout is on what it means for financial planning decisions: not how to live a long retirement, but how to plan for one.

Living longer is not the same as living well

One of the most useful insights from international ageing research is the distinction between life expectancy and healthy life expectancy. While people are, on average, living longer, the number of years lived in good health has not increased at the same pace.

Instead of a long, gradual decline, many people now experience a prolonged middle period of relative health and independence, followed by a shorter but more intensive phase of decline. From a financial planning perspective, this distinction is more significant than headline longevity statistics, because it directly affects the shape of spending and the types of decisions clients face at different points in retirement.

Traditional retirement models often assume steadily declining activity, smoothly falling spending, and broadly predictable needs over time. In practice, spending and lifestyle tend to be uneven. Early retirement years are often more expensive than expected. People travel, help children, renovate, and pursue things they deferred during working life. Later-life costs can be lumpy and difficult to forecast: care, accommodation changes, health interventions. These do not arrive on a schedule.

Plans built on smooth averages frequently misrepresent how money is actually used. Longevity introduces shape into retirement, not just extra years. Recognising that shape is one of the most practical things a financial plan can do.

[1] International Monetary Fund, 'Sustaining Growth in an Aging World', Finance and Development, June 2025. https://www.imf.org/en/publications/fandd/issues/2025/06/sustaining-growth-in-an-aging-world-bertrand-gruss

Longevity changes the shape of retirement

This is where the phrase 'seventy is the new fifty' is often misunderstood. It does not mean ageing has stopped. It means that the period of capability, autonomy, and active decision-making now extends much further than it once did. Many people in their late 60s and early 70s remain active, engaged, and fully able to make major choices about work, housing, family support, and lifestyle.

The practical implication is that retirement increasingly unfolds in phases rather than as a single, static state: an early phase marked by energy and choice; a long middle phase where consistency and stability are both valued and important; and a later phase where flexibility, support, and simplified arrangements become priorities.

These phases do not arrive at fixed ages, and they vary considerably between individuals. That variability is itself a planning consideration. A plan that works well for someone who remains healthy and independent into their mid-eighties may look very different from one designed for someone who faces health constraints earlier.

What 'increasing dispersion' actually means

The IMF's longevity research highlights another point that is easy to state but important to understand: longer lives increase dispersion. What that means in practice is that the range of possible outcomes widens as you plan further into the future.

Two people who retire at 65 with identical financial positions may have very different experiences by age 80. One remains healthy, continues some paid work, and spends modestly. Another faces significant health costs by 75, stops working entirely, and needs expensive care by 80. The longer the retirement, the wider the gap between those outcomes becomes.

This is significant for planning because a plan built around a single 'typical' path becomes less reliable the further out it projects. The answer is not to predict which path any individual will follow, since that is not possible. The answer is to build plans that hold up reasonably well across a range of paths, rather than plans that are optimised for one scenario and fragile in others.

Why 'having enough' is the wrong question

Against this backdrop, it is understandable that many people focus on whether they have 'enough'. The difficulty is that this question assumes retirement is a static destination with a single financial answer. Longer lives make that framing increasingly unhelpful, because the answer keeps changing as life unfolds.

Research into retirement outcomes shows that long-term results are highly sensitive to a small number of assumptions: how long someone lives, how flexible their spending is, and when major decisions are made. None of these are known with certainty at the start of retirement, and all of them tend to shift as circumstances change.

Two people with identical starting positions can end up in very different financial positions depending on how adaptable their plans are. For this reason, resilience is more valuable than precision. Understanding how outcomes change under different assumptions is more useful than chasing a single 'right' number, because that number will be wrong in ways you cannot predict from the outset.

The most useful financial plan for a long retirement is not the one with the most accurate forecast.

It is the one that holds up when circumstances change, because they will.

Why doing nothing is sometimes the most rational decision

Longer retirements also change the cost of mistakes. When retirement lasted a decade or so, early decisions had limited long-term impact. In a 30-year retirement, early choices compound. Acting too quickly can do more damage than waiting, and this is one of the more counter-intuitive insights that good planning can surface.

Common problems arise when people reduce spending prematurely out of fear, overreact to short-term market movements, or lock themselves into decisions that are difficult to reverse. Research into decision-making under uncertainty consistently shows that the option to delay irreversible choices has real value.

In financial planning terms, this often leads to a conclusion that surprises people: doing nothing, deliberately, can be a sound strategy. This is not about neglect or avoidance. It is about keeping your choices open while the picture becomes clearer. A good adviser will help clients understand when they still have room to wait, and when they are at risk of giving that room up unnecessarily.

What the research tells us

International research on ageing and retirement, including substantial work by the IMF, points to several consistent findings. Longevity risk is as much about uncertainty as it is about outliving savings. Small changes in assumptions can have large long-term effects. Plans that rely on fixed forecasts become increasingly fragile over long timeframes. Flexibility and the capacity to adjust significantly improve outcomes.

The implication for financial planning is clear: good planning for long lives is less about prediction and more about preparedness. Clients who understand how sensitive their position is to different assumptions are better placed to respond thoughtfully when circumstances change, rather than reacting to short-term movements or making irreversible decisions under pressure.

Planning as a living process

Across both research and real-world experience, the approaches that work best over long retirements share common characteristics. They explore ranges of outcomes rather than single forecasts. They make assumptions explicit rather than hidden. They are revisited as life changes, rather than filed away and left to drift.

The purpose of this kind of planning is not to predict the future accurately. It is to provide a framework for making good decisions when the future turns out differently than expected, which over 25 to 30 years it inevitably will. Over long time horizons, a robust plan is more valuable than an optimised one.

This also means that the relationship between a client and their adviser is not a one-off exercise. It is an ongoing process of review, adjustment, and recalibration. That is not a sales proposition. It is a structural reality of planning for long, uncertain lives.

Where NZ Superannuation fits in

NZ Superannuation is one income source among several for most clients, and it is a reasonably predictable one. It provides a floor, but not a plan. For someone retiring at 65 with a 25-year planning horizon, NZ Superannuation covers a portion of essential spending. The exact proportion depends on lifestyle, location, and household structure, and in most cases it leaves a meaningful funding gap that savings, KiwiSaver, and other assets need to cover.

The planning questions that follow from NZ Superannuation are practical ones: how does it interact with other income sources over time, how does it affect the order in which you draw down your assets, and how does the certainty of that income change the level of investment risk a client needs to take? These are questions for a financial plan, not lifestyle conversations.

The less certain question is what NZ Superannuation will look like in 10 or 20 years. There are credible scenarios in which eligibility age rises, income testing is introduced for higher earners, or asset testing changes the rules for clients with significant wealth. None of these has been legislated, but they are not remote possibilities either. A plan built entirely around current NZ Superannuation settings carries a risk that a plan built around what NZ Superannuation does rather than what it currently pays does not. Clients who understand their position with and without NZ Superannuation, or with a reduced entitlement, are in a much stronger position to absorb a change if one comes.

What longer lives require in practice

If retirement now spans decades rather than years, financial planning needs to reflect that reality. That means thinking in phases rather than fixed ages, accepting that health, spending, and priorities will not move together in predictable ways, and recognising that adjustment over time is normal, not a sign that the original plan was wrong.

It also means being honest with clients about what planning can and cannot do. It cannot eliminate uncertainty. It can reduce the cost of uncertainty by building in flexibility, keeping options open where possible, and making the assumptions behind any plan explicit so that clients understand what they are relying on.

The clients who navigate long retirements most successfully are not those with the most money. They are those with clear plans, realistic assumptions, and advisers who review and adjust alongside them as life unfolds.

Catching up with reality

Longevity is not a future issue. It is a present reality that many planning frameworks are still catching up with. 'Seventy is the new fifty' captures something real about capability and choice in later life, but only if financial planning evolves alongside it.

Plans designed for shorter, simpler lives become increasingly strained when stretched across long, uncertain futures. The response is not more complex modelling. It is clearer thinking, more explicit assumptions, and planning that is designed from the outset to adapt.

That is what good financial planning for long lives looks like, and it is what this series of papers is about.

Sources and further reading

1. International Monetary Fund, 'Sustaining Growth in an Aging World', Finance and Development, June 2025

Additional reference sources: IMF research on longevity risk, retirement systems, and life-cycle planning; international research on healthy life expectancy and ageing populations; behavioural research on decision-making under uncertainty and long time horizons.