Insights, Tacit Thought | Weekly Investment Insights

Later Life: A Longer Horizon Than You May Think

Published on: 20 November, 2026 | Author: Investment Team

Many people approach retirement as if it were the end of their investing life. For a growing number of people, it is closer to the middle. Later life is not necessarily a short final chapter; it may last 25, 30 years or more. That makes the time horizon for at least part of your portfolio longer than many people assume, and gives compounding an important role, both in the years approaching retirement and in the decades that follow.

Thirty years ago, an investor in later life was generally planning for a shorter retirement, with fewer choices over how savings and investments could be accessed and used. Today's investors in later life often have a longer potential life expectancy and greater flexibility, but also greater responsibility for making their wealth last.

The Office for National Statistics' 2024-based projections illustrate the scale of the change. A man reaching age 50 in 2024 can expect, on average, to live to almost 84. That is an average, not a personal forecast, and a good number will live well beyond it. It is why we plan for several decades rather than a brief period after leaving work.

Greater flexibility can be valuable. It allows you to shape the transition from work around your circumstances: reducing hours gradually, drawing on different sources of income, or keeping part of a portfolio invested for future growth. But flexibility also means you must plan for a long time horizon. A portfolio may need to support spending for 25 years or more, while coping with inflation, market volatility, and the possibility of living longer than average.

Think of it as a long-haul flight. Reaching retirement can feel like landing, but for many people it is closer to reaching cruising altitude: the climb is over, yet most of the journey is still ahead. A pilot who began the descent at that point would come down a long way short of the destination.

A common mistake follows from this. As a particular birthday approaches, there is a natural instinct to move everything into cash, or into assets that feel safe because their value barely moves from month to month. But over 25 or 30 years, the larger danger is usually not a fall in markets; it is the slow loss of buying power. At an illustrative 3% a year, inflation roughly halves what a pound can buy over 25 years. Volatility is uncomfortable. Running short of real wealth late in life is far more harmful.

The table below shows what a £100,000 investment could grow to if left untouched, assuming a constant annual return and no charges, tax, withdrawals or further contributions. It is an illustration, not a forecast; actual returns will vary and can be negative.

Annual return	After 10 years	After 20 years	After 30 years
5%	£162,889	£265,330	£432,194
6%	£179,085	£320,714	£574,349
7%	£196,715	£386,968	£761,226

The 10 year figures are most relevant for money you are likely to need in the next decade. The 20 and 30 year columns are equally important: they represent money that may still be invested well into later life, funding future spending or leaving a legacy. These are nominal figures, before inflation, but the shape is the point. Most of the growth arrives in the later decades, which is exactly the period an overly cautious portfolio gives up.

In portfolios we manage for clients in later life, we organise the money by when it will be needed rather than by age. In practice, that means two horizons:

- **The years before a major change in circumstances:** we maintain enough growth potential to stay ahead of inflation and continue compounding, while gradually building the cash and government bond holdings that will fund the first years of spending.
- **The decades afterwards:** we retain a diversified, long-term allocation to growth assets, bought at sensible valuations, for money that will not be needed for many years, while holding accessible cash and stabilisers such as government bonds for near-term spending needs.

Holding the next few years' spending in cash and bonds has a behavioural benefit as much as a financial one. When markets fall, you are not forced to sell growth assets at poor prices to pay the bills, and it becomes much easier to leave the long-term money alone to do its job.

We would rather not treat a particular birthday as the moment when investing ends. For many people in later life, it is the beginning of a second, equally important investment horizon. Our job is to make sure the money you need soon is there when you need it, and that the rest is given the decades it needs to compound.

Important Information: Any views, insights, or commentary are for general information only, do not constitute personal investment advice or research, and are intended for UK residents. They may not be appropriate in all jurisdictions. While sourced from information we believe to be reliable, we make no guarantee as to accuracy or completeness. Past performance is not a guide to future results, and the value of investments can go down as well as up.

Regulatory Disclaimer: Tacit Investment Management is the trading name of TIML Limited (No. 9228395), part of Tacit Holdings Limited (No. 10611211). Both companies are incorporated in England and Wales, with the registered office at 14 Hanover Square, London W1S 1HN. TIML Limited is authorised and regulated by the Financial Conduct Authority (FCA ref. 670184) and approves and issues this communication under Section 21 of the Financial Services and Markets Act 2000. Please note, tax and estate planning services are not regulated by the FCA.