Should I Stay or Should I Go Now?

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Beyond Super: Why Retirement Income Needs More Than Just Your Fund

The Clash asked the question decades ago, and it's just as relevant today for Australians approaching retirement: "Should I stay or should I go now?" Most assume their existing super fund will take care of everything, and for many, that's exactly what happens. They leave their money where it is. But is that the best strategy for reliable income and risk-adjusted returns in retirement? Evidence suggests otherwise. As the song goes, "If I go there will be trouble, and if I stay it will be double".

The Status Quo: Most Stay Put

Research shows most retirees keep their savings with their existing super provider rather than exploring alternatives. This inertia is driven by convenience, comfort, and lack of awareness of other options. The findings also suggest a lack of adviser relationship and independent financial advice through the critical transition phase. "Well, come on and let me know!" – even The Clash isn't afraid to seek guidance.

The Household, Income and Labour Dynamics in Australia (HILDA) Survey[1], a major, long-term national study that tracks the life circumstances of thousands of Australians over time, and Australian Prudential regulatory Authority (APRA) data confirm engagement with super members is low: with many remaining in accumulation phase longer than necessary, and even when they move to pension phase, they rarely diversify beyond their fund.

Why That's a Problem

Concentration risk: Staying with one provider runs the risk of relying on a single investment philosophy and product set.

Limited innovation: APRA and ASIC's joint Retirement Income Covenant review [2] highlights that many funds are still playing catch-up on decumulation strategies, with regulators urging improvement.

Performance gap: According to the SMSF Association [3], self-managed funds consistently outperform APRA-regulated funds over five-year periods, delivering 0.3%–1.3% higher annualised returns, a meaningful difference over a 20-year retirement.

The Case for Alternatives

Private credit and real assets can offer resilient , low-volatility income streams that complement traditional super options. La Trobe Financial's own track record, of portfolio investments providing decades of low volatility returns for investors, demonstrates how disciplined credit strategies can deliver resilience across market cycles.

These strategies are designed for income first, with granular diversification and conservative risk management, features often missing in growth-oriented super portfolios.

Super Funds Are Outsourcing Too

The industry knows it can't do it alone. Under the Retirement Income Covenant, super funds are increasingly partnering with external managers to deliver dependable income solutions. APRA and ASIC have flagged this trend as essential for improving member outcomes.

This trend is blurring lines between traditional super and specialist asset managers and validates the role of external expertise in retirement income.

Sequencing Risk & Tax Efficiency

Sequencing risk refers to the danger that the order and timing of investment returns can negatively impact retirement outcomes, especially during the transition phase when you start drawing income from your portfolio.

Transition-to-retirement strategies can help manage sequencing risk and optimise tax outcomes, but in some circumstances can work better when combined with diversified income sources, not just a single super fund.

Take an active and engaged approach to retirement

Transitioning into retirement is not the time for a "set and forget" Mindset. While super funds are improving, their focus remains broad and member outcomes vary. For investors seeking strong risk-adjusted returns, durable income and resilience into retirement, consider whether the alternatives may be right for you. Private credit and real assets strategies can complement your superannuation holdings.

Explore how La Trobe Financial's income strategies can complement your super and deliver dependable returns in retirement.

[1] https://melbourneinstitute.unimelb.edu.au/hilda

[2] https://www.apra.gov.au/sites/default/files/2025-11/2025%20APRA-ASIC%20Retirement%20Pulse%20Check.pdf

[3] https://www.smsfassociation.com/media-release/new-research-shows-smsfs-outperform-over-longer-period

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