Lifestyle Financial Planners

When January starts well, the outlook is generally positive.

The first week of 2026 closed positive for equity markets. According to Carson Investment Research data, when this happens, markets end the year positive 87% of the time, averaging returns of 16%. It's a useful statistic, though hardly a guarantee, particularly given what's already unfolding barely two weeks into the year. Greenland annexation discussions, Venezuelan oil concerns, ICE deportation issues, upcoming midterm elections, and threatened tariffs on countries trading with Iraq hardly suggest 2026 will follow historical patterns. Earnings season is kicking off with elevated expectations driven by M&A activity. Whether Trump produces another surprise remains anyone's guess.

Yet here's what's worth considering: whilst headlines generate anxiety, the fundamentals of successful long-term investing haven't changed. Which brings us to a more pressing question for Irish investors, and that is "If markets have delivered reasonably consistent returns over time, why do so many people feel unprepared for retirement?"

Royal London Ireland's latest survey paints a sobering picture. Almost one in five workers (18%) believe they cannot afford retirement until age 70. For 62% of respondents, retiring before the State Pension age of 66 "feels out of reach."

Additionally, there's a gender split in that 48% of men expect to retire before 66, compared with just 30% of women. Meanwhile, 18% of those nearing retirement say they never want to fully retire, this is up from 13% in 2024. While this may be a lifestyle choice for some, it is a fairly significant indicator of the financial pressures many households continue to face.

Before we catastrophise, there are some encouraging signs. The proportion of workers targeting retirement by 55 has doubled from 3% to 6% year-on-year. Among the 45-54 age cohort, 11% now believe early retirement is achievable, nearly triple the 4% recorded in 2024 and many of these, I believe are doing so because they are engaging with financial planners and starting to understand their cash-flows.

For those who haven't, many of those investors assume they need exceptional returns to achieve financial security. They chase last year's top-performing fund, switch strategies when markets wobble, or sit in cash waiting for the "right" moment to invest. For the amateur investor, this behaviour is understandable, but it's also extremely costly on your investment returns as I've written about many times in the past.

Howard Marks, wrote about this in 1990 after a conversation with Dave Van Benschoten, who managed the General Mills pension fund. Over 14 years, the fund's equity returns never ranked above the 27th percentile or below the 47th percentile, solidly second quartile every single year.

Most people would guess that kind of consistency would produce just middling long-term results, perhaps around the 37th percentile overall (top 37%), but that simply isn't the case, it actually ranked in the top 4 percent.

Marks's conclusion was "***That's the magic of consistency, avoid the losers and the winners take care of themselves. Most people shoot themselves in the foot with at least one terrible year, and a terrible year can destroy performance. But if you can avoid doing that, over time you'll wind up ahead of most competitors***."

This matters profoundly for those considering retirement planning. Investors don't need the top-performing fund, they need to avoid catastrophic mistakes such as panic-selling when news is unsettling, sitting out the recovery, piling into crypto at the peak or abandoning their pension contributions during temporary market stress.

The evidence is always pointing in the same direction:

First, markets demonstrate statistical patterns of consistency. Positive first weeks correlate with positive years 87% of the time. That doesn't mean 2026 will cooperate, but it does suggest that long-term investors who stay disciplined tend to benefit from historical patterns reasserting themselves.

Second, despite several decades of generally positive equity market returns, most Irish workers feel financially unprepared for retirement. This isn't primarily a market failure, it's often a behavioural one. People underestimate the damage caused by poor timing decisions, excessive caution, or chasing perfect performance.

Finally, the evidence from professional pension management demonstrates that avoiding terrible years matters more than capturing spectacular ones. Consistency compounds and rewards those that stay the course.
The Royal London survey also reveals something important and that is when people say retirement "feels out of reach," they're often describing a confidence problem as much as a savings problem. Yes, genuine affordability pressures exist, but so does the anxiety created by watching markets gyrate, reading apocalyptic headlines, and second-guessing every investment decision.
If you're among the 62% who feel early retirement is unrealistic, consider whether you're measuring against the right benchmark. You don't need to beat 96% of investors to retire comfortably but you do need to avoid the self-inflicted wounds that derail plans.
That means maintaining pension contributions regardless of headlines. It means resisting the urge to "wait for clarity" before investing, because clarity only arrives in hindsight. It means understanding that a portfolio which never excites you but consistently performs is vastly superior to one that occasionally thrills you and periodically devastates you.
The workers who've doubled their confidence about retiring at 55 likely haven't discovered a secret investment strategy. They've probably just maintained discipline through multiple market cycles and discovered that boring consistency actually works from having informative discussions with a Financial Planner during financial planning sessions.

Markets will continue delivering drama. Trump will keep surprising us. Geopolitical tensions will flare. Earnings will disappoint or delight. None of this changes the fundamental mathematics of long-term compounding returns or the damage caused by mistimed reactions to temporary volatility.
The route to performance, as Marks noted 35 years ago, isn't found in heroic investment decisions or perfectly timed market calls. It's found in the patient accumulation of consistently adequate returns whilst avoiding the terrible years that come from panic, overconfidence, or chasing yesterday's winners.

Sometimes the most valuable financial advice is also the least exciting, so stay the course, avoid catastrophic mistakes, and let time do the heavy lifting. For any Irish investors feeling anxious about retirement affordability, that might be precisely the message worth hearing as 2026 unfolds, so why not get in touch with us here at Lifestyle Financial Planners, reserve your Discovery Meeting and take the first steps to on your road to Financial Freedom. Email info@lifestylefinancialplanners.ie or call 096-75951