GUIDE · FOR RETIREMENT-STAGE HOUSEHOLDS

Your *Second Salary*.

How do I pay myself in retirement?

How a lifetime of pensions, ISAs and hard-won lump sums becomes a monthly income — arriving in your bank account like the salary did, usually taxed more gently, and designed to last as long as you do.

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THE QUESTION

The payslip stops. *The bills do not.*

For thirty-odd years, income has simply arrived. You worked, and every month the money appeared — from an employer, or from a business you built. Nobody had to decide anything.

Then the main work stops. The business is sold, or wound down, or handed on. And a question surfaces that almost nobody has actually answered out loud:

> ***Who pays me now?***

It sounds simple. It is the whole of retirement-income planning in four words. And the honest answer — the one this guide exists to spell out — is that from here, you do. Your assets go on payroll, and the job of a good plan is to make that feel as effortless as the salary did.

HOW IT USED TO WORK

Two answers that mostly no longer exist.

For previous generations this question had ready-made answers.

The first was an annuity. You took your pension pot to an insurance company, handed it over, and they paid you a fixed income for life. Simple, certain — and still the right tool for some people, particularly for covering essential bills with guaranteed income. But the certainty comes at a price: the income is fixed at the outset, the capital is generally gone, and the flexibility to take more in some years and less in others goes with it.

The second was the final-salary pension. A defined-benefit scheme paying a percentage of your salary for life, with the employer carrying all the risk. For most people outside the public sector, these have gone. If you have one, it is valuable and this guide is not about giving it up. Most of our clients do not — or hold one small one alongside everything else.

So the ready-made answers have largely disappeared, and nothing arrived with a label on it to replace them. What arrived instead is what you probably have now.

WHAT YOU HAVE INSTEAD

A pile of accounts that doesn't look like an income.

The typical household we work with arrives with some version of this: three or four pensions collected across a working life, in different places, invested in different things. ISAs built up over the years. A sum in cash — often more than it needs to be. Sometimes a buy-to-let. Sometimes the proceeds of a business sale sitting in the bank, feeling more like a responsibility than a reward.

None of it looks like a wage. There is no payday, no payslip, and no obvious answer to "how much can we spend this month?" — which is why so many capable people either spend nervously, or don't really spend at all.

> COLIN'S VIEW
>
> "The people who ask me this question are not disorganised. They have usually done everything right — that is why the pile exists. What they have never been shown is the machinery that turns a pile into a payday. It is not complicated. It is just nobody's job to tell you."

THE MODERN ANSWER

Put the whole lot *on payroll*.

Here is the approach, in one paragraph.

Everything investable is brought together and invested as one coherent, globally diversified portfolio — not four pensions doing four different things. Each month, a small percentage is sold down and paid into your bank account on the same day, like a salary. You pay the bills, live your life, and the rest stays invested and working. We call it your second salary, because that is exactly how it behaves.

And it is usually taxed more gently than the first one. A salary is taxed as earnings, with National Insurance on top. A second salary is a blend: pension withdrawals, a quarter of which can typically be taken tax-free; ISA withdrawals, which are tax-free entirely; and sales from investment accounts, where only the gain is taxed — at capital-gains rates, not income rates. There is no National Insurance on any of it. The mix is rebuilt each year to use the allowances available, which is where much of the value of ongoing advice quietly accrues.

Second Salary

ILLUSTRATIVE PAYSLIP · MONTHLY

From pensions	**£1,700**
From ISAs	**£1,300**
From investment accounts	**£1,200**
Paid to your bank, monthly	**£4,200**

Illustrative only — a £4,200 monthly payment is broadly what a £1m portfolio supports at a 5% starting guide. The blend, and therefore the tax, is specific to each household and each year. Not advice.

HOW MUCH?

Five per cent is the starting point. The guardrails do the steering.

As a broad brush: a portfolio can typically support a starting income of around 5% a year, reviewed annually. £1m supports roughly £50,000 a year; £600,000 roughly £30,000. That is a guide for orientation, not a promise — which is exactly why it doesn't stand alone.

Around it sits our Financial Guardrails framework. The income is reviewed against the portfolio every year: if markets have been kind, there may be a rise. If they have dipped, the income may be trimmed slightly for a period — small, planned adjustments, agreed in advance, that keep the plan sustainable for decades. And separately from the portfolio sits the war chest: two to three years of planned spending held in cash, so that when markets fall — and they will, temporarily, several times over a long retirement — the monthly payment carries on without selling investments at the wrong moment.

The result is an income that behaves like a wage but flexes like a plan.

THE RHYTHM

You know the number. You live your life.

In practice, the system runs on a simple annual rhythm.

You know each month's payment for the year ahead — so the ordinary business of living, the bills and the food and the holidays, needs no financial decisions at all. Once a year we meet for a forward-planning review: where the portfolio is, whether the income can rise, whether it should pause, and — importantly — what you are planning. A world trip. A wedding to pay for. A second home. The vintage car that has been circling for years. Or, yes, the boat. Larger amounts for the big events are planned into the year deliberately, drawn tax-aware, and the model is updated so you can see the effect before you commit.

That last part matters more than it sounds. Every decision — the trip, the gift, the car — flows through robust cashflow-planning software with a full UK tax engine underneath it, so you see what it does to the long-term picture in minutes, not in hindsight. The point is not to police the spending. It is the opposite: to show you, with evidence, what you can safely say yes to.

THE TWO RULES

Don't run out. *Don't die with too much.*

Everything above serves two rules we plan around.

The first is the one everybody worries about: don't run out of money. The guardrails, the war chest, the annual review — they exist to keep a forty-year retirement funded through whatever markets do along the way.

The second is quieter, and in our experience just as common: don't die with too much. Arriving at ninety with far more than you needed is not prudence — it is the trips not taken, the help not given while it mattered, the years of a smaller life than the money could have funded. Under-spending is a planning failure too. It is simply one that never shows up on a statement.

> ***Between the two rules sits the point of the whole exercise: the fullest life the numbers can responsibly fund.***

The cashflow model is what keeps you honest about both. Each year it shows whether you are drifting towards either failure — and what a correction looks like while corrections are still small.

HOW CHAPTER3 HELPS

Systematically sorted, so you don't think about it.

What we actually do

- bring the pensions, ISAs, cash and any lump sums together into one coherent portfolio;
- set the starting income and the monthly payment, paid to your bank like a salary;
- build the blend each year to use the tax allowances available;
- hold the war chest so downturns never force a sale;
- run the guardrails review annually — income up, steady, or trimmed, by agreed rules;
- model the big events before you commit to them;
- keep the whole picture in one cashflow plan you can actually see.

Fees are fixed, in pounds, and published — see how the fee is set. If you want the full mechanics of the withdrawal framework, Financial Guardrails is the deeper read; for the tax sequencing across accounts, Drawing Income in Retirement goes further still.

This guide is educational and does not constitute personal financial, tax or legal advice. Specific advice should be obtained on individual circumstances.

NEXT STEP

Find out what your second salary looks like.

A 30-minute introductory call is enough to sketch it: what you have, roughly what the life you want costs, and what a sustainable monthly payment would look like from your numbers rather than anyone else's. Rough figures are fine. If you are already on a sound footing, I will say so.

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