

Guest Column • Retirement: The Last Chapter on the Road to Financial Independence

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The term retirement has a different meaning for everyone on the road to financial independence. In the early phases of one's professional career, it is often an afterthought. As we enter the later phases of our career, our transition into retirement becomes more of an immediate concern. The key is to determine where you are on this journey and make the appropriate changes.

Although there is a wealth of information in the realm of retirement, there are also a multitude of unknowns. No one person, nor one generation, will confront the same challenges. Major obstacles can range from financial to health concerns.

In addressing this lifelong dilemma, I want to begin by mentioning an article written by David Ekerdt, former Professor of Sociology and Gerontology at the University of Kansas. In his article, published in the *Wall Street Journal* and entitled, "I Studied Retirement For 44 Years. Then Retired," he shares his insights into this complex process. As an academic, Dr. Ekerdt surveyed and talked to thousands of retirees, yet in his own retirement, he experienced plenty of surprises. Although some of his concerns were consistent with mine, a number were very different.

In truth, you cannot understand retirement until you have lived it. For this article, I will address some generalizations, as well as personal perspectives. It is important to note that my insights are shaped by my own life experiences, as well as my interpretations of others' views on this topic.

In dealing with retirement, it is important to know that "we have a terminal contract at conception." In other words, we are simply completing this age-old cycle from birth to death. There are also stages within retirement, in my opinion, which I will define as:

- Years of Vitality
- Years of Transition
- Years of Decline

As a seventy-five old retiree, I am still in the first phase, characterized by vitality. I can only speculate on the time frames of the next two stages in my own life. When I retired at seventy years of age, after more than forty years of employment at the New England College of Optometry, I was faced with several questions.

- Questions regarding my post-professional career
- Questions regarding my financial status
- Questions regarding my health
- Questions regarding my death

Hopefully, my responses to these questions will be helpful to others both in retirement and preparing for retirement.

Our career defines us for most of our lives. Our work commitment has given us structure, income, and a social network. The onset of retirement radically changes all of these variables. For some individuals, the process of leaving one's job can have devastating effects on both their financial and mental well-being. In some cases, it is involuntary because of downsizing or a disability.

In speaking to peers who have recently retired, I discovered that some of them are still searching for a part-time position within their profession or any job opportunity to replace their previous employment. Others are content with a non-work lifestyle.

For me, retirement has been a career change. Although I still have some professional involvement, my time is spent on other activities, ranging from writing on topics related to health and finance to a passion for playing softball.¹

A major concern for everyone on the road to retirement or in retirement is financial security. Since worrying about money is a constant for most of our lives, the question is how to address this concern effectively.

In retirement, our financial strategies change from the accumulation of to the dispersing of our assets. The government plays an important role, from the management of our Social Security benefits to determining a formula for the distribution of our retirement funds.

Some insights into several of these issues are the following:

- Social Security is basically a safety net that may or may not continue in its current form for future generations. It should never be your only source of income.
- The age at which you apply for Social Security benefits is a critical factor in retirement

planning. Later is always better than sooner in this decision-making process.

- One's projected income listed on the Social Security's website can be misleading. It does not take into consideration the monthly cost of Medicare. A little-known surcharge, the Income-Related Monthly Adjustment Amounts (IRMAA), based on income reported for the previous two years, can have a significant impact on the amount of one's Social Security check.
- The management of our assets in retirement requires a different strategy than traditional planning, based on our increasing longevity. For example, on our very last day of employment, there is a high probability that many of us will still be long-term investors.

The lesson for pre-retirees and individuals beginning their careers is to have established and appropriately funded their retirement options. The questions regarding the viability of the Social Security system make this imperative. In the world of investing, small amounts of money can become large amounts through the power of time and compounding.

The next major concern is our health. The demise of many individuals on life's journey has been impacted by the status of their health. In our youth and early professional careers, it is often not a priority.

With retirement, health becomes a key factor in our quality of life. The number of individuals over the age of sixty-five currently taking five or more medications per day is staggering. Our health system has focused on crisis care at the expense of preventive care. Financial ruin is often the result of excessive medical costs.

The Medicare system is primarily focused on life-saving situations versus quality-of-life issues. Reimbursement is often limited to the diagnosis and treatment of diseases. In the realm of eye or ear diseases, the funding of appropriate devices that can improve a patient's functioning is often excluded. Ironically, the profession of dentistry is generally also not covered, despite potential health consequences related to severe gum disease, especially in an elderly population!

The bottom line is that we need to take responsibility for our own health. We can no longer be dependent on our doctors and the pharmaceutical industry to find cures for all our ills without our own efforts. Despite our costly medical system, the United States is ranked number 46 in life expectancy in the world, according to data from the United Nations Population Division.²

From another point of view, focusing exclusively on longevity is an inappropriate assessment of one's life. In truth, it is about our healthspan or wellspan. In health, as in financial success, the journey begins very early, and small changes in behavior can reap tremendous rewards down the road.

Another important variable, often overlooked, is time. Since time is precious and not renewable, it is critical that we use it effectively. After the initial excitement of freedom from work responsibilities, many retirees become concerned about their time management. In the past, one's job determined their weekly schedule, while retirement leaves an empty slate. How we fill this void will greatly impact our overall satisfaction with our lives.

The clock is also ticking as we enter the final years of our existence. Everyone, ultimately, will face death. Until that moment, our quality of life will depend on the many choices that we make daily, from diet to exercise to sleep. Although many factors are outside of our control, it is important to take a proactive approach to the factors within our control.

As I approach the Years of Transition, signs of physical and cognitive decline are becoming more apparent. Although it is part of the normal aging process, it is critical to explore all options to minimize the progression of these changes. There is also an awareness of the occurrence of life-altering diseases and even the deaths of peers and friends.

After commenting on two of my three proposed categories related to retirement, I want to touch on the Years of Decline. As noted earlier, you really can't discuss any phase in development until you have experienced it. For this reason, I have decided not to focus on the darker side of this time of life.

Since I have not reached this point in my life, I am going to look back on life's journey, based on insights from Bronnie Ware. As a palliative nurse, she shares her patients' final thoughts as they faced the end of their lives. In Ware's book, *The Top 5 – Regrets of the Dying*,³ she lists the following:

- "I wish I'd had the courage to live a life true to myself, not the life others expected of me."
- "I wish I hadn't worked so hard."
- "I wish I'd had the courage to explain my feelings."
- "I wish I had stayed in touch with my friends."
- "I wish that I had let myself be happier."

You can agree with one or more of these comments, or you can add to this list. Obviously, we will all experience ups and downs, as well as disappointments,

on our journey to financial independence and ultimately to our death. The time frame to address these end-of-life concerns will depend on one's age and extenuating circumstances. Hopefully, everyone will take the appropriate initiative to resolve their own regrets before their last chapter comes to a peaceful end.

From our first to our last breath, we have been granted the unique experience of life. Retirement marks the final chapters of our time on earth. There will always be room for improvement. Beyond lifelong learning, we need to understand the limitations of living strictly within our comfort zone. We need to challenge our status quo daily. Lessons learned from our mistakes and/or failures during our journey are as important as our successes.

Obviously, I have shared my personal perspective on life and retirement. In closing, I want to share a quote from Mark Twain, which is relevant to this article. Twain wrote the following, "Do not complain about growing old, it is a privilege denied to many." Hopefully, in our passing, our life will be celebrated, in a similar manner as it was at the moment of our birth.

References

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