AAPOS Workshop: Lessons From our Retirement

John W Simon, Albert W. Biglan, John D Baker, Constance E. West, Steven E Rubin

John W. Simon, MD: Introduction

Time for reflection: What's really important in retirement?

Ensuring financial security for ourselves, our partners, and our families

Dealing with health issues, especially in the Pandemic

Maintaining our professional connections, including YO's, ongoing education

Contributing within our field, clinically part-time and other service

Contributing to other community and charitable efforts

Pursuing hobbies or other outside interests

Enjoying our home, family, and friends

My first love is cooking, for shut-ins, a homeless shelter, wife x 42 years.

SPOG? Christie: "Do a cooking video." (youtube.com/watch?v=IKN8uPuBF8k, https://youtu.be/yrRzghk7Z9I).

Moved to Lake. Family and home covered

Grandma Camp." Extended family (15, including 7 grandchildren).

Still working one day per week, office only, teaching, occasional papers.

Burt Kushner's book club: skillfully prepared, enriching.

Others, panel and audience, have their own experiences, positive and negative.

How can we share to "accentuate the positive" and make it happen for each of us?

Our program today:

Al Biglan: Lifestyles of Retired Pediatric Ophthalmologists

Constance West: Take Inventory, Make a Plan, Construct a Timeline

Jack Baker: Practice and financial considerations

Steve Rubin: Additional comments Working part-time

Audience Q and A

Al Biglan: Lifestyles of the Retired Pediatric Ophthalmologist

"Don't retire from something…retire to something" (Barb Biglan)

Phases of Retirement, they are: the go- go, the slow go, and the no go

You must take care of yourself so you can take care of your family

Set the stage, before you begin planning, have a "retreat" with yourself. Sit back, grab a beverage, and reflect on your career. What were the seminal moments, and accomplishments? Savor the moments.

As a pediatric ophthalmologist, you have been in what is one of the most satisfying professions.

Begin the process to prepare for retirement:

Questions to ask yourself:

- What are 5 things that you have always wanted to do in your life, but never had time to accomplish?
- Your temperament, are you ready to enter a retired lifestyle yet?
- What does your spouse think? Your family?
- If working, will your spouse retire at the same time?
- What will I do with my time?
- You need to do a realistic assessment of your abilities and commitment to providing the best care for your patients.
- Am I as "sharp and up to date as I used to be? Risks of "hanging in there" too long….. the malpractice suit that emerges related to questions regarding the quality of your care. (discovery, depositions, settlement, or trial may go on for years)

Other considerations;

Resources needed in retirement, what will you be spending money on? Is there fear that you might have to return after a hiatus of several years?

- Consolidate and simplify your life, pay off all debt and have sufficient resources to last the course of retirement. Plan to "Spend less than you make"
- Plan to live out your life expectancy. Shoot for 100 years of age for financial projections
  - Fund your 401 K fully and early in the year.
  - Reassess the profile of your investments
- Set goals or benchmarks you wish to accomplish during your retirement.

How do you plan to exit practice?

- Plan an exit strategy, either
  - abrupt
  - planned or
  - health episode precipitated or…
- Phase out over months or years
  When do you want to stop surgery, seeing patients in consultation in the office??
- Formulate a letter of exit from practice. Consider a thank you letter to your referring physicians thanking them for their support over the years. Send a letter to your patients and add a personal note if desired. This means a lot of letters, but after your education and training investment, it was because of your referring professionals that you had your career.

Take care of your body, mind, and spirit!

Body:

- Phases of retirement, the go, the Slow go, and the no go, phases. Your physical status, and perhaps mental status, will determine which phase you are in.
- Work is catabolic, retirement should be anabolic, rebuilding and maintaining abilities and skills.
- Take care of health problems that you have avoided, get a thorough physical examination.
- Join a gym and take off that 20 pounds that you have been going to do…. but never had time.
- Take up a "life sport" tennis, golf, bike, gardening, hiking or walking.
- Prepare your living arrangements for future disability. Consider first floor living, elevator, prepare for care of yourself or your spouse or a parent. In the future, "Leave room for the bounce back"(the child who returns unexpectedly)
- Long term care insurance?? 172,000/year "a ridiculously complicated product" WSJ Feb '21

Mind:

- Remain active and engaged, organize your days and months to have goals and set a metric for accomplishment
- Have a daily or weekly schedule, it will help keep track of what day it is.
- Plan trips, do it yourself
- Continue to attend select meetings, Emeritus status is helpful and honorable.
- Continue connection with general medicine.
- New activities and hobbies, bridge, cross word puzzles
- Form social groups.
- Make new friends. Friends outside of medicine will become more diverse, and perhaps more interesting
- Keep up with current events, receive a daily paper, enjoy it over breakfast with your partner or spouse.
- Book club read for pleasure.
- Nonprofit Boards
- Alumni from schools or organizations, become a leader, you have been well prepared by being a member of AAPOS
- You will have many individual suggestions for yourself, but the goal is to remain active and engaged in life.

Spirit: Your satisfaction for life

- Review your will and assets.
- Consolidate assets, simplify them
- Nurture your spiritual life, reconnect if so inclined
- Grandchildren, family time
- Stay engaged
- Your wardrobe and lifestyle will change. Fewer professional clothes and automobiles, phone, computer etc.
- Learn new things, pursue interests that you always wanted to do or learn about and "go for it".
- Learn to laugh
- Build and foster relationships

Constance E West MD: Take inventory, make a plan, and construct a timeline

1. Your "PsyRA" – **Psy**chologic **R**etirement **A**ccount
    a. Many people have allowed their non-work life to wither, and then they don't have anything to retire to.
    b. Address your addiction to work BEFORE you retire – don't fall into the "never-tiree" trap.
        i. Do you have enough friends outside of work?
        ii. Are you interesting to others (outside of work and family)?
        iii. Why would someone invite *you* to dinner or on an outing?
    c. If in a relationship, how will you come with one partner retired, and the other not. It can be difficult for both partners.
2. Get in shape **before** you retire.
3. Take stock of your responsibilities
    a. Who:
        i. Yourself – it is time to do what YOU want, what you've been putting off. Be selfish, if you wish.
        ii. Others: Parents, siblings, children, grandchildren, outside organizations
    b. What is needed: Your time (how much)? Your resources? Money?
    c. When: Figure a timeline for when these might occur, and match with your likely availability and (dis)abilities.
        i. Plan for things to take longer; you will be weaker and less efficient.
    d. Where: do you want and need to be, geographically, and when?
4. Start your hobbies *before* you retire
    a. Skill building
    b. Experience with that hobby
    c. Equipment and supplies
    d. Match activities and events with anticipated physical strength and mental acumen
    e. Swap/barter skills with your network to gain skills or equipment

5. Make a plan, but be flexible – stuff happens*!
    a. Timeline that considers responsibilities, aspirations, abilities, resources
    b. Get important stuff finished first!
    c. Consider potential handicaps/restrictions
    d. See attached example

* Actuarial life tables: https://www.ssa.gov/oact/STATS/table4c6.html

Jack Baker, MD: Lessons from Our Retirement

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1. Your retirement finances.
    A. Each year contribute the maximum allowable, and that you are financially able, to your retirement plan. (2021 numbers)
        a. 401(K) plan $19,500/year, $6,500/year additional "catch up" if over age 50.
        b. Defined contribution plan $58,000/year, $64,500/year if over age 50.
        c. Employed doctors - contribute the maximum to all available plans and take advantage of all matches.
    B. "Manage" your retirement accounts actively.
        a. Money manager- usually an annual % of the balance in the account.
        b. Financial planner – may or may not do direct investing. Usually fee based.
        c. Invest some yourself if this is an interest
        d. In each scenario, including if you are in a company 401(k) plan, you need to be personally active – look at your statements, compare returns with benchmarks at least every 6 months. Meet with your financial planning or investment people in-person at last annually.
    C. These funds will be your life line in determining a lot of what you are able to do and how you enjoy your retirement whenever you decide to retire or need to retire – health, change in practice landscape, etc.

2. Gradual retirement
    A. You really enjoy practicing and would like to continue, but you would also like to have more time to do some other things.
    B. You would like to continue to have some income albeit reduced.
    C. 3 critical elements of gradual retirement
        a. Is there space for you if you are not working full time? You need to make sure that you are considerate of the work and schedule needs of the full time doctors.
        b. Your partners (or corporate entity, i.e., hospital, university etc. if employed) – must be receptive and see value in this for them and you.
        c. Reimbursement/financial structure must be appropriate to make it possible.
            i. You cannot pay a full share of overhead if working less than full time.
            ii. Overhead must be prorated, perhaps as a percentage of total office RVUs or dollar collections.

  iii. It is nice if the overhead/reimbursement arrangement created can continue to work as you want to perhaps cut back further over time.

D. Work Tuesday, Wednesday, and Thursday if possible, but at least try to not work both Monday and Friday so have 3 – 4 day weekends or perhaps 1 week off per month is another option. Allows for travel and to see family out of town.

E. Benefits
   a. Stay involved if you really still enjoy taking care of children or adults with strabismus and time with associates and colleagues.
   b. Stay involved going to meetings – continue intellectual stimulation in the area you spent your life doing – see friends.
   c. Can have earned income and office continue to pay for benefits the office normally pays for - health insurance, medical travel, malpractice, cell phone, license fees and dues - pre-tax.
   d. Can stop doing surgery if you want. Surgery income little different from office work and less stressful for many, less cost of malpractice, do not have to be around for postop care. Your younger partners will appreciate the surgical referrals and may see a real benefit of this arrangement to them.
   e. Have more time to do other things – time with spouse, children, and grandchildren, take advantage of daytime activities such as lunch and learn at local art institute. Get involved doing volunteer work, non-profit boards, etc.

3. Other practice related retirement financial considerations

A. If your partners want to make a significant new investment in the practice such as a new office in the 2 – 4 years prior to your contemplated retirement, you do not want to hold back the practice or your partners.
   a. However, this investment expenditure may mean less take home pay to all the doctors in the practice including you while paying for this investment and you will not realize the long term benefit of it. You do not want to see your annual practice income go down in the last few years of your full time working.
   b. One suggestion is to figure out how much the investment will reduce the annual income for each partner over the time of paying for the investment while you are still working. Have a significant portion of what your lost income is determined to be during this period added to your buy-out. This will allow the practice to do what it wants to do, and everyone will be made whole to some degree. This can be a major divisive issue in some practices where the senior partner, nearing retirement, does not want any major practice investments to be done which will affect their annual income in the last couple years of practice. Requires very open discussion with partners and administrator.

B. Taking your buy-out
   a. Contract may call for 2 year buy-out. This is all taxable money.
   b. Alternative – discuss/negotiate as getting closer to retirement.
      i. Extend buy-out for a few years. Have the practice continue to pay for things that the practice normally does as benefits to the doctors such as health insurance for you and hopefully your spouse, CME expense,

dues, cell phone, etc. The CME coverage may encourage you to attend meetings and continue to see friends.

ii. Create a ledger starting with the total buyout amount and reduce each year by the amount of benefits the practice payed for the retiree each year.

iii. Need to have had a very good working relationship and trust with your partners.

iv. Need to involve the practice attorney and accountant.

v. Have office pay for these things before writing you a buy-out check that you will pay tax on.

4. Other considerations
   A. Will it cost less to live after I retire?
      a. Do you want to change your lifestyle?
      b. Do you want to travel more or less, especially in the early part of your retirement?
      c. Do you enjoy dinning out, theater, symphony, etc.?
      d. If you live in the north, do you want to spend part of the winter where it is warmer? Rent or own?
      e. Other extended family needs to support.
   B. In some states, your corporate retirement plan assets are shielded from malpractice awards which might be above your coverage, but that shield is lost if your money is moved to an individual IRA. This may be changing.
   C. Asset mix of retirement investments
      a. Early in career – all or almost all equities.
      b. Most market cycles 5 – 8 years
      c. If can live through market cycles, stay more in equities than fixed income.
      d. If want to do some creative or high risk/return investing, make sure is a small part of your net worth. You will probably not create a large nest egg for retirement this way. It will be done by good consistent returns, compounding, over many years.
   D. Required Minimum Distribution (RMD) from your retirement plan(s).
      a. Starting in 2021 – RMD's start in the calendar year you turn age 72
      b. For the first year you have until April 1 of the next year to take your first year's required distribution.
      c. Starting in the second year, the RMD needs to be taken in that calendar year.
      d. So, if you delayed your first RMD till April 1 of the next year, you would have to take both the first year and second year RMD in the second year.
      e. RMD percentage is determined on age – government table for this.
      f. Regardless of whether you are totally retired or working full or part time, you must start taking your RMD based on your age as outlined above.
      g. After age 72, you may give up to $100,000 each year tax-free from your IRA directly to charities. This is called a QCD (qualified charitable distribution. You do not pay tax on it if it goes directly to the charity and it counts against your RMD.

Steven Rubin: Additional comments:

Financial Considerations of Part-time Employment/Partial Retirement

- Beneficial effect on your "nest egg"
  - Assume "4% guideline" for retirement fund withdrawals means:
    - $10K annual income = $250K additional nest-egg
    - $40K annual income = $1M!
  - Postpone claiming Social Security? (complex calculation!)
- Health Insurance: Medicare can be expensive!
  - Basic premium + IRMAA (can file appeal with large drop in income)
  - "Medi-gap"
  - Part D
- Organizational benefits extended to part-timers

In conclusion,

We all have been blessed being in one of the best professions throughout our careers.
As you contemplate retirement, keep these words in mind:

One hundred years from now, it will not matter what kind of car

you drove, how big your house was

how much money you had in your bank account

or what your clothes looked like

Your legacy will be that you made the world

a little better because you were important in the life of a child.