In the fall of 2003, Katie Lewis, CEBS, left her full-time job as director of trust services for Anchor Bank Corp. and began phasing into retirement. She consulted part-time and taught online CEBS courses and other classes for the International Foundation before retiring for good in 2007. Since 2004, when her husband, Clark, retired, they have volunteered, traveled and split their time between homes in Florida and Minnesota. Lewis spoke at the 2007 ISCEBS Employee Benefits Symposium about their retirement planning and gave an update at the 2014 Symposium. About to begin her second decade of retirement, Lewis spoke with editor Chris Vogel, CEBS, about whether her preparations have paid off and what she has learned.

How well did you adjust to retirement?

Quite well. Those last couple years, when I was phasing out, I really was free to do whatever I wanted to do, including classes. I could work my schedule around whatever other activities my husband and I had in mind, so it was a nice slide into retirement. We had planned pretty well and talked about it a lot as we were getting closer and closer. So there wasn’t a shock.

The change in routine is a big thing. You know the old joke about how in retirement you have twice as much husband and half as much money? I don’t think the half as much money is quite true, but clearly you have a whole lot more husband than you had before. One of the things Clark and I have both learned is he is very content to not have much structure to his day. I’m not. I need to know what I’m doing, where I’m going and what’s happening next.

What helped is that by 2004, we had had a place in Florida for ten years already. We would spend holidays and do these brief trips to Florida. Clark retired in November, and our first season down there was just like an extension of a vacation. We already had a familiar place, we had friends there, and we had things we were involved in. And the work I was doing from 2004 to 2007 I could do from anywhere unless I needed to be face to face.

Were you prepared emotionally?

Yes, I think we were. He retired at aged 65, and he had 18 years in the last company he was in. They had a defined pension plan, and every time he would get itchy thinking he wanted to retire, I would say, “Look at the math. If you stay to 65 your pension will be that much greater than if you go out at 62.” That usually did the trick, and he comfortably worked until the age of 65.

You were fortunate that you had good jobs and were aware of the pitfalls of retiring too soon.

Yes. In fact, he always says he doesn’t know how people can retire unless they’ve got a spouse with a CEBS designation, because of all of the things you need to become aware of and make decisions about.
Were there any surprises?

Clark had to have cataract surgery in the fall of 2004. He was turning 65 in September, and he had one eye done pre-Medicare and one eye done post-Medicare. That was the most complex mess. It changed who is the primary insurer once he became Medicare-eligible. If we were to do it again, we either would have done both eyes before he retired or both eyes after. I was on the phone with the HR people at his company because I knew more about it than they did in terms of Medicare becoming primary. I would say if you are going to have elective surgery or major dental work—or any other kind of work that you might not have insurance for once you retire—do it before you retire if you can.

The other big thing occurred about three years ago when we changed our residency from Minnesota to Florida, where we spend probably eight months of the year. . . . This involves things as varied as when you have supplemental insurance, post-Medicare, that’s state-specific, and you need to make changes to your church, your doctor, your lawyer, your will. That’s a complicated process and one we caution people not to enter into unless you’re ready to make some real effort and spend some money. A lot of institutions—banks, trust departments and consulting firms—do seminar after seminar on making those changes. And it isn’t just affluent people who make the change. You can live less expensively in a warm climate than you can (in Minnesota).

Is there anything you wish you had done differently before you retired or when you first retired?

Not much. We kind of did our homework. I can tell you the journey we took with our finances—certainly a big part of living in retirement. Both of us had had several employers in our careers. . . . We had between us five different defined benefit pieces, and we had IRA and 401(k) and 403(b) money in eight different places. What a mess! Starting probably 20 years before we retired, when we finished getting our taxes prepared each spring, we would sit down and assess what we could reasonably assume we would have 20, ten, five years from there, making really conservative assumptions. . . .

At the end of 2003, I did a consulting assignment with ourselves. What did we really want? Did we want to manage all of that ourselves? Did we want to keep up with eight IRAs, or did we want someone else to manage it? I interviewed four different investment managers to see what each would say and what kind of chemistry they would have with me and my husband. When Clark retired, we engaged one of the investment managers, and we’re still with him. He understands us and what is important to us. Every year, we sit down with him three or four times, and we communicate a lot by e-mail and phone. We talk about what we want to do in the next year, what our plans are—traveling to Israel or buying a new car or remodeling the kitchen, what kind of dental work is coming up, and whether things are structured so the money will be available when we need it.

My belief has been that between Social Security, any defined benefit plan payments and other kind of guaranteed income, you should be able to cover your day-to-day expenses. If you can’t, maybe you still need some part-time work or you need to take some of your 401(k) or profit-sharing balance and annuitize it in some way, shape or form.

I keep track of everything we spend. . . . I have a good feel for what our money buys. If there’s a habit people ought to have, it’s to know what you spend.
Have you anticipated health expenses in retirement?

Yes, we pretty much have. . . . As part of the retirement process, we purchased long-term care insurance. I was reluctant, and my reluctance had to do with my viewing it as an investment. Finally I was persuaded it’s just like your home insurance or your car insurance: You don’t buy it hoping you’re going to be in an accident or your house is going to burn down, but you happily pay the premium each year so that you have the insurance. We purchased policies that would, at the time, provide about half the cost of a nursing home. It increases with inflation each year with a fixed 5% increase. So in the 11 or 12 years we’ve had it, that per day value has almost doubled. So it would allow one of us to draw on that if necessary. It also means we don’t have to be quite as worried about maintaining assets for that “what if.” At the same time, the insurance people we worked with convinced us that since we no longer had dependent children, we probably didn’t need as much life insurance. So we converted the life insurance we had to be paid-up insurance so we no longer had premiums to pay and diverted that money plus a little more to pay the long-term care premiums.

Have you ended up readjusting or reevaluating?

Not really. The guaranteed money has pretty much stayed static. Expenses have gone up a little, but inflation has been low in the last decade. Once we got to the age where we needed to take required minimum distributions, we pretty much have been able to do what we want to do using those plus the guaranteed income. We’re not crazy, but certainly we think about each of those decisions and we budget ahead for them. That’s critical.

What have you enjoyed most about retirement?

It’s kind of a tossup. Travel has been a very, very pleasing part of retirement, and we both do a fair bit of volunteering. Those two things are key to us in terms of what we’ve enjoyed most about retirement. Our family is all here in Minnesota, with the exception of my husband’s father, who is still living in Colorado. We’ve been able to spend time with him. We’ve been able to be here when the grandchildren have activities. We’ve gone to a ton of baseball games, soccer games, football games, dance recitals. We’ve taken a trip with one grandchild at a time the summer each turns 14. We’ve done that now with five grandchildren; we have one more left.

My husband said that one of the joys of volunteering is that because it’s not a job, if it doesn’t work out, you don’t have to stay. If you need to be gone for a month or a week or three months, you can do it. So we both have a number of volunteer responsibilities, one of which we do together and others that we do separately, and those are very rewarding parts of being retired.