How to *Not* Flunk Retirement: A Blueprint for Success in Stepping Down

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Caveat

There are many ways to do things right!

a. You may want to practice well past age 65.
b. You may have defined corporate retirement rules such as mandatory retirement in a University system, Kaiser, Group Health, etc.
c. You may have corporate pension plans you have no control over.
d. You may be incredibly rich and this whole discussion is irrelevant!
Psychological and Practical Determinants of the Right Time to Step Down

a. Be intellectually honest: will you quit while you’re still good or keep practicing even though your peers think less of you?

b. Out of date – When was the last time you did an operation a new way?

c. Has your practice outlived your referral sources? Does everyone else seem really young?

d. Do you have minor or major health issues?

e. Is your only identity that of being a surgeon or have you cultivated interests outside the practice of medicine?

f. Have you burnt out psychologically (EMR, Malpractice, hospital regulations, Human Resource regs., Government regs. etc,)?
Financial Aspects of Planning for Retirement: **Requirements**

a. Do you still have debt or a mortgage? If possible, get debt-free.

b. Calculate the dollar amount of your annual financial requirement (mortgage, insurance, home (s) maintenance, taxes, food, health, vacations, etc.).

c. If possible, put aside 3 – 5 years of the annual financial requirement. You are now protected for 3 – 5 years from any temporary investment decline.

d. On stepping down, try to find a low-stress job where the income might match that calculated minimum financial requirement.

e. Don’t forget: you and your spouse will receive between $35 – 45K/year in Social Security.
III Financial Aspects of Preparing for Retirement: *Strategies*

a. Beware of independent retirement or financial managers. They charge annual management fees whether your investments go up or down. In this order: have a trusted CPA, banker, insured stock broker.

b. The old adage for portfolio management – your age in bonds, the rest in equities - no longer valid (60 years old, 60% in bonds). Six years of the Fed’s easy money and the likelihood of rising rates will potentially destroy bond values. Short term <2 years - current 10yr – yields 2.3%

c. Income-producing real estate, T-Bills, TIPS, or selected municipal bonds can be substituted for a “bond” in the formulae

d. Don’t forget you will be forced to start withdrawing from your 401K at age 70. Have a strategy. Do you want to die rich?
IV Financial Aspects of Preparing for Retirement: *Equity Strategies*

a. Equities should be diversified, low beta, and income-producing.

b. **Preservation of capital** is the #1 investment principle.

c. Do not be afraid to take profits, do not be afraid to sell losers. A 50% loss means you have to double to get back to even.

d. Let winners run, but take some money off the table. If you’re up 40%, sell 40% of the position. If your carefully researched stock drops 10% after you buy it, something’s going on you don’t know about. Sell.

e. If a winning company’s stock declines in a declining market, but is sound with good forward guidance, a good track record, little debt and increasing cash flow, don’t be afraid to add to the position.
Transitioning to life after a career as a busy surgeon

a. On the day after retiring consider taking a vacation or trip. That way you won’t awaken on the next Monday morning sitting alone at home and feeling useless.

b. Make a list of achievable things you’ve always wanted to do (play an instrument, write a book, carve, Wood work, play better golf, fish etc. Have the discipline to organize your time so you can achieve those “bucket list” items.

c. Don’t walk away “cold turkey” from all the knowledge and wisdom you accumulated. Try to fashion a part-time job where you still use that wisdom.

d. Invest in the time necessary to make new friends. Your old social life was controlled by partners, office staff and the hospital.
V Transitioning to Life after a Career as a Busy Surgeon - *family*

a. Respect the life of your spouse. Recognize they have been living their own life with their own interests while yours have occupied you. “Empty-nest” and retirement are two critical periods where divorce begins.

b. Do not underestimate the amount of time you will want to spend with your children and especially grandchildren.

c. One true measure of wealth is NOT the amount of money you have or the number of possessions. Rather, do you have children you are proud of that want you there with their family during a holiday?