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Your Money or Your Life

Some of life's lessons that we learn are concealed in the most unfortunate circumstances. Ironically, these painful memories are the ones that we tend to revisit when formulating what constitutes a wise decision or not.

We see this often in financial planning, when facing a variety of critical decision-making junctures. Purchasing life insurance or disability insurance because we remember someone close who died or became disabled are examples of responsible decisions.

Other times, however, the result creates more risk and usually a less desirable outcome. A retiree may decide to take Social Security at a less than optimum age based upon a parent's short life span. Perhaps the decision is to defer implementing a strategy for transferring the financial risk of long-term care since Mom and Dad did not experience these costs.

One of the most important decisions that affect almost everyone is when to retire. No doubt the aforementioned memories come into play. Many of us know firsthand people who have made some bad decisions in this regard. Unfortunately, these experiences can negatively affect decision making by luring a prospective retiree into exchanging time in retirement for more money that may not ever get used.

About 20 years ago I worked with a couple, Bill and Sandy, who had moved to Florida to retire. However, Bill wasn't quite ready to make the move. Although Sandy had retired as a teacher, Bill kept working, pursuing a magic number of $3 million in investable assets before he would quit working as an engineer. Bill commuted to China every two weeks for his company, staying for two weeks while Sandy was in Florida, virtually alone in her retirement.

Our financial planning work together illustrated with a high degree of certainty that they already had more than sufficient assets to fully retire. But Bill wanted to hang on for a few more bonuses in order to capture stock options that would vest before retiring. So he maintained his rigorous travel schedule, never feeling that he really had enough.

Then I got that fateful call from Sandy. She was in China, retrieving Bill's body. His heart failed while on one of his business trips. "I told him he was going to kill himself working like this," she cried. Although Bill and Sandy's story is heartbreaking, it is all too common.

The lesson is that our self-worth should not be defined by our net worth. If a lifetime of financial goal setting and achievements are the only definition of life, we will never be satisfied with what we have.

The truth is, a retirement well-done is one that is bursting with goals and achievements: travel, philanthropy, reconnecting with loved ones – all the wonderful things that make us abundantly rich in a different and more important way. The key to a successful transition is eliminating the fear of not having enough financial riches and having the courage to admit that you are not defined by the sum of what you have accumulated, but rather by the difference that you make in the lives of others.