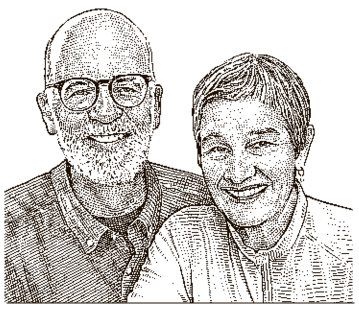
Retirement Rookies • Stephen Kreider Yoder and Karen Kreider Yoder



New Year's Resolutions Take on a Whole New Meaning in Retirement

We used to know what we needed to do. Now, we have to be a lot more proactive.

PAUL BLOW

The first year in retirement is often the most difficult. But it also can set the stage for how you'll fill the years ahead—both financially and psychologically. Stephen Kreider Yoder, 66, a longtime Wall Street Journal editor, joined his wife, Karen Kreider Yoder, 67, in retirement in late 2022. In this monthly column, they chronicle some of the issues they are dealing with early in retirement.

• **STEVE:** I was trying to pen this column late last year when I peeked down at my phone. Lo, another YouTube video from the guy who fixes watches!

Two hours later I looked up, having drifted from watchmaking through bike wrenching and into "Jack Reacher" clips. "This phone is eating your retirement," I scolded myself. "Kick the habit. Next year."

I've never had use for annual resolutions. But retired life has me thinking it is time to at least establish some New Year's good intentions.

During recent working decades, each year started with a crowded calendar and little reason to make upfront plans to stray from my tried-and-true patterns of work, home and vacation.

Now, 2024 looks like one giant window of opportunity. I see I could use a little proactive resolve to help reform some old patterns that aren't aging well in retirement.

Among my New Year's intentions:

Learn to *BE* at home…I was lollygagging on the couch last fall after our latest cycling adventure—Oregon to Kansas—and had a nagging thought: "It's Monday morning. What should you be doing here this week?"

Before, work was the calendar's main event, and home was a respite. I didn't have to think hard about what to do there, whether that was being with Karen and the kids, doing chores, tinkering or chilling. We used vacation time away from home, to travel or be with faraway family.

Home is now the main event, and I find I don't know how to just be there. I need to learn to sit and read books all day. We could get recliners and watch movies we missed over four decades. Have people over midday. Nap more. We also need to learn to just *be* in the city outside our front door, enjoying the luxury of wandering without minding the time.

A reader from Southern California writes: "You haven't really retired at all. You are still compulsively planning and overthinking everything as you were while working, filling and planning all your days. I'll bet you haven't learned to just let a completely unplanned day unfurl before you and just lay back."

…and to *BE* on the road, too. Our travels find us still rushing as if we had limited vacation time, rather than mindfully tarrying along the road.

We will tarry in 2024. We've blocked off the summer to cycle in northern Japan, where I grew up, rather than the month we'd planned. Our new road-trip policy is to drive on back roads following the paper atlas, not Google Maps.

And we vow to ride more trains. They allow us to be in the land in a way airplanes can't. We're launching our 2024 travels this month, visiting family by rail to Seattle, Minneapolis and New York.

Learn to be positive…No one calls me a Pollyanna. My skepticism served me well as a grumpy editor.

It serves me less well as I try not to be a grumpy old man. At age 66, I could stand to be less cynical. I could start by curbing my consumption of political news. I might be cheerier if I bridled my righteous indignation. When the driver behind my bicycle starts honking, I could just let him pass instead of lecturing him about my rights under the California Vehicle Code.

And as a South Carolina couple write us: "Avoid negative people, as they will draw you down."

…and be positively off the phone. It's a dirty secret among retirees, I'm sure of it: Smartphones are especially addictive to us, exploiting our newfound time and vestigial work habits.

As a working journalist, I could justify glancing frequently at my mobile device, starting with my first BlackBerry. I needed to be available to editors and reporters—didn't I?—and on top of the news.

I haven't rehabilitated, and my iPhone is happy to suck free time into its vortex. I have the best intentions of demoting the dastardly device this year.

• **KAREN:** I can't remember making New Year's resolutions and sticking with them. But setting goals seems urgent now as retirement makes me more aware that my years are limited.

I've begun setting goals in a way that works for me, drawing on my training as a teacher. We teachers instruct during a day, review student learning at day's end, and revise our plan for the following day. It's a cycle of planning, teaching, reflection and revision.

I've made that my year-end approach as well: I review the past 12 months, reflect on what worked and what didn't, and make revised plans for the new year based on the review.

In December, I looked back over my Google calendar—people I interacted with, activities, projects, events. I made a list under each category and added a "+" or "-" to note whether an item enriched my life—challenged me, gave me joy, was core to my identity—or drained me.

For some 2023 activities that I identified, I added dates on my 2024 calendar to build on them. We bike past the de Young Museum in San Francisco's Golden Gate Park regularly, but my year-end review showed we hadn't been inside lately. So, on Jan. 4, we finally saw the Ruth Asawa sculptures at the museum and then lunched at a seafood restaurant I had my eye on last year in the Inner Sunset district.

An experience that my 2023 analysis flagged was my volunteering for a week with my retired sisters, knotting comforters in Kansas. It was such fun that I plan a week with them this year helping rebuild houses destroyed by natural disasters in Minnesota.

Stemming from a lovely conversation with my artist friend Pat last year, I plan a February event in our home celebrating the fiber artists and knotters behind our most recent bundle of comforters. We will savor the stories behind the fabrics before we send the comforters to people around the world who need warmth, beauty and love.

My review also identified what to resolve *not* to do. I saw that I didn't enjoy committee meetings as I did while working. No more such meetings in my volunteer work in 2024.

My reflection showed that some people caused me anxiety. I will distance myself from certain ones over the next 12 months. I spent a career needing to keep working with everyone, and I don't need to anymore! I'm feeling better already.

For me, every Sunday is New Year's Eve, the beginning of the rest of the year with resolutions effective on Monday.

Each Sunday evening, I look back at the prior week and ahead to the coming days' activities. I create a plan for the week, a way of tweaking my intentions for the near future.

Those weekly check-ins bring me back to my skepticism about New Year's vows. The important resolutions are the ones we're making every month, week, day. Many of our columns have, in essence, laid out resolutions we've been making through our first year of retirement together—downsize, visit aging family more, worry less about money, donate more thoughtfully, savor time.

Sometimes a New Week's resolution jibes with a New Year's variety. My retrospection on a late-December Sunday forced me to admit I spent too much time on my phone, particularly on my go-to game of Woodoku. I deleted the game and resolved, along with Steve, to leave the phone behind a lot in 2024.

The Yoders live in San Francisco and can be reached at *reports@wsj.com.*

Here's When You Can Tap Your IRA Or 401(k) Early Without Penalty

The Secure 2.0 Act codified some exemptions for retirement-account distributions before age 59½

BY LEONARD SLOANE

IT ISN'T ALWAYS easy to withdraw money early from retirement accounts without paying a penalty. But, in fact, it may be easier than you think.

That's because the Secure 2.0 Act, which was signed into law in December 2022, included more than 20 rules that address exceptions that waive the 10% early-distribution penalty for withdrawals from IRAs and workplace plans by those under age 59½.

"If you don't know about these provisions, you could miss a tax break or break a rule," says Sarah Brenner, director of retirement education at Ed Slott & Co., a tax-consulting firm in Rockville Centre, N.Y. "For the right person, it could be a big deal."

Brenner warns that before making a distribution from an IRA or 401(k), consider two points: Retirement account funds are designed for postcareer use and generally shouldn't be tapped unless no other options are available. And any funds withdrawn, except from a Roth account, is income that will most likely be taxed federally and by some states.

Here are some early-withdrawal exemptions to know about:

• **Starting this year**, IRA and 401(k) holders will be allowed a penalty-free distribution to pay bills for financial emergencies. This exemption is limited to one withdrawal a year and a maximum of $1,000 for "unforeseeable or immediate financial needs relating to personal or family emergencies."

In a related move, employees at some companies will be allowed to establish Roth emergency-savings accounts starting this year. These plans can be set up only at companies that offer them and are capped at a total of $2,500 per participant. And since it is a Roth account, withdrawals are tax-free.

• **Workers who have** a total and permanent disability because of a physical or mental condition are free to make early withdrawals from IRAs or workplace plans—but there is a high bar to clear.

"It means that you can't engage in any substantial gainful activity," says Avery Neumark, senior consultant to CBIZ Marks Paneth, an accounting firm in New York. "So you've really got to be disabled."

• **Victims of domestic abuse** within the past 12 months by a spouse or domestic partner can withdraw from their IRAs or workplace plans the lesser of $10,000 or 50% of their account.

• **People in areas** where there has been a federally declared natural disaster are now able to withdraw up to $22,000 from their IRAs and 401(k)s without penalty.

This makes permanent a type of relief for hurricanes, wildfires or floods that had been administered on an ad hoc basis.

Previously, Congress stitched together relief packages for disaster victims that may or may not have forgone the penalty. It was waived for Hurricane Katrina in 2005, but not for Hurricane Sandy in 2012.

• **Those who are diagnosed** with a terminal illness—defined in the law as an illness reasonably expected to result in death within seven years—are allowed penalty-free withdrawals of any amount from IRAs and employer plans.

• **For IRA holders**, including those with SEP IRAs and Simple IRAs, penalty-free withdrawals may be made for medical insurance for you, your spouse or your dependents. But you must be unemployed to benefit from this exception, defined as receiving unemployment compensation for at least 12 consecutive weeks.

• **Other early-withdrawal exceptions for IRAs** include withdrawals for qualified higher education expenses at an accredited institution for you, your spouse, your children or your grandchildren and for first-time home buyers up to $10,000.

• **Other exceptions for workplace plans like 401(k)s** include receiving a qualified domestic-relations order stemming from a divorce and for public-safety employees who are age 50 or have 25 years of service.

A complete list of exceptions to the 10% early-distribution penalty can be found in IRS Publication 590-B.

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