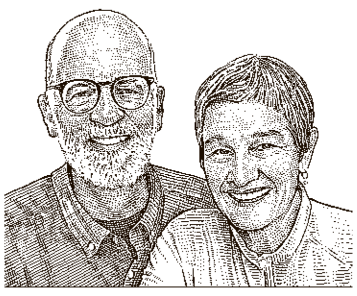
Retirement Rookies • Karen Kreider Yoder and Stephen Kreider Yoder



Why Can't We Just Relax More in Retirement?

The need to be productive has been drilled into us our whole lives. It's hard to let it go.

The first year in retirement is often the most difficult. But it also can be the most crucial, setting the stage for how you'll fill the years ahead—both financially and psychologically. Stephen Kreider Yoder, 65, a longtime Wall Street Journal editor, joined his wife, Karen Kreider Yoder, 66, in retirement in September. In this monthly Retirement Rookies column, the Yoders write about some of the issues they are dealing with in that first year, offering their different perspectives on what can be a confusing transition.

• **KAREN:** For my first two years of retirement, I managed to maintain a good balance of getting stuff done and relaxing.

Then Steve retired.

On our first Monday morning at home following our return from a three-month cross-country bicycle adventure, I heard banging downstairs, and the garage door was opening and closing. When Steve emerged hours later, I asked what he was doing.

His accomplishments: He cleaned off his workbench, reorganized boxes in storage, fixed the bike, consolidated the camping gear, vacuumed the garage, "and I weeded around the front and the street trees."

I grimaced. Hey, I'm supposed to be the one who is highly productive around the house. Suddenly, the comfortable balance I felt in accomplishing tasks and enjoying my retirement felt off. Now, it seemed like I had to keep score.

Wait, why do I feel pressured to be productive? I'm retired!

Steve was disrupting my retirement regime. I felt like I was doing plenty in retirement. I certainly never felt like I was being lazy. But that is what happened when Steve suddenly had a different rhythm in retirement.

Steve has unintentionally added to a syndrome I haven't been able to shake fully. I too often have felt compelled to be as productive now as when I was a professor of literacy and directing a teacher-education department.

I have attempted to say "no" to new requests for my time. I want to try *being* rather than *doing.* Even so, I'm still motivated by my accomplishments.

While Steve worked, I ticked off tasks from my to-do list in the morning: paying bills, running errands, stocking the fridge. Then I did what I wanted all afternoon: sewing, volunteering at a state prison, whipping up a pot of curry for friends. When Steve finished work for the day, we would bike to the beach before dinner.

No scorekeeping, no comparisons.

Now we have the same job—being retired. Through the morning, I wonder: Am I earning my right to relax and do what I want in the afternoon? Has Steve been more productive today than I have?

Just acknowledging our urge to be productive has helped us identify when we can ease up, and we've agreed to dial down the to-do-list scorekeeping.

I woke up ill a few weeks after that first Monday and stayed in bed. "Just rest," Steve said as he brought water to the bedside late morning and tucked the covers around me. "There's nothing else you need to do."

"But," he added with a grin, "let me tell you all I've gotten done so far today."

• **STEVE:** One benefit of having a workshop behind the garage is that Karen doesn't often come down to check if I'm getting anything worthwhile done.

For all my banging around, I spend a lot of time goofing off, watching bike-repair videos on YouTube, looking through catalogs, rearranging tools needlessly or sitting and listening to NPR—and feeling wholly unproductive.

"You're not pulling your weight," an internal voice scolds me.

The two of us have got to do something about our residual-compulsive-work-ethic syndrome. The fact that Karen feels competitive is worrisome, because we should both be moving in the other direction: relaxing more and feeling less compelled to get stuff done.

It's a syndrome that others tell us they have experienced, holding their postretirement selves up against a productivity standard they set on the job.

"I tried to operate on the same principles of goals and milestones that worked for me at work," says our friend Nathan, a retired social worker in Arizona who says it took a year to overcome the productivity urge.

He had an epiphany when a nasty flu forced him to lie around, reduce his anxiety level and reevaluate life. "It was a moment of realization," he says. "I wasn't going to fall apart if I didn't make the next deadline." He stayed active—cooking, weightlifting, starting a men's group—"but there wasn't the urgency or the frenzy.... We're retired, we can chill out."

We first began self-diagnosing the productivity syndrome on our bike trip. We now had all the time in the world, yet we felt compelled to keep up our speed and put miles behind us.

Cycling was usually fun for the first 40 miles of a day, a good challenge for the next 20 miles and then a grim slog. "That wasn't much fun at the end," I said after a 85-mile day in the Arizona desert east of Phoenix. "Why do we still feel we need to push ourselves?"

We agreed that shorter days were more gratifying and that we should map out more of them. Yet 2,000 miles later in the Florida Panhandle, we found ourselves finishing an 82-mile day, and one of us asked: "Why are we still doing this?"

We never really slowed down on our tour—vowing to do so on our next trip—and returned to a home that's been our setting for high productivity for years.

Which brought us to our newly competing to-do lists and the question of how to tame our productivity penchant.

Perhaps we should schedule our days like our retired friends Paula and Mark do on their wooded acreage in Florida. They spend mornings together doing a well-defined task on the property before it gets too hot—trimming the live oaks, say, or creating paths through the woods.

Then, after lunch together, they do whatever they want, often alone, with no expectation of major accomplishments in the afternoon. "Productivity is important, but you need to take a break," Mark says. He cites Dr. Seuss's "The King's Stilts," in which a monarch regains his work-life balance after his page returns his stolen stilts: "And when they played they really PLAYED. And when they worked they really WORKED."

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PAUL BLOW

Venture Lending Faces Questions After SVB's Fall

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own bank. An FDIC spokesman verified Silicon Valley Bridge Bank's venture loans were part of the loan portfolio acquired by First Citizens.

According to Peter Bristow, president of First Citizens Bank, "Silicon Valley Bank will continue to be a leader in providing venture debt to technology and life-sciences companies as a division of First Citizens. We are enthusiastic about this part of our business." He says the SVB venture-debt team has been onboarded as employees of First Citizens Bank.

Where will it end?

Another unknown is how skittish other bank venture lenders will be as they focus on risk management in the wake of SVB's failure. "I think you'll see a tightening of funding as some regional banks pull back a bit," says Brian Wayne, director of Aegon Asset Management's Impact Venture Credit Program, which provides venture debt to climate-tech startups.

"We are in the early days of the SVB fallout, and where it all ends is not clear," says Troy Zander, partner of Barnes & Thornburg's San Diego office who leads its venture-debt practice. "That's why many founders who raised venture debt from SVB are now out looking for replacement venture-debt providers that will refinance these loans."

Some are turning to other regional banks that specialize in providing venture debt—such as Comerica, Western Alliance Bank and East West Bank—as well as J.P. Morgan's Innovation Economy Debt Solutions business. Others are tapping nonbank lenders such as Hercules Capital, Horizon Technology Finance and Trinity Capital along with new lenders such as Applied Real Intelligence, or ARI.

"I am seeing 10 times more demand since SVB's blowup," says Zack Ellison, ARI's managing general partner and chief investment officer, who is currently seeking investors for the company's ARI Venture Debt Opportunities Fund. Mr. Ellison says he expects the fund will total $125 million when it closes by year's end.

Unlike traditional bank financing, venture debt is a loan or line of credit with warrants—rights to buy stock at a specific price in the future. It is often backed by a startup's assets. It is typically offered by specialized banks or nonbank lenders to help fast-growing venture-capital-backed companies get bridge financing until they are ready to raise another round of venture capital, or sell or go public.

Venture loans are most often structured as three- to four-year term loans with an interest-only period of six months to two years. They typically then amortize over the remainder of the term.

"Up until now, interest rates on these have been based on the prime rate," currently 8%, says Mr. Ellison—plus, he says, a credit spread that typically could be up to 4 percentage points above that from a bank and 6 to 8 points from a nonbank lender.

While that has been the rule of thumb, Mr. Spreng says warrant coverage can sometimes be much higher on early-stage deals. He also notes that some lenders including Runway Growth often base these loans on the Secured Overnight Financing Rate, the cost of borrowing cash overnight using Treasury securities as collateral, instead of the prime rate.

An SVB branch in Santa Monica, Calif.

Over the past 15 months, demand for financing in the form of venture debt has boomed as venture capitalists have tightened their purse strings. Venture-capital funding in the U.S. fell 29% to $245 billion in 2022 from $345 billion in 2021. Startups looking to shore up working capital ahead of a possible recession have found venture debt a lifeline.

The drop in private-company valuations has also been a driver in the surge of demand for venture debt. Kyle Stanford, a senior venture-capital analyst at PitchBook, says the median valuations for early-stage startups has fallen 17% since 2021, and declined 65% for late-stage, "venture growth" pre-IPO companies.

The trend has meant that startups must give up more equity in exchange for venture capital, and many founders don't want that dilution. That's what prodded Gary Mittman, founder and CEO of KERV Interactive, an interactive video company powered by AI, to turn to Trinity Capital for $4.5 million in venture debt last October. "Since the SVB collapse, many venture-debt lenders have been aggressively pitching me for business every day," Mr. Mittman says.

The next worry

As private lenders rush in to fill the void in the market, many worry that venture-debt packages will become more expensive.

"Private-equity firms usually offer venture loans with higher interest rates and often ask for more equity warrant coverage than a bank," says Jay Jung, managing partner of Embarc Advisors, a strategic finance advisory for startups and small and medium-size businesses in San Francisco.

ARI's Mr. Ellison says of the current situation: "It's like throwing sand in the gears of a machine: Even if the wheels keep turning, it will be a harder process for startups to raise money."

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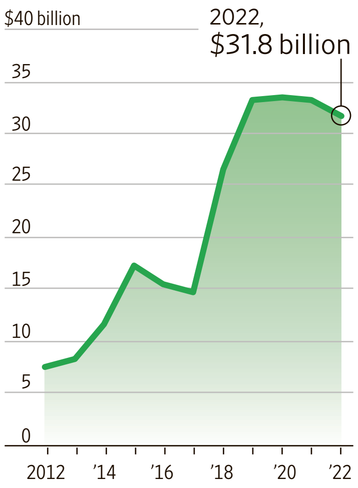
PATRICK T. FALLON/AGENCE FRANCE-PRESSE/GETTY IMAGES

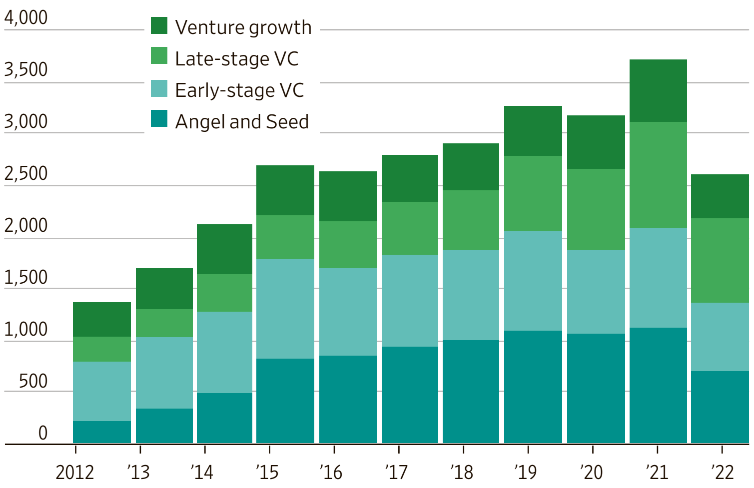
Venture Debt Shrinks

Venture loans are a major source of alternative financing for startups in all growth stages.

Deal Value



Share of U.S. venture-debt deal count by stage



Sources: Q4 2022 PitchBook-NVCA Venture Monitor