Award Winner

The New Math of Retirement: Four Modern Dilemmas

Stefanos Orfanos, FSA, Ph.D.

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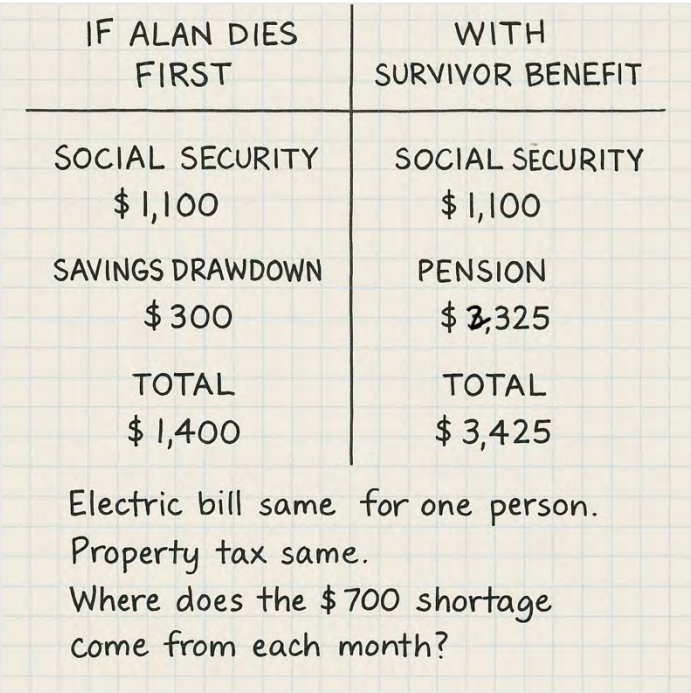
THE MORTALITY PARADOX

Dorothy Kowalski spent three months creating spreadsheets before her husband Alan understood what she was really calculating. Not their retirement income or investment returns, but the price of her likely widowhood.

At 55, Dorothy came from a line of women who routinely lived into their nineties. Alan, 57, descended from men who rarely saw seventy-five. His father died at 71 on a factory floor, his grandfather at 68, his uncles before they could collect Social Security. After almost forty years of working construction and becoming an expert electrician, Alan was ready to retire. His scarred hands—two fingers slightly bent from old breaks—shook as he filled out the IBEW pension form that offered a cruel arithmetic: $3,830 monthly if benefits ended at his death, or $3,100 if Dorothy received 75% as his survivor.



For months, they fought over that $730 difference. Alan saw it as money stolen from their present for a future they wouldn't enjoy together. Dorothy saw it as the difference between dignity and destitution in her probable decades alone. She had watched their neighbor, widowed at 74, stretch Social Security checks that never quite reached the end of the month, forcing her to survive on a diet of potatoes and watered down milk.

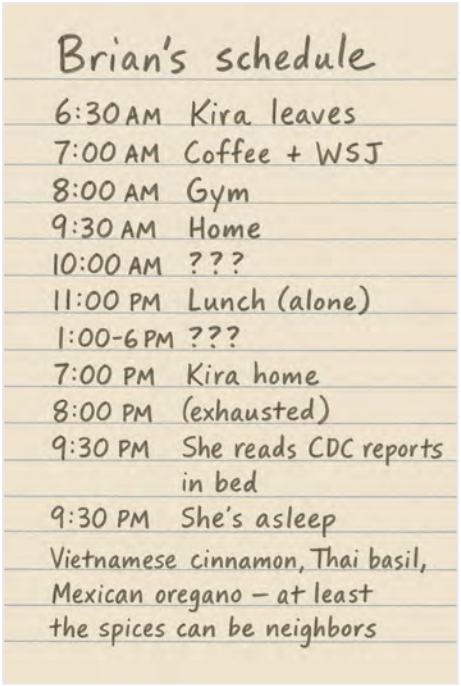
Dorothy's calculations eventually led her to map out the minimum monthly income necessary to avoid choosing between paying the electric bill and buying groceries. Without survivor benefits, she would fall $700 short of the $2,100 needed each month. With them, she would have a $1,325 cushion. But the true insight went deeper: *The survivor benefit decision has to do with more than just money—it's about how we value the years we'll live apart versus the years we'll live together.*

Standard retirement planning approaches this choice as a true/false answer, or the analytical solution to an optimization problem that involves running scenarios about investment returns and life expectancies. But the Kowalskis discovered that the real question was philosophical: Should they maximize the happiness of the couple as a unit, or protect the probable survivor? The answer depends on how each partner weighs present pleasure against future security and whether they can find peace with valuing both lives equally, even when one will likely outlast the other by decades.

Three weeks after they finally chose the 75% survivor option, Dorothy found Alan in the garage at dusk, doing pull-ups on the beam he'd installed twenty years earlier. "To get by with less money," he grunted between reps, "we better make sure we stay healthy."

THE SYNCHRONIZATION PROBLEM

Brian Nguyen's retirement began with a carefully planned celebration and ended with him alphabetizing spices by country of origin at 10:47 on a Tuesday morning. Six months into his new freedom, the 65-year-old former lab director had reorganized every closet, built garden beds for plants he didn't want to grow, and created a daily schedule remarkable mainly for its blank spaces.



His wife Kira, at 53, was hitting her professional stride at the CDC, tracking viral mutations with the intensity of someone who knew their work mattered. Their twelve-year age gap, once a charming dinner party anecdote, had become a daily negotiation between Brian's thirst for companionship and Kira's desire for purpose.

The conventional wisdom suggests staggered retirements make financial sense—one spouse keeps earning and maintains benefits while the other begins drawing down savings. The math supports this approach. A couple with a significant age gap can optimize Social Security late claiming strategies, maintain health insurance coverage, and reduce risk by keeping one income flowing.

Yet Brian's daily reality painted a different picture: *Retirement isn't just an economic event—it's an identity transition that may happen at different speeds for different people.* While his former colleagues bragged about grandchildren and golf handicaps, Kira published papers and led emergency response teams. He measured days in coffee spoons; she barely noticed weeks passing.

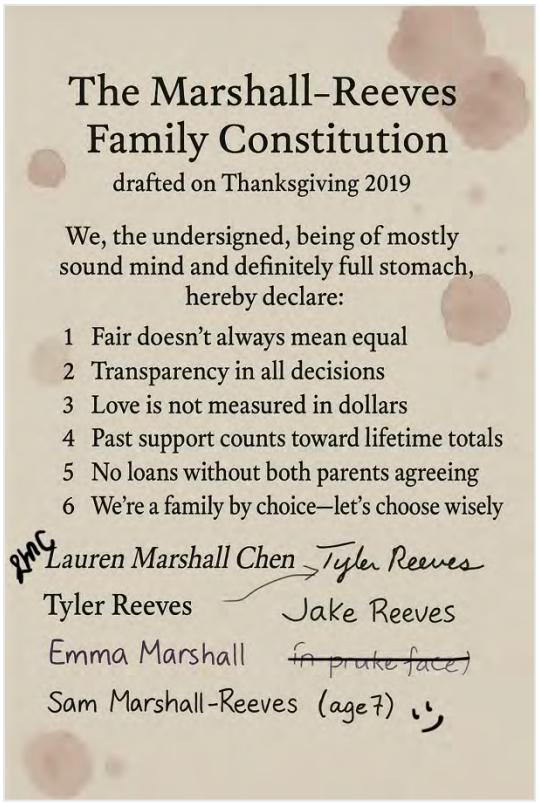
The age gap, Brian realized, created an opportunity disguised as a problem. He took a part-time consulting role—not for the modest income but for the Tuesday morning arguments about laboratory protocols. He didn't need to match Kira's schedule; he needed his own rhythm that complemented rather than competed with hers. Their marriage found new balance through tempo rather than finances: In age-gap relationships, retirement must be choreographed like a dance where partners move to different beats while sharing the same song.

Six weeks later, Kira found him at his laptop, engaged in a heated video conference. "You look ten years younger when you're arguing about science," she said. He muted himself long enough to reply: "Turns out I didn't retire from being right. Just from doing it full-time."

THE EQUITY EQUATION

Steven Marshall kept a legal pad tracking every dollar spent on each child in his blended family, until his second wife Danielle showed him what he was really documenting: the impossibility of being exactly fair.

Between them, they had five children spanning different life stages, success levels, and relationships to money. Steven's daughter Lauren had become a lawyer, married another lawyer, and vacationed in places Steven had only seen in magazines. Danielle's son Jake lived in her basement between opportunities, his presence marked by the trail of Red Bull cans and resignation letters. Tyler ran a food truck that was either the next big thing or a money pit, depending on the week and the weather.


The Marshall-Reeves Family Constitution

drafted on Thanksgiving 2019

We, the undersigned, being of mostly sound mind and definitely full stomach, hereby declare:

1 Fair doesn't always mean equal
2 Transparency in all decisions
3 Love is not measured in dollars
4 Past support counts toward lifetime totals
5 No loans without both parents agreeing
6 We're a family by choice—let's choose wisely

LMC Lauren Marshall Chen Tyler Reeves
Tyler Reeves Jake Reeves
Emma Marshall ~~(a prune face)~~
Sam Marshall-Reeves (age 7) :)

The most common approach to blended family financial planning involves complex structures—separate accounts, detailed beneficiary designations, extensive prenuptial agreements. Steven had all of these, plus his yellow pad with its meticulous accounting. Lauren's honeymoon gift: $25,000. Tyler's business loan: $30,000. Jake's car repairs: $8,000. The numbers never quite balanced.

But the breakthrough came during that Thanksgiving dinner when, after some wine and following years of careful scorekeeping, the family drafted what they called a constitution. Not a legal document but a statement of principles, signed by all five children with varying degrees of sobriety and seriousness. The exercise exposed a fundamental truth: *In blended families, the pursuit of mathematical fairness often undermines the emotional equity that actually matters.*

Steven's ledger had been an attempt to prove his love through equal distribution, but love doesn't divide neatly by five. Lauren didn't need money; she needed to know she hadn't lost her father to his new family. Jake needed more financial help but less enabling. Tyler needed business advice more than business loans. The constitution didn't solve these tensions but acknowledged them, replacing the unsuitable standard of splitting funds equally with the achievable goal of being caring and transparent.

The insight extends beyond blended families to any complex financial relationship: Perfect fairness is an abstract concept that rarely maps onto human needs. The best financial plans acknowledge this, building in flexibility for the reality that different people need different things at different times, and that love is measured not in dollars distributed but in needs recognized and met.

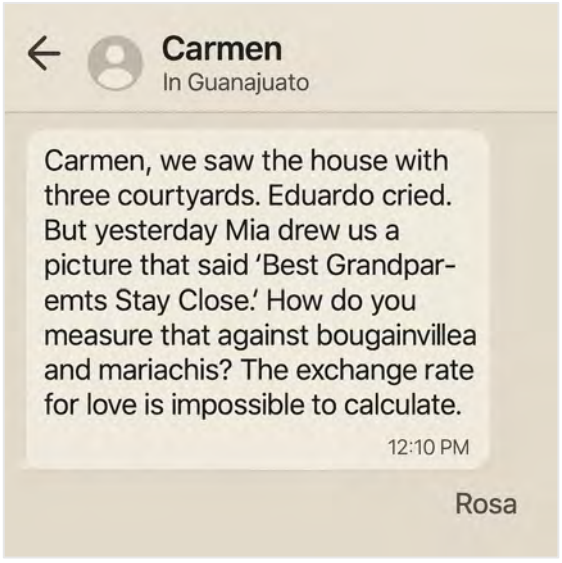
THE GEOGRAPHY OF BELONGING

Rosa and Eduardo Villareal discovered that retirement planning becomes exponentially complex when your heart exists in two countries. They had spent thirty-four years building a landscaping business in Chicago, with retirement savings of $750,000—modest by American standards but magnificent by Mexican ones. The colonial house they dreamed of in Guanajuato cost $150,000. Healthcare there ran 70% less. Their dollars would be valued a lot more just across the border.

But their grandchildren called them Lita and Lalo in accent-free English. Their daughter Cristina had married a teacher from Oak Park who made terrible tamales with endearing enthusiasm. Medicare, their safety net, ended at

the border. The heart attack Eduardo survived three years ago would have eaten up their savings without American insurance—the bill before insurance showed $127,000 for five days in a local hospital.

The traditional approach to cross-border retirement focuses on financial arbitrage—live where your dollars go furthest. Countless articles tout the benefits of geographic arbitrage, showing how retirees can upgrade their lifestyle by moving to lower-cost countries. The math is seductive: the same income that provides a basic retirement in the Midwest could fund a cushy one in Guanajuato.



As the Villareals weighed their options, they came to understand that arbitrage calculations overlook crucial factors: *Retirement security isn't just financial—it's also social, medical, and cultural, and these forms of security often exist in different places.* Their money was worth more in Mexico, but their Medicare was worth nothing. Their house would be grander in Guanajuato, but their grandchildren would become voices on screens. They could afford better restaurants there but would miss Mia's kindergarten plays here.

Modern technology and transportation opened a path they hadn't initially considered: retirement as migration rather than relocation. They bought the house in Guanajuato but kept a small apartment in West Chicago. January through March, when Chicago froze , they lived in their Mexican paradise. The rest of the year, they remained in their American life. Like birds following seasons, they discovered that home didn't have to be singular.

Their decision reveals a larger truth about modern retirement: The binary choices that defined previous generations—work or retire, stay or go, optimize for money or meaning—are often too rigid in today's world. Technology, longevity, and changing family structures have created space for hybrid solutions that previous generations couldn't imagine.

THE NEW RETIREMENT MATHEMATICS

These four families illuminate how retirement planning has evolved beyond the elegant simplicity of the three-legged stool—pension, Social Security, and savings. Modern retirement involves calculating not just financial sustainability but emotional resilience, not just individual needs but complex family systems, not just single locations but multiple geographies of the heart.

The Kowalskis learned that survivor benefits are really about how we value lives of different expected lengths. The Nguyens discovered that age gaps create out-of-step challenges requiring choreography, not just calculation. The Marshall-Reeves family found that theoretical fairness often undermines emotional equity. The Villareals proved that retirement security exists in multiple dimensions that rarely align in a single location.

Each insight points toward a larger truth: The traditional retirement planning framework assumes a simplicity that no longer exists. Modern families require models that can accommodate competing timelines, conflicting obligations, and multiple definitions of home. The math still matters—sustainable withdrawal rates, tax-efficient distributions, longevity risk—but it must flex around human complexity rather than forcing lives into predetermined formulas.

Perhaps the ultimate insight is that there is no ultimate insight, no single optimization that solves the retirement equation for modern families. Instead, there are multiple partial solutions, each addressing different aspects of

security and meaning. The best retirement plans acknowledge this complexity, building in flexibility for lives that refuse to follow actuarial assumptions. They plan not for best outcomes but for robust ones—arrangements that can bend without breaking when life delivers its inevitable surprises.

In the end, retirement planning for modern families requires a new mathematics—one that can solve for love as rigorously as it solves for money.

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Stefanos Orfanos, FSA, Ph.D. is a Clinical Assistant Professor at Georgia State University. He can be reached at sorfanos@gsu.edu.