RETIREMENT PLAN SNAPSHOT

Sample Client

SAMPLE PLAN

PREPARED July 2026
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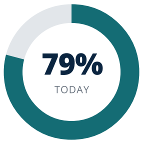


RETIREMENT CONFIDENCE

Retire at 63, spending $16,000/mo

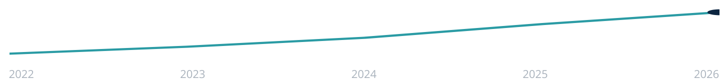
Based on your current savings rate and portfolio as it stands. Implementing this plan, starting with the pension election and the order of your move, moves this above 90%.

▲ Path to 90%+ identified

TOTAL NET WORTH

$5,007,000

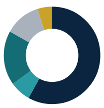
$4.06M investable · $1.37M real estate · $425K debt



Investment Snapshot

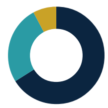
AS OF JULY 2026 · $3.21M PORTFOLIO, EXCLUDES PENSION

ASSET ALLOCATION



US Equities	58%
International	7%
Bonds	18%
Cash & money market	12%
Real Assets	5%

TAX ALLOCATION



Tax-Deferred	66%
Taxable	26%
Tax-Free	8%

$850K
PENSION LUMP SUM ON THE TABLE

2028
IRREVOCABLE ELECTION DEADLINE

41.3%
COMBINED MARGINAL RATE TODAY

34.5%
THE SAME RATE FROM ARIZONA

Balance Sheet Summary

HOUSEHOLD

ASSETS	
Client A's 401(k) Your largest asset, and the source of the future RMD problem	$1,620,000
Pension Shown at lump sum value. Election due 2028, not yet made	$850,000
Client B's IRA & 403(b)	$310,000
Roth IRAs (both)	$185,000
Taxable brokerage $420K basis, $290K unrealized gain	$710,000
Inherited IRA 10-year rule, must be fully distributed by 2031	$180,000
HSA	$62,000
Cash & reserves Bank and checking. A further $240K sits in money market funds inside the brokerage and 401(k)	$145,000
Primary residence California. 3.1% mortgage, worth keeping if retained	$850,000
Rental property California. Held 14 years, depreciation recapture exposure	$520,000
Total Assets	**$5,432,000**

LIABILITIES	
Primary mortgage 3.1% fixed, payoff 2038	$240,000
Rental mortgage 5.4% fixed	$185,000
Total Liabilities	**$425,000**

NET WORTH **$5,007,000**

This Year's Focus

PRIORITIES

DECIDE THE PENSION

- The **lump sum versus annuity** election is irrevocable and arrives in 2028. Treat it as arithmetic, not preference
- The **survivor election** matters more than the payout rate. It is the single thing protecting whichever of you lives longer

SEQUENCE THE MOVE

- California taxes income up to **13.3%**. Arizona is a flat **2.5%**. The same transactions in a different order produce a very different tax bill
- Establish domicile **before** conversions begin and before you harvest gains in the taxable account

BUILD THE BRIDGE TO MEDICARE

- Two years of private coverage at 63 to 65. **ACA premium tax credits** are worth more in those years than the conversions they displace
- Enrolling in Medicare at 65? Stop HSA contributions the **month before your birthday month**. The 6-month retroactive lookback only bites if you *delay* enrollment past 65

FILL THE TAX-FREE BUCKET

- Only **8% of the portfolio is tax-free**, against 66% tax-deferred, and electing the pension lump sum pushes that to roughly **73%**. The conversion window runs **65 to 75**
- Whichever of you survives will file **as a single taxpayer**, at roughly half the bracket width. That is the real argument for converting now

The Pension, the Move & Your Income

Every recommendation below is tied to your actual numbers. The organizing idea: three decisions land within four years of each other, and the order you take them in is worth more than any one of them individually. Everything here is sized around the twelve years between your last paycheck at 63 and your first required distribution at 75.

The Pension Election

- At separation, currently projected for 2028, you choose between a **$850,000 lump sum** and a monthly annuity. The election is **irrevocable**, and it deserves more analysis than any investment decision in this plan.
- Start with arithmetic. The joint and survivor option pays roughly **$3,450 a month**, about **4.9% of the lump sum every year**, and it never runs out. That is a higher sustainable rate than a portfolio of the same size should promise.
    - Single life pays roughly $4,100, about 5.8%, but it stops entirely at the first death. That $650 monthly difference is the price of protecting the survivor, and it is usually worth paying.
- The counterargument is inflation. **There is no cost of living adjustment on this pension.** At 3% inflation, $3,450 buys roughly $1,900 in today's dollars after twenty years. This is the strongest case for the lump sum, and it is why the decision is genuinely close rather than obvious.
- Two mechanical items we will verify before you elect:
    - Lump sum values move inversely with interest rates. A rate change between now and 2028 can move the offer materially, in either direction.
    - If the plan is underfunded, PBGC guarantees have limits. We will check the plan's funded status rather than assume.
- You will hear about **pension maximization**, meaning take the single life option and buy life insurance with the difference. It occasionally works. At your ages it usually does not, because the premium exceeds the spread. We will price it so the answer is a number rather than an opinion.
- On the balance sheet we carry the pension at its **lump sum value**, since that is the amount actually available to you. Bear in mind it is not a normal asset: choose the annuity and the balance never exists, it becomes an income stream instead. That fork is why this election drives so much of the rest of the plan.

The State Move

- California's top marginal rate is **13.3%**. Arizona's is a flat **2.5%**. Against the income events already scheduled in this plan, that gap is the single largest controllable variable you have.
    - The specifics here are California to Arizona. The same sequencing logic applies to any move between states with different tax regimes, and it is worth running before any large recognition event.
- The rule that governs everything else: **establish domicile before recognizing large income**. Converting $200,000 a year from Arizona rather than California saves roughly **$20,000 annually** in state tax alone, before any federal consideration. Harvesting the $290,000 of gain in your taxable account is worth roughly 13% more once you have moved.
- Once you are an Arizona resident, California cannot tax your 401(k), IRA, Roth, or pension distributions, regardless of where those dollars were earned. Two categories stay California-taxable no matter where you live: **wages for work performed there**, and **income from California real property**.
    - Federal law, 4 U.S.C. 114, is what blocks the retirement income piece, and it covers pension payments as well as plan distributions.
    - Your rental remains a California filing obligation for as long as you own it, which changes the analysis on the next page.
- California audits departing residents aggressively, particularly when a large income event closely follows the move. Domicile is a facts and circumstances test, not a form you file. Build the record as you go:
    - Day counts in each state, tracked contemporaneously rather than reconstructed later
    - Driver's license, voter registration, vehicle registration
    - Physicians, dentists, banking relationships, professional advisors
    - Where the family home, personal belongings, and pets actually live
- The sequence is simple to state and easy to get wrong. **Move first. Establish the record. Then execute the taxable events.** Reversing that order costs more than any investment decision in this plan.
    - One timing item to coordinate: the **$500,000 joint exclusion under Section 121** on the California residence requires two of the last five years as a primary residence, so the sale date and the move date need to be planned together.

The Healthcare Bridge (63 to 65)

- Retiring at 63 means **two years of private coverage** before Medicare. This is a genuine planning conflict and it deserves a real answer rather than a default.
- Holding income down in those years can qualify you for meaningful **ACA premium tax credits**. But the same income headroom is what Roth conversions consume. You cannot fully use both.
- Our read: **prioritize subsidies at 63 and 64, then convert aggressively from 65 through 73**, once Medicare eligibility removes the constraint. We will run both paths in dollars so the tradeoff is visible rather than theoretical.
- Fund living expenses in those two years primarily from **taxable accounts and return of basis**, which barely register as income for subsidy purposes.

Conversions & the Survivor Math

- Only **8% of the portfolio is tax-free** against 66% tax-deferred, and electing the pension lump sum would push that to roughly **73%**. Left alone, required distributions at 75 stack on top of Social Security, putting you in a higher bracket in retirement than you occupy while working.
    - One point in your favor: born after 1959, your required beginning date is **age 75** under SECURE 2.0, not 73. That is two extra years of conversion runway most people your age do not realise they have.
- The target window is **ages 65 to 75**, and it should run almost entirely from Arizona. Convert to the top of the 22% or 24% bracket each year, sized around whatever other income lands that year.
- **Here is the part most people never hear.** When one of you dies, the survivor stops filing jointly and files as a single taxpayer. The brackets are roughly half as wide, the standard deduction drops, and the IRMAA thresholds halve as well. The same income is suddenly taxed materially higher.
    - With roughly $2.96M of tax-deferred assets once the pension is rolled over, plus Social Security on top, that is not a rounding effect. It is the strongest argument for converting aggressively now, while you are both here and filing jointly.
    - It also argues directly for the joint and survivor pension election on the left, since the survivor faces higher taxes and lower income at the same time.
- **IRMAA arrives later than most people expect, and for a different reason.** Because Medicare surcharges look back two years, holding income down at 63 and 64 for the ACA credits also keeps your premiums clean at 65 and 66. The exposure begins with the conversions themselves: converting aggressively from 65 onward is what drives surcharges from **age 67** forward.
    - That is a cost of the strategy, not an argument against it. We will size each year's conversion against the thresholds and model where crossing one is still worth paying for.
- Withdrawal order through retirement:
    - Ages 63 to 64: taxable accounts and cash, keeping income low for ACA credits
    - Ages 65 to 70: Roth conversions at full pace, now as Arizona residents
    - Age 70 onward: Social Security begins, conversions continue until RMDs at 75
- From age 70 and a half, **qualified charitable distributions** become available from your own IRAs, capped annually and excluded from income entirely rather than taken as a deduction. If charitable intent exists by then, this beats writing checks, and it counts toward required distributions once those begin.
    - This applies to your own accounts only. The inherited IRA on the left must be emptied well before you reach that age.

The Inherited IRA Deadline

- The inherited IRA of **$180,000 must be fully distributed by 2031** under the 10-year rule, with annual distributions also required because the original owner had already begun taking RMDs.
- Do not let this compound into a 2031 lump sum. Spread the withdrawals deliberately and weight them toward **post-move, post-retirement years** rather than peak-salary California years. The state tax difference alone justifies the sequencing.
- Note the timing constraint: Client A turns 66 in 2031, so **this account must be emptied years before qualified charitable distributions become available at 70 and a half**. Charitable strategy has no role here. Every dollar comes out as ordinary income, which is exactly why the sequencing matters.

CURRENTS WEALTH STRATEGIES

Property, Portfolio & Protection

The rental is the largest open question on this page, and it is a different problem from everything else in the plan because moving does not solve it. Alongside it: restructuring a portfolio for a thirty-year retirement, and closing the protection gaps that tend to surface in the final year of employment.

The California Rental

- After 14 years of ownership, a sale triggers capital gains plus **depreciation recapture taxed at up to 25%**, which surprises most owners because it applies whether or not the depreciation was ever claimed.
- California taxes the gain regardless of where you live, because income from real property is always sourced to the state where the property sits. **Moving does not solve this one**, which makes it a genuinely different decision from everything else in the plan.
- Check for **suspended passive losses**. If rental losses were disallowed in years your income was too high, they have been accumulating and are released in full on a fully taxable sale. This is frequently overlooked and can be a meaningful offset against the gain.
- Three viable paths, and the choice should be made before retirement rather than after:
    - **Hold.** The income supports the plan but concentrates you further in illiquid California real estate and keeps you filing a California return indefinitely.
    - **1031 exchange into a Delaware Statutory Trust.** Defers the entire gain, converts you to a passive owner with no management burden, and lets you exchange into property outside California.
    - **Sell in a low-income retirement year.** Accept the tax at the lowest federal bracket you will ever occupy, and release any suspended losses at the same time.
- If you hold, confirm the **QBI deduction** is being claimed on net rental income and that a cost segregation study was not left on the table years ago.
- Keep the **3.1% mortgage** exactly as it is if you retain the residence. Prepaying a below-market fixed loan is one of the most common and most expensive instincts in retirement planning.

Portfolio & Asset Location

- Rebuild around **asset location**, not just allocation:
    - Bonds and income-producing holdings into the 401(k) and inherited IRA
    - Highest-growth equities into Roth accounts and the HSA
    - Tax-efficient index ETFs in taxable, where basis and lot control matter most
- The taxable account carries **$290,000 of unrealized gain**. Harvest it deliberately in the low-income years after the move, using the 0% and 15% capital gains brackets. Selling the same shares as a California resident costs roughly 13% more.
- International exposure at 7% is thin. Build toward a 20%+ target using **new contributions and rebalancing inside the tax-advantaged accounts**, so the shift costs nothing in current tax.
- Cash at 12%, roughly **$385,000**, exceeds any near-term need while you are still earning. Redeploy the excess into the income runway below.
- Build a **three-year income runway of roughly $576,000** in T-bills and short-duration bonds before the final paycheck. This is the defense against sequence-of-returns risk. A poor first two years of retirement does damage that a strong third year cannot undo.
    - If you elect the pension annuity, this runway can be smaller, because a guaranteed monthly floor absorbs part of the same risk. Another reason the two decisions belong together.

Social Security

- Client A is the higher earner, which means that benefit also becomes the **survivor benefit**. Delaying to 70 earns roughly 8% per year in delayed credits, a guaranteed inflation-adjusted increase that no portfolio can promise.
- Break-even against claiming at 67 lands around **age 80**. If either of you expects to live past 80, delaying wins, and the odds strongly favor at least one of you doing so.
- Client B can file on their own record earlier while Client A delays, providing partial income through the bridge years.
- This decision and the pension election are connected. **If you elect the joint and survivor pension, the survivor has two protected income streams. If you elect single life, the delayed Social Security becomes the only one.** We will not decide either in isolation.
- Delaying also keeps taxable income low from 63 to 70, which is precisely what widens the conversion window. Arizona does not tax Social Security benefits, so the entire amount arrives with only federal tax applied.

Protection & Estate

- At a **$4.16M estate**, federal estate tax is not your concern. The work here is titling, beneficiary designations, and probate avoidance, not exemption engineering. **We are not going to sell you complexity you do not need.**
- The move requires an estate document refresh regardless. **California and Arizona are both community property states, but their statutes and trust codes differ**, and California documents do not always translate cleanly. Have them reviewed by counsel in the new state after establishing residency, which also reinforces the domicile record.
- Long-term care is the largest unfunded risk in this plan, and it compounds the survivor problem: a care event for one of you draws down assets the other will still need. Evaluate hybrid life and long-term care coverage or a formally earmarked self-insurance reserve **now, while underwriting remains favorable**.
- Group life and disability coverage disappear at retirement. Confirm what is being lost and whether any of it needs replacing before the last day of employment.
- Raise **umbrella liability to $2M or more**, given rental property ownership.
- Then retitle accounts and **update every beneficiary designation**, including the 401(k), IRAs, HSA, and the pension survivor designation.

Implementation Roadmap

A plan only matters if it gets executed. We sequence everything so nothing slips, and we revisit it together at every meeting.

NOW

PHASE 1
Next 90 Days

- Request pension factors and funded status
- Start contemporaneous day-count log
- Pull Form 8582 for suspended rental losses
- Increase deferrals to include super catch-up
- Raise umbrella coverage to $2M

AGES 61 TO 63

PHASE 2
Before Retirement

- Model all three pension scenarios
- Build three-year income runway
- Rebalance to the asset location plan
- Long-term care decision
- Beneficiary and document audit

AGES 63 TO 65

PHASE 3
The Move & Election

- Complete relocation, establish domicile
- File the pension election
- Refresh estate documents with local counsel
- Manage income for ACA premium credits
- Rental hold or exchange decision

AGES 65 TO 75

PHASE 4
The Conversion Window

- Annual Roth conversions, bracket-managed
- Harvest taxable gains in low brackets
- Empty inherited IRA before 2031
- Delay Client A's Social Security to 70
- QCDs begin at 70 and a half

The Bottom Line

You are in good shape. The question is no longer whether you can retire at 63, it is how much of what you have built you actually keep. Three decisions carry nearly all the value here, and each one has a clock on it. The pension election, which is irrevocable and arrives in 2028. The order of your move relative to every large income event, which cannot be fixed after the fact. And the conversion window that opens the day your salary stops and closes at 75, sized around the fact that one of you will eventually file as a single taxpayer at half the bracket width. Handled separately, these three work against each other. Handled together, in the right sequence, they are worth more than any investment decision in this plan.

See what your plan could look like.

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Progress Since Last Year

What we set out to do last year, and where each item landed. Items still open carry forward into the roadmap on the previous page.

5 COMPLETED	3 IN PROGRESS	2 CARRIED FORWARD

Increased 401(k) deferral to the full limit plus age-50 catch-up	COMPLETE
Consolidated three legacy accounts to a single custodian	COMPLETE
Raised umbrella liability coverage from $1M to $2M	COMPLETE
Beneficiary designations reviewed and corrected on all retirement accounts	COMPLETE
Built the first year of the income runway in short-duration Treasuries	COMPLETE
Taxable account repositioned toward tax-efficient index funds	IN PROGRESS
Pension lump sum factors requested, awaiting plan administrator	IN PROGRESS
Estate documents drafted, not yet signed or funded	IN PROGRESS
Long-term care decision, deferred pending the move	CARRIED FORWARD
Rental property hold or exchange decision, deferred to next year	CARRIED FORWARD