DAVIES WEALTH MANAGEMENT

Your Complete Retirement Planning Checklist for 2026

A milestone-by-milestone roadmap to help you retire with confidence, clarity, and financial security.

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Inside This Guide

Your comprehensive roadmap to retirement readiness.

01 The 10-Year Countdown

A milestone timeline to help you prepare at every stage.

Retirement planning is most effective when approached in phases. Here's what to focus on at each milestone leading up to your target retirement date.

10 Years Out — Build the Foundation

- [ ] Define your retirement lifestyle vision and estimate monthly expenses
- [ ] Run a retirement income projection (Are you on track?)
- [ ] Maximize employer retirement plan contributions (401(k), 403(b))
- [ ] Begin catch-up contributions if age 50+ ($7,500/year for 401(k) in 2026)
- [ ] Pay down high-interest debt aggressively
- [ ] Review and update beneficiary designations on all accounts
- [ ] Establish or review your estate plan (will, POA, healthcare directive)

5 Years Out — Stress-Test Your Plan

- [ ] Perform a detailed retirement income gap analysis
- [ ] Begin shifting portfolio toward your retirement allocation
- [ ] Model Social Security claiming strategies (age 62, 67, or 70)
- [ ] Research healthcare options for the gap between retirement and Medicare (age 65)
- [ ] Estimate your tax bracket in retirement and plan Roth conversions if beneficial
- [ ] Review all insurance coverage (life, disability, long-term care)
- [ ] Begin building a cash reserve equal to 1–2 years of expenses

2 Years Out — Finalize Details

- [ ] Create a month-by-month retirement budget based on actual spending
- [ ] Confirm pension benefits and election options (if applicable)
- [ ] Decide on your Social Security claiming age
- [ ] Coordinate withdrawal strategy across all account types
- [ ] Plan for healthcare: COBRA, ACA marketplace, or early Medicare options
- [ ] Review and consolidate retirement accounts for simplicity

1 Year Out — Execute with Confidence

- [ ] Finalize your retirement date with your employer
- [ ] Set up systematic withdrawals or income distributions
- [ ] Enroll in Medicare (if turning 65) — Initial Enrollment Period begins 3 months before
- [ ] File for Social Security benefits (apply 3–4 months before you want to start)
- [ ] Confirm estate documents are current and accessible
- [ ] Practice living on your retirement budget for 3–6 months

02 Social Security Optimization

When you claim can change your lifetime benefit by hundreds of thousands of dollars.

Social Security is one of the most valuable retirement assets for most Americans. The decision of *when* to claim is irreversible and has significant financial implications.

Claiming Age Comparison

Claiming Age	Benefit Level	Monthly (Example)	Annual	Best For
62 (Earliest)	~70% of full benefit	$1,820	$21,840	Health concerns, immediate need
67 (Full Retirement)	100% of full benefit	$2,600	$31,200	Balanced approach
70 (Maximum)	124% of full benefit	$3,224	$38,688	Good health, other income sources

Up to 76% more

in monthly income by waiting from age 62 to age 70. For a couple, this decision can represent a difference of $200,000+ in lifetime benefits.

Spousal Benefit Strategies

- **Spousal benefit:** A lower-earning spouse may be eligible for up to 50% of the higher earner's full retirement benefit
- **Survivor benefit:** A surviving spouse can receive up to 100% of the deceased spouse's benefit
- **Coordination strategy:** Often, it makes sense for the higher earner to delay to age 70, maximizing the survivor benefit for both lifetimes

KEY CONSIDERATION

If you continue working while claiming Social Security before full retirement age, your benefits may be temporarily reduced. In 2026, you lose $1 for every $2 earned above $22,320 (this threshold adjusts annually). After full retirement age, there is no earnings penalty.

03 Healthcare Planning

Bridging the gap between retirement and Medicare eligibility.

If you retire before age 65, healthcare coverage becomes one of your most important and potentially most expensive planning considerations.

Options Before Medicare (Age 65)

Option	Pros	Cons	Estimated Cost
COBRA	Keep current coverage, no gaps	Expensive (full premium + 2%), limited to 18 months	$600–$2,200/mo
ACA Marketplace	Subsidies possible, variety of plans	Subsidy depends on MAGI; managing income becomes critical	$0–$1,800/mo
Spouse's employer plan	Often most cost-effective option	Requires spouse to continue working	$200–$800/mo
Health sharing ministry	Lower monthly cost	Not insurance; limited protections	$200–$500/mo

ACA SUBSIDY PLANNING

ACA premium subsidies are based on Modified Adjusted Gross Income (MAGI). In early retirement, you may have significant control over your MAGI through careful Roth conversions and withdrawal sequencing. A couple earning $70,000 in MAGI could qualify for substantial premium tax credits, potentially reducing coverage costs by thousands annually.

Medicare Enrollment (Age 65)

- [ ] Initial Enrollment Period: 3 months before turning 65 through 3 months after
- [ ] Part A (hospital) — typically premium-free with 40+ quarters of work credits
- [ ] Part B (medical) — standard premium of approximately $185/month in 2026
- [ ] Part D (prescription drugs) — varies by plan; penalties for late enrollment
- [ ] Medigap (supplemental) — best rates during initial open enrollment at 65
- [ ] Medicare Advantage (Part C) — alternative to Original Medicare with bundled coverage

IRMAA: The Medicare Surcharge

Income-Related Monthly Adjustment Amount (IRMAA) adds surcharges to Parts B and D premiums for higher earners. In 2026, individuals with MAGI above approximately $103,000 (or $206,000 for couples) pay higher premiums. This makes income planning in the two years before Medicare enrollment especially important.

04 Tax-Smart Withdrawal Sequencing

The order you tap your accounts can save — or cost — you tens of thousands.

Most retirees hold assets in multiple account types: tax-deferred (Traditional IRA/401k), tax-free (Roth), and taxable (brokerage). The sequence in which you draw from these accounts significantly impacts your lifetime tax burden.

The Three Account Types

Tax-Deferred (Traditional IRA/401k)

Contributions were pre-tax. Withdrawals are taxed as ordinary income. Subject to Required Minimum Distributions (RMDs) starting at age 73.

Tax-Free (Roth IRA/401k)

Contributions were after-tax. Qualified withdrawals are 100% tax-free. No RMDs for Roth IRAs (Roth 401k RMDs eliminated by SECURE 2.0).

Taxable (Brokerage)

Funded with after-tax dollars. Growth taxed at capital gains rates (typically 0%, 15%, or 20%). No RMDs. Offers tax-loss harvesting and step-up in basis at death.

A Common Withdrawal Strategy

While every situation is unique, a common tax-efficient approach involves:

1. **Early retirement (before RMDs):** Draw from taxable accounts first while executing Roth conversions in lower tax brackets

2. **Fill low tax brackets:** Take Traditional IRA distributions up to the top of the 12% or 22% bracket, then supplement from Roth or taxable
3. **Roth conversions:** Convert Traditional IRA assets to Roth during low-income years to reduce future RMDs and taxes
4. **Post-73:** Take RMDs from tax-deferred accounts as required, supplement income from Roth (tax-free) as needed

$100,000+

in potential tax savings over a 30-year retirement through strategic withdrawal sequencing and Roth conversion planning, according to financial planning research. Individual results depend on personal circumstances.

05 Required Minimum Distributions (RMDs)

The 2026 rules you need to know.

The SECURE 2.0 Act changed the RMD landscape significantly. Here are the current rules as of 2026:

Rule	2026 Detail
RMD starting age	Age 73 (for those born 1951–1959); Age 75 starting in 2033 (born 1960+)
Roth 401(k) RMDs	Eliminated — Roth 401(k)s no longer subject to RMDs (SECURE 2.0)
Penalty for missing RMD	25% excise tax (reduced from 50%); drops to 10% if corrected promptly
QCD limit	$105,000 per individual (indexed for inflation) — donate directly from IRA to charity
Inherited IRAs	Most non-spouse beneficiaries must deplete the account within 10 years

ROTH CONVERSION OPPORTUNITY WINDOW

The years between retirement and age 73 represent a valuable planning window. Your income may be lower, creating an opportunity to convert Traditional IRA assets to Roth at reduced tax rates. This can lower your future RMDs, reduce lifetime taxes, and provide tax-free income flexibility.

06 Estate Planning Essentials Checklist

Protect your legacy and simplify life for your heirs.

- [ ] **Will:** Updated to reflect your current wishes and state of residence
- [ ] **Revocable living trust:** Avoids probate and provides privacy for asset distribution
- [ ] **Durable power of attorney:** Names someone to manage finances if you're incapacitated
- [ ] **Healthcare surrogate / advance directive:** Specifies your medical wishes
- [ ] **Beneficiary designations:** Reviewed on all retirement accounts, insurance, and TOD/POD accounts
- [ ] **HIPAA authorization:** Allows family members to access your medical information
- [ ] **Letter of instruction:** A non-legal document with account locations, passwords, and contacts
- [ ] **Title review:** Confirm property and account ownership aligns with your estate plan

07 The Sequence-of-Returns Risk

Why the first 5 years of retirement matter most.

Sequence-of-returns risk is the danger that poor market returns early in retirement — combined with ongoing withdrawals — can permanently reduce your portfolio's ability to sustain you throughout retirement, even if long-term average returns are acceptable.

A Tale of Two Retirements

Two retirees both average 7% annual returns over 20 years and withdraw $50,000/year from a $1,000,000 portfolio. The only difference is the *order* of returns:

Good Returns Early

Strong markets in years 1–5, weaker later.

Portfolio at year 20: ~$1,200,000

Poor Returns Early

Weak markets in years 1–5, stronger later.

Portfolio at year 20: ~$400,000

Same average return. Dramatically different outcomes. That's the power — and danger — of sequence risk.

Mitigation Strategies

- **Cash reserve bucket:** Maintain 1–2 years of expenses in cash or short-term bonds
- **Flexible withdrawal rate:** Reduce withdrawals modestly in down-market years
- **Diversified income sources:** Social Security, pensions, and part-time income reduce portfolio dependency
- **Guardrails approach:** Set upper and lower bounds on withdrawal rates that trigger adjustments

08 Florida-Specific Retirement Advantages

Why the Sunshine State is a strategic retirement choice.

Florida's Tax and Legal Advantages for Retirees

- **No state income tax:** Florida does not tax wages, retirement income, Social Security, pensions, or investment gains at the state level
- **No estate tax or inheritance tax:** Only federal estate tax applies (exemption: $13.61M per individual in 2026)
- **Homestead exemption:** Up to $50,000 reduction in assessed value for property tax, plus protection from creditors
- **Homestead protection:** Primary residence is generally protected from most creditor claims under Florida law
- **Save Our Homes cap:** Annual property tax assessment increases capped at 3% or CPI (whichever is lower)
- **Favorable trust and estate laws:** Florida is a strong trust jurisdiction with no rule against perpetuities for trusts

YOUR NEXT STEP

Get Your Personalized Retirement Analysis

Every retirement plan is unique. Let us help you build a customized roadmap based on your specific goals, timeline, and financial situation. No obligation — just clarity.

Schedule Your Free Analysis

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Important Disclosures

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Tax rules and regulations are subject to change. The information regarding Social Security, Medicare, RMDs, and tax strategies reflects our understanding of the rules as of early 2026 and may be affected by future legislation. Consult with a qualified tax professional regarding your specific situation.

The examples, projections, and comparisons in this guide are for illustrative purposes only and do not represent the experience of any specific client or the results of any particular investment strategy. Individual results will vary based on personal circumstances.

Consult with a qualified financial, tax, or legal professional before making any financial decisions.