

The Retirement Planning Window

A multi-year framework for coordinating Roth conversions, Social Security, Medicare, capital gains, charitable planning, RMDs, state residency, and survivor tax exposure.

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CENTRAL IDEA

A good strategy can become a bad recommendation if it is analyzed in isolation.

The retirement planning window is a sequence, not a single transaction



Roth conversions, gains, charitable planning, Social Security, Medicare, state tax and survivor exposure compete for the same tax capacity.

Professional-use material. Verify current authority, deadlines, and taxpayer-specific facts before relying on any strategy.

Executive perspective

Retirement is often treated as a date. For tax planning, it is better understood as a transition period. Earned income may decline before Social Security begins. Pretax retirement accounts may be large but not yet subject to required distributions. Medicare may begin while income from prior years still determines premium surcharges. Appreciated assets may be sold, charitable gifts may be accelerated, and a surviving spouse may eventually face compressed single-filer brackets.

This creates a multi-year sequencing problem. Roth conversions, capital gains, qualified charitable distributions, Social Security claiming, retirement-plan withdrawals, charitable gifts, and state residency decisions compete for the same limited tax capacity. Optimizing one transaction in isolation can make the overall plan worse.

Map the retirement timeline before modeling transactions

Begin with a calendar, not a strategy. Identify the taxpayer's expected retirement date, spouse's retirement date, Social Security claiming assumptions, Medicare enrollment, pension commencement, required minimum distribution age, planned relocation, large asset sales, charitable objectives, and likely estate or survivor considerations.

The timeline often reveals that the planning window is not one year. It may be a five-, ten-, or fifteen-year period with distinct phases:

Each phase has different marginal-rate, cash-flow, and threshold characteristics.

- high-earning pre-retirement years
- low-income years after retirement but before Social Security
- Medicare years before required minimum distributions
- RMD years
- survivor years after the first spouse's death.

Roth conversions: fill capacity intentionally

A Roth conversion generally brings untaxed traditional IRA amounts into current gross income. The planning question is therefore not whether Roth accounts are "good." It is whether paying tax now on a selected amount is preferable to paying tax later under the household's expected future tax, RMD, Medicare, estate, and survivor circumstances.

Conversions should be modeled across tax brackets and thresholds rather than selected by rule of thumb. Relevant considerations include the current marginal rate, expected future rate, available cash to pay the tax, IRA basis, charitable plans, Medicare IRMAA, state tax, future RMDs, survivor filing status, estate objectives, and whether the taxpayer is likely to spend or leave the assets.

Current IRS guidance also makes implementation important: Roth conversions of traditional IRA amounts are taxable to the extent the distribution would otherwise be taxable, required distributions for the year cannot themselves be converted, and post-2017 conversions generally cannot be recharacterized. That increases the value of deliberate sizing before execution.

Social Security claiming changes the shape of the window

Claiming Social Security adds cash flow and can add taxable income. Delaying benefits may preserve lower-income years for conversions or gains, but the claiming decision should not be reduced to a tax calculation. Longevity, survivor benefits, earnings history, household cash needs, and personal objectives matter.

The practitioner's role is to show how the claiming assumption affects tax capacity. A conversion plan built on delayed Social Security may become inappropriate if the taxpayer claims earlier than expected. That is why the retirement model should record the claiming assumption and update it annually.

Medicare IRMAA: income decisions can echo two years later

Medicare's income-related monthly adjustment amount is a classic example of why retirement planning must be multi-year. Social Security generally uses modified adjusted gross income from two years prior to determine IRMAA. For 2026 premiums, for example, SSA generally uses 2024 tax information. MAGI for this purpose includes adjusted gross income plus tax-exempt interest.

A Roth conversion, capital gain, business sale, large distribution, or other income event can therefore increase Medicare costs in a later year. That does not automatically make the transaction unattractive. It means the surcharge belongs in the Net Economic Benefit analysis.

Where a qualifying life-changing event has reduced income, SSA procedures may allow a new determination using more recent information. A practitioner should identify that possibility rather than treating every surcharge as permanent or unavoidable.

Required minimum distributions reduce future flexibility

Once RMDs begin, part of the taxpayer's income is no longer discretionary. That can compress the planning window for Roth conversions, gains, and other elective income. The size of future RMDs depends on account balances, investment performance, age, and prior distributions or conversions, so projections should be ranges rather than promises.

The planning question is whether recognizing some income earlier—when the household has more control over the amount and filing status—can improve the long-term result. This may be particularly important for married couples when one spouse is likely to survive the other and later file as single.

Qualified charitable distributions can change the RMD conversation

For charitably inclined IRA owners who meet the statutory requirements, qualified charitable distributions can satisfy eligible IRA distribution requirements without including the transferred amount in income. That can be more valuable than taking a taxable distribution and separately claiming an itemized charitable deduction, depending on the taxpayer's facts.

QCD planning should be coordinated with the RMD calculation, charitable objectives, account type, custodian procedures, and documentation. It should also be integrated with donor-advised fund or appreciated-asset gifting strategies rather than viewed in isolation.

Capital gains compete for the same tax capacity

Low ordinary-income years may create opportunities to recognize long-term capital gains at favorable rates, diversify concentrated positions, or reposition assets. But gains can also increase adjusted gross income, affect Medicare surcharges, and consume capacity that could otherwise be used for Roth conversions.

A useful retirement model therefore compares alternative uses of the same income "space." In one year, a \$75,000 conversion may be more valuable than a \$75,000 gain. In another, diversifying a concentrated stock position may have greater risk-management value than converting more IRA assets.

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Charitable planning should be sequenced with tax planning

Retirement often coincides with estate and charitable planning. Gifts of appreciated securities, bunching deductions, donor-advised funds, QCDs, and testamentary charitable gifts can each interact differently with income and estate objectives. The key is to avoid treating charitable planning as a year-end deduction exercise.

For example, a taxpayer planning a large Roth conversion may also have appreciated securities that could be donated rather than sold. The charitable strategy may partially offset the conversion's tax cost while advancing an independent charitable objective. But the deduction limits, substantiation rules, valuation rules, and taxpayer's actual itemization profile must be modeled.

State residency and relocation can materially change sequencing

A planned move can affect the timing of conversions, gains, business income, and retirement distributions. But state tax analysis is not simply “move to a no-income-tax state and then sell.” Residency, domicile, statutory residency, source income, deferred compensation, business income, property ownership, and the timing of the underlying transaction can all matter.

Document the factual transition carefully. A high-value transaction timed around a move should be reviewed under both the former and new state's rules before implementation.

Survivor planning: model the second tax return

Retirement planning that models only the joint lifetime can miss one of the most important future tax shifts. After the first spouse dies, the survivor may own many of the same assets and receive much of the same income while filing as single. Brackets and IRMAA thresholds compress, and the survivor may also face different cash-flow and estate objectives.

That does not mean every married couple should accelerate income. It means the survivor scenario belongs in the model. A conversion that appears marginal when viewed only against today's joint bracket may look different when compared with a future single-filer scenario.

Worked example: a seven-year planning window

Assume a married couple retires at ages 64 and 62. They have substantial traditional IRA balances, taxable investments with embedded gains, modest pension income beginning at 65, and Social Security they expect to delay. They also plan charitable gifts and may relocate within three years.

The practitioner maps seven years rather than deciding on a one-time conversion. Year 1 has partial wages and limited conversion capacity. Years 2–3 have lower ordinary income and may be attractive for conversions, but Year 3 income will affect Medicare premiums two years later. A planned relocation may make the state-tax cost of a conversion materially different before and after the move. A concentrated stock position creates a competing use of low-rate capital-gain capacity. By Year 5, Social Security begins. Later, RMDs reduce discretion.

The resulting recommendation is not “convert \$X every year.” It is a set of annual ranges and decision rules: update income each fall, preserve liquidity for tax, compare conversion and gain capacity, account for IRMAA, confirm the move before relying on state-tax assumptions, and revise the plan if Social Security or retirement timing changes.

Annual retirement-planning checklist

ANNUAL RETIREMENT-PLANNING CHECKLIST

- current and projected ordinary income
- traditional IRA and employer-plan balances
- IRA basis and Form 8606 history
- RMD status and projected future RMDs
- Social Security claiming assumptions
- Medicare enrollment and IRMAA exposure
- capital-gain opportunities and concentrated positions
- charitable objectives and gifting vehicles
- state residency and relocation plans
- cash available to pay tax on elective income
- survivor scenario
- estate and beneficiary objectives
- prior recommendations that were not implemented.

Tax brackets are only one set of thresholds

Retirement models often focus on the top of a federal bracket. That is a useful reference point, but other thresholds may be economically important: capital-gain rates, net investment income tax, Medicare IRMAA, taxation of Social Security, deduction phaseouts, state thresholds, and credits or deductions that depend on adjusted gross income. The marginal cost of one additional dollar can therefore differ from the stated federal bracket.

The model should calculate the combined marginal effect across the relevant systems. A conversion that crosses an IRMAA tier may still be rational if it reduces much larger future RMDs, but the premium effect should be visible rather than discovered two years later.

Withholding and estimated-tax implementation

Elective income creates a cash-management problem as well as a tax problem. Taxpayers who execute late-year conversions or gains may need withholding or estimated-tax adjustments. The source of the tax payment also matters: withholding tax from a conversion reduces the amount reaching the Roth account and may create additional issues for taxpayers under age 59½. Where possible, the plan should identify the cash source for tax before the transaction is executed.

For some retirees, withholding from later-year pension or IRA distributions can provide an administratively useful way to cover tax because federal withholding is generally treated as paid ratably during the year for estimated-tax purposes. The specific approach should be coordinated with the taxpayer's facts and current rules.

Estate and beneficiary considerations

Traditional and Roth accounts do not produce identical results for beneficiaries. Distribution periods, beneficiary type, income-tax rates, charitable beneficiaries, and estate objectives can affect whether accelerating tax during the owner's lifetime is attractive. A taxpayer who expects heirs to be in lower brackets may reach a different conversion conclusion from a taxpayer whose children are in peak earning years.

Likewise, if a substantial IRA is intended for charity, converting that portion to Roth may offer little value because qualified charities generally do not pay income tax on inherited retirement assets. Asset location across heirs and charities can therefore be part of the conversion analysis.

Decision rules are often better than fixed multi-year amounts

Long-range projections create the illusion that future income, markets, law, and life events are knowable. Rather than fixing a seven-year schedule today, the practitioner can establish decision rules: convert up to a target combined marginal cost; stop before a specified IRMAA tier unless future RMD projections justify crossing it; preserve a minimum cash reserve; re-run the model after a relocation; or use gains instead of conversions when a concentrated position creates greater economic risk.

Decision rules preserve flexibility while keeping the planning logic consistent.

Practice takeaway

The retirement planning window is valuable because several forms of income remain elective at the same time. The practitioner's task is to coordinate that flexibility across years. The best answer is rarely the largest Roth conversion, the smallest current tax, or the earliest deduction. It is the sequence that best fits the household's expected lifetime and survivor economics under the facts known today.

Primary references and further reading

PROFESSIONAL-USE NOTICE

Educational and practitioner-use material only. Verify current authority, deadlines, and taxpayer-specific facts before relying on any strategy.

- [IRS Publication 590-A - Contributions to Individual Retirement Arrangements](#)
- [IRS Publication 590-B - Distributions from Individual Retirement Arrangements](#)
- [IRS Retirement Plans FAQs regarding IRAs](#)
- [Social Security Administration - Medicare premiums for higher-income beneficiaries](#)