NEXT PLAY WEALTH

Pre-Retirement: A Five-Year Process of Planning Before Retirement

1. Retirement Starts Before Your Last Day of Work

Retirement is often viewed as a single event: the day employment ends and the regular paycheck stops. In practice, a successful transition into retirement is usually the result of decisions made well before that date.

The five years leading up to retirement can be especially important. During this period, employees may have opportunities to strengthen their savings, adjust investment risk, prepare for healthcare costs, evaluate Social Security and pension options, and consider how their tax situation may change once employment income ends.

These decisions are closely connected. A retirement date can affect healthcare coverage. A pension election can influence the income available to a surviving spouse. A Social Security decision may change how much needs to be withdrawn from investment accounts. Even the order in which accounts are used can affect taxes and how long a portfolio may last.

At Next Play Wealth, we view pre-retirement planning as a coordinated process rather than a countdown. There is no universal sequence that works for everyone, and not every decision must be made exactly five years in advance. The goal is to identify the important choices early enough to preserve flexibility and avoid making consequential decisions under unnecessary time pressure.

This guide outlines the principal areas employees should evaluate as they approach retirement. It is not intended to provide a predetermined path. Instead, it is designed to help readers understand the decisions ahead, recognize where planning opportunities may exist, and prepare for the transition from earning a paycheck to relying on the resources they have accumulated.

2. Define What Retirement Will Require

Before determining whether retirement is financially sustainable, it is important to define what retirement is expected to look like. The amount needed will depend not only on when employment income ends, but also on how someone intends to spend their time, where they plan to live, and which expenses may change.

Some costs may decline after retirement, such as commuting, payroll taxes, or retirement-plan contributions. Others may increase, particularly healthcare, travel, hobbies, and services that were previously provided through an employer. Large expenses, such as home improvements, helping family members, or purchasing a second home, should also be considered separately from ordinary living costs.

A useful retirement budget should distinguish among three categories:

- Essential expenses, including housing, food, healthcare, insurance, and taxes.
- Discretionary expenses, such as travel, entertainment, gifts, and hobbies.
- Significant or irregular expenses, including major repairs, vehicle replacements, and family support.

This distinction matters because not every expense requires the same type of funding. Reliable income sources may be prioritized for essential needs, while more flexible expenses may be supported through portfolio withdrawals or adjusted when markets are unfavorable.

Planning should also account for the possibility that retirement will unfold in stages. Spending may be higher during the early years when travel and activities are more frequent, moderate later, and then shift toward healthcare or long-term care needs. A single annual spending estimate may not fully reflect that progression.

Retirement is also a personal transition, not only a financial one. Questions about purpose, routine, family, location, and whether to continue working in some capacity can materially affect the plan. Someone who expects to consult part time may have a different income and healthcare strategy than someone who intends to stop working completely.

The objective is not to predict every future expense precisely. It is to develop a realistic starting point, identify the decisions that could meaningfully change the plan, and understand how much flexibility exists if circumstances evolve.

Planning consideration: *Relocating in retirement can affect housing costs, state income taxes, property taxes, healthcare access, and proximity to family. These factors should be evaluated together before a move becomes permanent.*

3. Build a Retirement-Income Strategy

Retirement changes the way income is created. During employment, most people rely on a predictable paycheck. In retirement, income may come from several sources, including Social Security, a pension, retirement accounts, taxable investments, cash reserves, rental income, or part-time work.

The goal is not simply to identify how much income each source may provide. It is to determine how those resources can work together to support spending needs, manage taxes, and preserve flexibility throughout retirement.

A retirement-income strategy should begin by distinguishing between reliable and variable income. Social Security and pension benefits may provide a dependable foundation, while withdrawals from investment accounts can help cover the remaining need. If reliable income does not fully support essential expenses, the plan should account for how the difference will be funded during both favorable and unfavorable markets.

The timing of each income source also matters. Social Security does not necessarily need to begin when employment ends. Pension benefits may offer several commencement dates and payment options. Retirement-account withdrawals may be needed immediately, delayed until later, or used strategically during years when taxable income is lower.

The order in which accounts are used can also affect the plan. Withdrawals from pre-tax retirement accounts are generally taxable as ordinary income, while Roth accounts and taxable investment accounts are treated differently. Choosing where income comes from may influence current taxes, future required minimum distributions, Medicare premiums, and the assets ultimately left to beneficiaries.

A thoughtful strategy should also prepare for uncertainty. Inflation can increase living costs, market declines can affect portfolio withdrawals, and the death of a spouse may reduce household income while many expenses remain (and potentially increase tax brackets for the surviving spouse). Maintaining adequate cash reserves and flexibility among income sources can help the plan respond without requiring abrupt changes.

The objective is to replace the paycheck with a coordinated system—not a collection of unrelated withdrawals. This system should provide enough income for current needs while remaining adaptable as spending, markets, tax laws, and personal circumstances change.

Planning consideration: *The first years after leaving work may create a valuable planning window. Employment income has ended, but Social Security benefits and required minimum distributions may not yet have begun. Depending on the circumstances, this period may offer opportunities to manage withdrawals, realize investment gains, or consider Roth conversions at potentially lower tax rates.*

Planning consideration: *Pension elections are often permanent. Before choosing a payment option, employees should consider not only the initial monthly benefit but also survivor income, life expectancy, other household resources, and the financial effect of one spouse dying before the other.*

4. Review Your 401(k), Investments, and Company Stock

As retirement approaches, an investment portfolio begins to serve a different purpose. During the accumulation years, the primary focus is often long-term growth. In retirement, the portfolio may also need to support regular withdrawals, protect near-term spending needs, and remain invested for a retirement that could last several decades.

This does not necessarily mean becoming overly conservative. Reducing investment risk too aggressively can limit growth and make it more difficult for a portfolio to keep pace with inflation. At the same time, maintaining an allocation designed entirely for accumulation may expose near-term retirement income to more market volatility than the plan can comfortably absorb.

The appropriate investment strategy should reflect several factors, including:

- The amount and timing of expected portfolio withdrawals.
- The availability of Social Security, pension income, and other reliable resources.
- Cash reserves and anticipated large expenses.
- The investor’s time horizon and ability to tolerate market declines.
- The tax characteristics of each account.
- The need for continued long-term growth.

The years immediately before and after retirement deserve particular attention. A significant market decline early in retirement can be especially disruptive when withdrawals are occurring at the same time. Selling investments after they have declined leaves fewer assets available to participate in a future recovery.

A coordinated plan may reduce this risk by maintaining sufficient short-term reserves, aligning the investment allocation with expected withdrawals, and creating flexibility around discretionary spending. The objective is not to predict or avoid every market decline, but to reduce the likelihood that short-term volatility forces long-term decisions.

Employees should also review how their 401(k) fits with assets held elsewhere. A target-date fund or balanced allocation may appear diversified on its own, but the household portfolio could still have unintended concentrations when IRAs, taxable accounts, a spouse’s retirement plan, and company stock are considered together.

The transition out of an employer may create additional decisions. Depending on the plan, an employee may be able to leave assets in the 401(k), roll them into an IRA, move them to a new employer’s plan, or take a distribution. Each option may differ in its investment choices, fees, withdrawal flexibility, and tax consequences. The best choice should be based on the employee’s broader plan rather than made automatically at retirement.

Planning consideration: Company stock
Employees who have accumulated company stock through a 401(k), stock awards, or an

employee stock purchase plan may have more exposure to one company than they realize. Their salary, benefits, retirement savings, and investment portfolio may all depend on the same employer. A concentrated position can create significant growth, but it can also magnify losses at a time when there may be fewer working years available to recover. Any diversification strategy should account for taxes, vesting schedules, trading restrictions, and the employee's broader financial position.

Planning consideration: Employer stock inside a 401(k)
Before rolling company stock from a workplace retirement plan into an IRA, employees should determine whether special tax treatment—commonly known as net unrealized appreciation—could apply. The rules are technical, and a rollover may eliminate the opportunity permanently. This does not mean the strategy will be appropriate, but it should be evaluated before assets are moved.

A pre-retirement investment review should ultimately answer a practical question: Is the portfolio designed to support the retirement-income strategy, or does it still reflect decisions made during a different stage of life?

5. Evaluate Social Security and Pension Decisions in Context

Social Security and pension benefits can provide an important source of reliable retirement income. However, the decision is not simply whether someone is eligible for a benefit. The timing and form of that benefit can affect income, taxes, investment withdrawals, and financial security for both spouses over the course of retirement.
Social Security benefits may generally begin before, at, or after full retirement age. Claiming earlier can provide income sooner but typically results in a permanently lower monthly benefit. Delaying benefits can increase the monthly amount but may require the retiree to rely on other resources during the waiting period.

The appropriate claiming strategy depends on more than a break-even calculation.

Important considerations may include:

- Health and anticipated longevity.
- The age and benefit history of each spouse.
- Survivor-benefit needs.
- Employment or other income.
- Available savings and investment assets.
- Tax considerations.

Pension elections require similar coordination. Employees may be offered a lifetime benefit based on their own life, a reduced benefit that continues partially or fully to a surviving spouse, or an option that guarantees payments for a specified period. A larger initial payment is not necessarily the most appropriate choice if it leaves a surviving spouse without adequate income, it should all be evaluated.

Employees should also understand whether a pension includes inflation adjustments, whether other benefits are connected to the commencement date, and whether selecting a lump-sum distribution is available. If a lump sum is offered, the decision should consider the value of guaranteed lifetime income, investment risk, flexibility, estate goals, and the financial strength and protections associated with the pension plan.

Social Security and pension decisions should not be made independently from the rest of the retirement plan. Delaying one benefit may require temporary portfolio withdrawals, while beginning income sooner may reduce those withdrawals but provide less guaranteed income later. Either approach can be appropriate depending on the household's priorities and resources.

Planning consideration: Survivor income
After the death of a spouse, household income may decline more than household expenses. The survivor may lose one Social Security benefit, receive only a portion of a pension, and eventually file taxes as a single taxpayer. Evaluating survivor income before benefits are elected can reveal risks that may be difficult to correct later.

Planning consideration: Continuing to work
Employees who claim Social Security while continuing to work should understand how earned income may affect their benefits before full retirement age and how additional years of earnings could influence their benefit calculation. Employment income can also affect the taxation of Social Security benefits and the broader retirement-income strategy.

The objective is not necessarily to select the option that provides the greatest immediate income. It is to determine how each benefit can best support the household throughout retirement, including during the later years and after the death of either spouse.

6. Prepare for Healthcare and Medicare

Healthcare is often one of the most important, and potentially underestimated parts of the retirement decision. Employer-sponsored coverage may have absorbed a substantial portion of the cost during employment, making the full expense less visible. Before selecting a retirement date, employees should understand how coverage will continue, what it may cost, and whether the plan adequately protects both spouses.

Employees retiring before Medicare eligibility may need to bridge several years without employer coverage. Potential options may include coverage through a spouse's employer, COBRA, retiree medical benefits, or an individual policy purchased through the Health

Insurance Marketplace. These choices can differ significantly in premiums, deductibles, provider networks, and prescription-drug coverage.

The cost of Marketplace coverage may also be connected to the retirement-income and tax strategy. Eligibility for premium assistance is generally based on household income, which can be affected by retirement-account withdrawals, Roth conversions, investment gains, and other taxable income. A planning decision that is beneficial in one area could increase healthcare costs in another, making coordination especially important before Medicare begins.

The lowest-premium option may not always provide the most appropriate overall coverage. A comparison should consider:

- Premiums, deductibles, copayments, and potential out-of-pocket costs.
- Access to preferred physicians, hospitals, and specialists.
- Prescription-drug coverage.
- Coverage while traveling or living in another state.
- Dental, vision, and hearing needs.
- The health and coverage needs of each spouse.

Enrollment timing deserves particular attention. COBRA and retiree coverage do not always provide the same Medicare enrollment protections as insurance based on current employment. Missing an applicable enrollment period can create a gap in coverage or ongoing late-enrollment penalties.

Healthcare planning should also extend beyond ordinary medical expenses. Medicare and most health insurance policies generally do not cover extended custodial long-term care. The potential need for assistance at home, in an assisted-living community, or in a nursing facility should be evaluated separately. Depending on the household, the plan may involve personal savings, insurance, family support, or a combination of resources.

Health Savings Accounts can also be valuable retirement resources. Eligible employees may consider whether additional contributions are appropriate before retirement. Once enrolled in Medicare, an individual generally can no longer contribute to an HSA, although existing funds can remain invested and be used for qualified medical expenses.

Planning consideration: Retiring before age 65
The period between retirement and Medicare eligibility can materially affect whether an earlier retirement date is sustainable. Employees should estimate the full cost of coverage (not only the monthly premium) and evaluate how different income-planning decisions may affect access to Marketplace premium assistance.

Planning consideration: Higher Medicare premiums
Medicare premiums can increase for individuals with income above certain thresholds. Because

these adjustments generally rely on income reported on an earlier tax return, a large Roth conversion, investment gain, or retirement-plan distribution may affect future premiums. Certain major life events, including retirement, may allow the individual to request that more recent income information be considered.

Healthcare should not be treated as an expense to address after the retirement date has already been chosen. Coverage, taxes, retirement income, and the timing of employment should be evaluated together so that leaving work does not create an avoidable gap in protection.

7. Look for Tax-Planning Opportunities Before Retirement

Retirement can create a significant change in a household's tax situation. Employment income may decline or end, while income from pensions, Social Security, retirement accounts, and investments begins at different times. These changes can create planning opportunities, but they can also cause unexpected tax consequences if each decision is considered independently.

Tax planning before retirement should begin with understanding where savings are held. Assets may be divided among pre-tax retirement accounts, Roth accounts, taxable investments, cash, company stock, and other resources. Because each is treated differently for tax purposes, the household's flexibility may depend not only on how much it has accumulated, but also on the types of accounts available.

Pre-tax retirement accounts generally provide a tax benefit while contributions are being made, but withdrawals are typically included in taxable income. Roth accounts may provide tax-free qualified withdrawals, while taxable investment accounts may generate interest, dividends, and capital gains. Having access to accounts with different tax characteristics can provide greater control over how retirement income is created.

The period after employment income ends may present an important planning window. A retiree could temporarily have lower taxable income before Social Security, pension benefits, or required minimum distributions begin. Depending on the circumstances, this period may be used to:

- Withdraw funds from pre-tax accounts at potentially lower tax rates.
- Convert a portion of pre-tax retirement savings to a Roth account.
- Realize capital gains from taxable investments.
- Reposition concentrated investments.
- Coordinate charitable giving with future retirement distributions.
- Adjust the timing of other income or deductions when possible.

These strategies should not be evaluated solely by the tax due in the current year. For example, a Roth conversion creates taxable income today but may reduce the amount held in accounts subject to future required minimum distributions. It may also provide greater withdrawal flexibility later in retirement. However, the additional income could affect the taxation of Social Security benefits, Medicare premiums, Marketplace premium assistance, or other income-based provisions.

Required minimum distributions should also be considered before they begin. Individuals with substantial pre-tax retirement savings may eventually be required to withdraw more than they need for current spending. Those distributions can increase taxable income and may reduce the household's ability to manage its tax bracket later. The objective is not necessarily to minimize the account balance or avoid all future taxes, but to evaluate whether paying some tax earlier could improve the household's long-term position.

Tax planning should also account for the surviving spouse. After one spouse dies, the survivor may have similar income and assets but generally file under a less favorable tax status. A strategy that appears manageable for a married couple could result in higher relative taxes for the surviving spouse. This reinforces the importance of evaluating retirement taxes over both spouses' lifetimes rather than focusing on a single year.

Relocation can create another layer of complexity. States differ in their treatment of wages, pensions, Social Security benefits, retirement-account withdrawals, investment income, and estates. Employees considering a move should evaluate the overall financial impact rather than relying only on whether a state has an income tax.

Planning consideration: Roth conversions
A Roth conversion is not automatically beneficial simply because a retiree is in a lower tax bracket. The appropriate amount, if any, should be evaluated in relation to other income, available cash to pay the tax, future required minimum distributions, Medicare or Marketplace costs, estate goals, and the tax circumstances of beneficiaries.

Planning consideration: Withholding and estimated taxes
Taxes may no longer be withheld automatically once the regular paycheck ends. Retirees should review withholding from pensions, Social Security, and retirement-account distributions and determine whether estimated tax payments may be necessary. A change in income sources should not result in an unexpected tax bill or avoidable penalties.

The goal of pre-retirement tax planning is not to eliminate taxes entirely. It is to understand how today's decisions may affect taxes throughout retirement and to preserve enough flexibility to respond as income needs, tax laws, and personal circumstances change.

8. Strengthen Your Cash Reserves and Debt Position

The transition into retirement changes the role of cash and debt. While employment provides a recurring paycheck that can replenish savings and support monthly payments, retirement may require those obligations to be funded from Social Security, pensions, or investment withdrawals. Reviewing both areas before leaving work can reduce pressure on the retirement-income strategy.

Cash reserves can serve several purposes in retirement. They may cover unexpected expenses, fund planned purchases and provide a source of spending during periods of market volatility. This can help retirees avoid selling investments at an unfavorable time simply because cash is needed.

The appropriate reserve will vary based on the household's circumstances, including:

- The stability of Social Security, pension, and other income.
- The amount of spending supported by investment withdrawals.
- Anticipated home repairs, vehicle purchases, travel, or family support.
- Healthcare costs and insurance deductibles.
- Access to other liquid assets.
- Personal comfort with financial uncertainty.

Holding too little cash can create unnecessary risk, but holding too much can also have consequences. Excess cash may lose purchasing power over time and reduce the portion of the portfolio available for long-term growth. The goal is to maintain enough liquidity to support the plan without allowing all long-term resources to remain on the sidelines.

Debt should be evaluated with similar balance. Entering retirement debt-free can reduce required monthly spending and provide valuable flexibility, but paying off every obligation before retirement is not always the best use of available resources. Interest rates, tax considerations, liquidity needs, and the source of the payoff funds should all be considered.

For example, using a large retirement-account withdrawal to eliminate a mortgage could create taxable income, affect Medicare premiums, or leave the household with fewer liquid assets. Conversely, carrying high-interest debt into retirement may place continued pressure on cash flow and require larger portfolio withdrawals.

Before retiring, employees should review:

- Mortgage terms and the effect of the payment on retirement spending.
- Credit cards and other high-interest debt.
- Auto, student, or personal loans.
- Home equity lines of credit.
- Upcoming major purchases that may require financing.

- Whether debt payments would remain manageable after the death of either spouse.

The final working years may provide an opportunity to strengthen reserves, reduce selected debts, and complete major purchases while employment income is still available. However, these goals must be balanced with retirement-plan contributions, insurance needs, and other planning priorities.

Planning consideration: Major expenses near retirement
Replacing a vehicle, renovating a home, or helping a family member shortly before or after retirement can materially change the amount available to support future spending. Significant expenses should be incorporated into the plan separately rather than treated as part of an ordinary annual budget.

Planning consideration: Paying off the mortgage
The decision to retire with or without a mortgage is both financial and personal. Interest cost, monthly cash flow, available liquidity, taxes, investment risk, and peace of mind may all influence the decision. The appropriate answer depends on how the mortgage fits within the broader retirement plan.

A strong cash and debt strategy should make retirement more resilient. The objective is not necessarily to maximize cash or eliminate every liability, but to ensure that unexpected expenses and required payments do not force unfavorable investment or tax decisions.

9. Review Insurance, Estate Planning, and Beneficiaries

As retirement approaches, financial protection becomes increasingly important. With fewer working years available to replace lost income or rebuild assets, employees should review whether their insurance coverage, estate documents, and beneficiary designations still reflect their current circumstances.

Insurance needs often change at retirement. Some employer-provided benefits may end or become more expensive when employment ends, while other forms of coverage may no longer be necessary. Employees should understand which benefits are portable, which may be converted to individual coverage, and which will terminate.

Life insurance should be evaluated based on the financial impact of a death, not solely on whether retirement is approaching. Coverage may still be important if a surviving spouse depends on pension income that would decrease, if debts remain outstanding, or if the household wants to provide for family members or leave a specific legacy. In other cases, accumulated assets and reliable income may reduce the need for coverage.

Disability insurance generally becomes less relevant once employment income ends, but employees retiring gradually or continuing to work part time should understand when coverage terminates and what income it protects. Long-term care presents a separate consideration because Medicare and ordinary health insurance generally do not cover extended custodial care.

Estate planning should also be reviewed before retirement. At a minimum, employees should confirm that their documents reflect their current wishes and identify who can act on their behalf if they become unable to manage financial or healthcare decisions.

Depending on the household, relevant documents may include:

- A will.
- Financial and healthcare powers of attorney.
- An advance healthcare directive.
- A trust, when appropriate.
- Instructions regarding personal property or final wishes.

Beneficiary designations require particular attention. Retirement accounts, life insurance policies, and certain other assets generally pass according to the beneficiary designation on file, even if a will states something different. Marriage, divorce, deaths, births, and changes in family relationships can all make older designations inappropriate.

Employees should review both primary and contingent beneficiaries and confirm that the designations are complete, current, and consistent across the broader estate plan. Special care may be needed when naming minor children, individuals with disabilities, trusts, charities, or beneficiaries from a prior marriage.

Estate planning is not only about distributing assets after death. It also determines who can make decisions during incapacity and how easily a spouse or family member can access the information needed to manage the household. Organizing account records, insurance policies, legal documents, professional contacts, and digital information can reduce uncertainty during a difficult period.

Planning consideration: Employer-provided insurance
Group life and disability insurance may end when employment terminates. Before retiring, employees should determine whether coverage can be continued or converted, how much it would cost, and whether replacement coverage is necessary. Obtaining new individual insurance may become more difficult or expensive as age or health changes.

Planning consideration: Beneficiary designations
Beneficiary forms should be coordinated with the estate plan rather than reviewed in isolation. An outdated or incomplete designation can override intentions expressed elsewhere and may create avoidable complications for surviving family members.

The objective is to ensure that the retirement plan remains workable if someone dies or becomes unable to make decisions. Insurance, estate documents, and beneficiary designations should support the same household priorities reflected in the income, investment, and tax strategies.

10. Coordinate the Final Transition From Paycheck to Portfolio

The final transition into retirement involves more than selecting a last day of work. Before employment ends, employees should confirm how their income, benefits, savings, and administrative responsibilities will change—and how those pieces will work together once the regular paycheck stops.

A retirement date can affect several areas at the same time. The timing may influence an annual bonus, equity compensation, pension benefits, unused paid time off, employer retirement-plan contributions, healthcare coverage, and eligibility for other benefits. Employees should review these provisions before formally choosing a date, as leaving even a few weeks earlier or later may materially change the outcome.

The final year of employment is also an opportunity to confirm how the first months of retirement will be funded. Social Security or pension payments may not begin immediately, and retirement-account distributions can take time to establish. A clear plan should identify which accounts will provide income, how frequently withdrawals will occur, and where sufficient cash will be maintained for near-term expenses.

Before leaving employment, employees should consider completing the following:

- Obtain current estimates for Social Security and pension benefits.
- Review employer deadlines, vesting provisions, and retirement procedures.
- Confirm when healthcare coverage will end and when replacement coverage will begin.
- Determine how unused vacation, bonuses, stock awards, and other compensation will be handled.
- Review retirement-plan contribution opportunities for the final year of work.
- Establish an initial withdrawal and cash-reserve strategy.
- Update tax withholding or estimated tax payments for the new income structure.
- Confirm access to employer accounts, documents, and benefit information that may become more difficult to retrieve after departure.
- Decide how the employer retirement plan will be managed after separation.

The change from saving to withdrawing can also require an emotional adjustment. After decades of accumulating assets, some retirees may be uncomfortable using the resources they have built, even when withdrawals are fully supported by the plan. Others may spend too freely without recognizing that the portfolio now has to support many years of retirement. Establishing a thoughtful spending and withdrawal framework can help create confidence without losing discipline.

The first year of retirement should be treated as a period of adjustment rather than proof that every assumption was correct. Actual spending, healthcare costs, tax consequences, and comfort with portfolio withdrawals may differ from initial estimates. Reviewing the plan after several months can help identify whether changes are needed before temporary habits become permanent.

Planning consideration: Choosing the retirement date
Before selecting a final workday, employees should review how the date affects compensation, pension calculations, healthcare coverage, equity awards, paid leave, and employer contributions. The most convenient date may not always be the most advantageous one.

Planning consideration: Access to workplace information
Employees may lose access to internal benefit systems, pay records, insurance documents, and human-resources contacts after leaving. Important records and contact information should be collected before employment ends, while respecting the employer's policies regarding confidential information.

A well-coordinated transition should allow retirement income to begin deliberately rather than reactively. The objective is to leave employment knowing how near-term expenses will be funded, how benefits will continue, and which decisions can remain flexible as retirement unfolds.

11. Pre-Retirement Planning Checklist

This checklist is designed to help employees organize the principal decisions discussed throughout this guide. Not every item will apply to every household, and the appropriate timing will depend on individual circumstances.

Retirement Goals and Spending

- Define the anticipated retirement date and whether the transition will be immediate or gradual.
- Estimate essential, discretionary, and irregular retirement expenses.
- Consider how travel, housing, hobbies, family support, and other goals may affect spending.
- Identify any significant purchases or lifestyle changes expected near retirement.
- Discuss expectations for retirement with a spouse or partner.

Retirement Income

- Identify all anticipated income sources, including Social Security, pensions, retirement accounts, investments, rental income, and part-time work.
- Estimate how much reliable income will be available for essential expenses.
- Determine how the remaining spending needs will be funded.
- Develop a strategy for the timing and order of account withdrawals.
- Evaluate how income may change after the death of either spouse.

Investments and Employer Benefits

- Review the household's overall investment allocation and level of risk.
- Confirm that adequate liquidity is available for near-term spending.
- Evaluate exposure to company stock or other concentrated investments.
- Review all employer retirement-plan options before transferring assets.
- Determine whether net unrealized appreciation or another special tax consideration may apply to employer stock.
- Confirm vesting dates and the treatment of stock awards, deferred compensation, bonuses, and unused paid leave.

Social Security and Pensions

- Obtain current Social Security estimates for each spouse.
- Compare claiming options in the context of longevity, taxes, survivor benefits, and portfolio withdrawals.
- Obtain current pension estimates and review available commencement dates.
- Compare single-life, survivor, guarantee-period, and lump-sum options when applicable.
- Understand whether pension benefits include inflation adjustments or retiree healthcare benefits.

Healthcare and Long-Term Care

- Confirm when employer-sponsored healthcare coverage will end.
- Evaluate coverage options between retirement and Medicare eligibility.

- Estimate premiums and potential out-of-pocket costs for each spouse.
- Review Medicare enrollment deadlines and available coverage choices.
- Consider how income decisions may affect Marketplace assistance or Medicare premiums.
- Review HSA contribution eligibility before enrolling in Medicare.
- Discuss how potential long-term care needs could be funded.

Tax Planning

- Identify the tax treatment of each account and income source.
- Estimate how taxable income may change when employment ends.
- Evaluate whether lower-income years may create planning opportunities.
- Consider whether partial Roth conversions or strategic retirement-account withdrawals are appropriate.
- Review potential required minimum distributions and their long-term effect.
- Coordinate investment gains, charitable giving, and other tax-sensitive decisions.
- Establish appropriate withholding or estimated tax payments after retirement.
- Consider the future tax position of a surviving spouse.

Cash Reserves and Debt

- Determine an appropriate cash reserve for ordinary spending, emergencies, and planned purchases.
- Review mortgage terms and other required debt payments.
- Prioritize high-interest or burdensome debt.
- Evaluate the tax and liquidity consequences before using retirement assets to repay debt.
- Plan separately for major repairs, vehicles, renovations, or family assistance.

Insurance and Estate Planning

- Review which employer-provided insurance benefits will end at retirement.
- Evaluate the continuing need for life insurance.

- Confirm when disability coverage will terminate.
- Review wills, trusts, powers of attorney, and healthcare directives.
- Verify primary and contingent beneficiaries on retirement accounts and insurance policies.
- Confirm that beneficiary designations are coordinated with the broader estate plan.
- Organize important financial records, legal documents, digital information, and professional contacts.

Final Employment Transition

- Review how the chosen retirement date affects compensation, benefits, vesting, and healthcare.
- Complete required employer retirement paperwork before applicable deadlines.
- Confirm how the first several months of retirement will be funded.
- Establish retirement-account distributions and cash transfers in advance when possible.
- Save necessary employment, payroll, tax, and benefit records.
- Confirm access to accounts and contact information that may be unavailable after departure.
- Schedule a review of the plan during the first year of retirement.

Completing this checklist does not mean every decision must be finalized immediately. Its purpose is to identify the areas requiring attention early enough to compare options, coordinate related decisions, and preserve flexibility before employment ends.

12. Bringing the Retirement Plan Together

The years leading up to retirement offer something that may become more limited once employment ends: flexibility. There may still be time to strengthen savings, adjust investments, reduce selected debts, prepare for healthcare costs, and evaluate important tax and income decisions before they become urgent or irreversible.

The challenge is that these decisions rarely stand alone. A retirement date can affect healthcare coverage and employer benefits. A Social Security decision can influence portfolio withdrawals and survivor income. A Roth conversion may improve long-term tax flexibility while increasing near-term taxes or healthcare costs. A pension election may affect both current income and the financial security of a surviving spouse.

For that reason, pre-retirement planning should not be approached as a collection of separate decisions. The objective is to coordinate income, investments, taxes, healthcare, insurance, and estate planning around the life the employee wants to support.

A retirement plan does not need to predict the future perfectly. It should establish a thoughtful starting point, identify the decisions that matter most, and provide enough flexibility to respond when markets, tax laws, health, family circumstances, or personal priorities change.

A Complimentary Introductory Consultation

At Next Play Wealth, we help individuals and families evaluate the financial decisions that shape the transition into retirement. Our approach brings financial planning, investment management, and tax planning together so that each decision can be considered within the broader financial picture.

We offer a complimentary introductory consultation for individuals who would like to discuss their retirement goals, identify their most pressing planning questions, and determine whether Next Play Wealth may be able to add value to their situation.

To schedule a consultation, visit https://www.nextplaywealth.com/contact/ or **(866)251-4875**.

This guide is provided for educational purposes only and is not intended as individualized investment, tax, or legal advice. The strategies discussed may not be appropriate for every person. Individuals should consult the appropriate professionals regarding their specific circumstances.