What to Handle Before You Retire, and When to Handle It

A readiness check for the last five working years, and the decisions that are already being made without you.

Five years out feels like plenty of time. For most of that stretch, it is.

But a few of the decisions that shape your first years of retirement are already being made, sometimes without anyone deciding anything. A rule takes effect on a birthday. An income year closes. A window opens and then quietly shuts.

This guide is a place to see those dates side by side, alongside your own numbers, so nothing is decided by the calendar on your behalf.

What is inside, and how to use it

- Pages 2 and 3 are the calendar. They explain the ages that change your options and the income year Medicare looks back to. Read these first, once.
- Pages 4 and 5 are yours to fill in. Rough figures are fine. The point is to see the numbers together, not to be precise.
- Page 6 is what to bring to a conversation, if you decide to have one.
- There is no score and no right answer. A blank line is simply a question worth asking.
- If you are married, fill it in separately and then compare. The answers often differ.

This guide is educational. It is not financial planning advice, tax advice, a recommendation, or a suitability review, and it does not account for your individual circumstances. Contribution limits, Medicare premiums, and income thresholds are set annually and change most years. Individual results will vary.

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Clear guidance. Coordinated planning. Calm decisions.

The Ages That Change Your Options

Whether or not anyone plans for them.

- [ ] **Age 59 and a half**
  Withdrawals from most retirement accounts no longer carry the early distribution penalty. Ordinary income tax still applies.
- [ ] **Ages 60 through 63**
  A catch-up contribution is an extra amount above the standard limit. Anyone 50 or over can use one, and a larger amount applies to employer retirement plans at 60 through 63 under the SECURE 2.0 Act. IRA catch-up amounts are separate and smaller. Amounts are set annually by the IRS.
- [ ] **Age 62**
  The earliest you can claim Social Security. Claiming before your full retirement age permanently reduces the monthly amount.
- [ ] **Age 63**
  Not a milestone in itself. It is the income year Medicare looks back to when it sets your first premiums at 65.
- [ ] **Age 65**
  Medicare eligibility begins. Enrollment is generally required unless you are already receiving Social Security, and late enrollment can carry a lasting cost.

> **The one most people miss**
>
> Age 63 does nothing on its own. It matters because Medicare uses a two-year lookback. Your 2026 premiums are based on your 2024 income. That is a CMS and SSA rule, not a projection.

The Income Year You Cannot Redo

It usually falls while you are still working.

Medicare Part B covers doctor visits and outpatient care. Part D covers prescription drugs. Both carry a monthly premium, and Medicare sets those premiums using your income from two years earlier.

For someone enrolling at 65, that is the year they turned 63, which for most people is a full year of salary.

Above certain income levels, Medicare adds a surcharge on top of the standard premium. It carries an acronym, IRMAA, which stands for the income-related monthly adjustment amount. In plain terms, it is a higher Medicare premium for higher earners. It applies per person, so a married couple above a threshold pays it twice.

Worth knowing

- [ ] **The thresholds are cliffs, not slopes**
  A dollar over a threshold moves you into the next tier for the whole year.
- [ ] **One-time income counts**
  A large withdrawal, a property sale, or a Roth conversion in the lookback year can raise a premium two years later.
- [ ] **Retirement itself can be appealed**
  Stopping work is a qualifying life-changing event. Form SSA-44 asks Social Security to use a more recent year instead. A Roth conversion is not a qualifying event.

Your Own Numbers

Rough figures are fine. This is for a conversation, not a test.

Fill in what you know and leave the rest. Anything you cannot answer is a question worth raising, which is more useful than a guess.

The dates

The year you expect to stop working ______________________

Your age that year ______________________

The year you turn 63 ______________________

Your Medicare lookback year.

The year you turn 65 ______________________

Medicare eligibility begins.

The gap, if there is one

If you plan to stop working before 65, there is a stretch where health coverage is yours to arrange. An employer plan, a spouse's plan, COBRA, or the marketplace are the usual routes, and the cost varies widely.

Months between stopping and 65 ______________________

Estimated monthly cost of coverage ______________________

This is often the largest surprise.

What Is Still Open

The last working years carry more leverage than people expect.

These can be the highest-earning years of a career, which makes them the years where saving moves the number most.

What you save each year now	
What a larger catch-up would add	Employer plans, ages 60 through 63.
Balance in pre-tax accounts	
Balance in Roth accounts	
Balance in taxable accounts	The mix matters more than the total.

The question behind the numbers

Not whether the total is large enough. Whether the mix gives you choices about which account to draw from, and in which year.
That flexibility is what makes the lookback year manageable.

Bring It to a Conversation

The filled-in version is the useful version.

Bring your numbers to a conversation and we will work through them with you. That means how the dates line up, what your income year is likely to look like, and where the plan has room to move.

What to bring

- This guide, filled in as far as you got
- Your most recent Social Security statement
- A recent statement for each retirement account
- Your most recent tax return
- Any questions you were unsure how to answer

> **Have a question about your own timeline?**
> It is a good time to look, while the years ahead can still absorb a change.
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Individual results will vary.

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Individual results will vary based on specific financial circumstances. Contribution limits, Medicare premiums, and income thresholds are set annually and change most years. Figures referenced are current as of the date of publication. Please consult a qualified financial, tax, or legal professional before making any financial decisions.

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Sources

Centers for Medicare and Medicaid Services, 2026 Medicare Parts A and B Premiums and Deductibles. cms.gov

Social Security Administration, Medicare Premiums: Rules for Higher-Income Beneficiaries, and Form SSA-44. ssa.gov

Internal Revenue Service, Retirement Topics: Catch-Up Contributions. irs.gov

SECURE 2.0 Act of 2022, Section 109

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