

### Are you planning on retiring at age 73 or older?

If so, there are several important considerations... Below is a table of penalties and risks you should be aware of if you decide to retire within this age range.

We list what you should be aware of, why it's important, with pertinent topical notes for 2026.

### #1) Tax & Retirement Account Penalties

What It Is	Why It's Important	2026 Notes
<b>RMDs Now Required</b>	Must take RMDs from traditional IRAs, 401(k)s, 403(b)s annually	First RMD due by April 1 following year you turn 73. All subsequent RMDs due by Dec 31
<b>Missed RMD Penalty</b>	Failing to take full RMD triggers excise tax	25% penalty on amount not withdrawn. Reduced to 10% if corrected within 2 years
<b>RMD Calculation</b>	Based on prior year-end balance ÷ IRS life expectancy factor	2026: Use Uniform Lifetime Table. Age 73 factor = 26.5. Recalculate annually
<b>Roth IRAs Exempt</b>	Roth IRAs have no RMDs during owner's lifetime	Roth 401(k)s also now RMD-free ( <i>SECURE 2.0</i> ). Consider Roth conversions for remaining balances
<b>QCDs Satisfy RMDs</b>	Qualified Charitable Distributions count toward RMD	2026: Up to \$105,000/year direct to charity. Reduces AGI. Must be 70½+
<b>IRMAA from RMDs</b>	Large RMDs increase MAGI, triggering Medicare surcharges	2026: Single >\$109k / Joint >\$218k = higher Part B/D premiums 2 years later
<b>Multi-Account RMDs</b>	Must calculate RMD separately for each account	IRAs can be aggregated; 401(k)s cannot. Each 401(k) requires separate withdrawal

### #2) Social Security Rules & Reductions

What It Is	Why It's Important	2026 Notes
<b>Benefits Maxed</b>	If delayed to 70, receiving max benefit	No additional delayed credits after 70. Focus shifts to tax efficiency
<b>Taxation of Benefits</b>	Up to 85% of SS taxable based on combined income	Single >\$34k / Joint >\$44k = 85% taxable. RMDs push most retirees into this bracket
<b>Survivor Benefit</b>	Surviving spouse receives higher of two benefits	If higher earner dies, survivor keeps that benefit. Lower benefit disappears
<b>Widow(er)</b>	Timing of survivor benefit claim matters	Switch to survivor benefit / delay own benefit, but complex rules
<b>Annual COLA</b>	Cost-of-living adjustment applied each Jan.	2026 COLA: 2.8%. May not keep pace w/ actual healthcare inflation
<b>SS + RMD Coordination</b>	Combined income determines tax bracket and IRMAA	Plan withdrawals to minimize total tax. Consider timing large distributions
<b>Spousal Benefit</b>	If both spouses are retired, the lower income earner may receive ½ of the higher earner's benefits	Determined by FRA benefits

### #3) Healthcare & Medicare Costs

What It Is	Why It's Important	2026 Notes
<b>Part B Premium</b>	Monthly premium for outpatient/doctor coverage	2026: \$202.90 standard. IRMAA adds \$81.20–\$487.00 for higher incomes
<b>Part D Premium</b>	Prescription drug coverage premium	Varies by plan. IRMAA surcharge: \$14.50–\$91.00 additional
<b>Part D Out-of-Pocket Cap</b>	New annual cap on drug costs	2026: \$2,000 max out-of-pocket for Part D covered drugs ( <i>Inflation Reduction Act</i> )
<b>Medigap vs. Advantage</b>	Supplemental coverage choice has lasting implications	Switching from Advantage to Medigap after 65 may require medical underwriting
<b>Long-Term Care Gap</b>	Medicare does NOT cover custodial long-term care	Nursing home: ~\$100,000+/year. Home health aide: ~\$60,000+/year. Self-insure or Medicaid
<b>Healthcare Inflation</b>	Medical costs rising faster than general inflation	Healthcare inflation 5–7% annually. Budget for increasing costs each year
<b>Cognitive Care</b>	Dementia care extremely expensive	Memory care facilities: \$70K–\$120K+/year. Plan for 8–10+ years

### #4) Portfolio & Longevity Risks

What It Is	Why It's Important	2026 Notes
<b>Late-Stage Sequence Risk</b>	Losses now have little time to recover	Major downturn at 75 more damaging than at 65
<b>Longevity Risk</b>	Retirement may last longer than expected	73-year-old has ~50% chance to reach mid-80s+
<b>RMD Forced Selling</b>	Withdrawals required regardless of market conditions	May be forced to sell assets at lows to meet RMD
<b>Liquidity Shortfall Risk</b>	Illiquid assets limit emergency response	Healthcare events require immediate accessible funds

### #5) Employment & Income Loss

What It Is	Why It's Important	2026 Notes
<b>No Income Recovery</b>	Losses cannot be offset by returning to work	Fixed income reality at advanced age
<b>No Catch-Up Options</b>	Cannot make retirement contributions without earned income	IRA/401(k) contributions require earned income
<b>Full Portfolio Dependence</b>	Discretionary spending relies entirely on savings	Market performance directly impacts lifestyle

## #6) Employment & Income Considerations

What It Is	Why It's Important	2026 Notes
<b>Fixed Income Erosion</b>	Purchasing power permanently declines	\$50k pension in 2010 = ~\$35k purchasing power today
<b>Healthcare Inflation</b>	Costs rise faster than general inflation	5–7% annually; largest retiree expense

## #7) Insurance & Protection Loss

What It Is	Why It's Important	2026 Notes
<b>Medicare Out-of-Pocket Exposure</b>	No annual cap under Original Medicare	Medigap or Advantage required to limit exposure
<b>LTC Insurance Unavailability</b>	Coverage often unattainable or unaffordable	Premiums prohibitive at 73+
<b>Catastrophic Expense Risk</b>	One event can deplete savings	Hospitalization, skilled nursing, home modification costs

## #8) Estate & Legacy Impact

What It Is	Why It's Important	2026 Notes
<b>SECURE Act 10-Year Rule</b>	Heirs forced into accelerated taxation	Inherited IRAs emptied during heirs' peak earning years
<b>Outdated Documents</b>	Incorrect execution causes legal and tax issues	Review every 2–3 years
<b>Account Complexity</b>	Increases executor burden and error risk	Multiple accounts complicate administration

## #9) Behavioral & Psychological Risks

What It Is	Why It's Important	2026 Notes
<b>Cognitive Decline</b>	Impaired decisions can cause irreversible damage	Establish trusted contacts early
<b>Scam Vulnerability</b>	Financial loss risk increases with age	Seniors are primary fraud targets
<b>Panic Selling Risk</b>	Recovery time is limited	Selling during downturns late in retirement is often unrecoverable



If you have any questions about retiring,  
feel free to reach out to our team.

Set up a 15-Minute Discovery Call at:

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