EDUCATIONAL PLANNING GUIDE

The Healthcare Bridge

A tax-aware guide to the years between employer coverage and Medicare - and the income decisions that can change the cost of both.

One decision changes the next

PlannedWell helps clients and their professionals coordinate tax decisions with healthcare, retirement income, business, estate, and family priorities.

PLANNEDWELL

Tax Advisors

Tax preparation and proactive planning aligned with your broader financial life.

THE REAL RETIREMENT QUESTION

Can you retire before Medicare?

A portfolio may be ready before a healthcare plan is. For many households, the years between leaving work and Medicare eligibility are not simply an insurance problem. They are an income-planning problem, a tax problem, and a timing problem at the same time.

The goal is not to select coverage in isolation. It is to understand how coverage, taxable income, withdrawals, Roth conversions, capital gains, and later Medicare premiums interact before choosing a path.

Start with a calendar, not a product

Map the final day of employer coverage, the earliest possible retirement date, each spouse's Medicare eligibility date, and the months that need replacement coverage.

Five conversations to coordinate

1. Coverage

Compare employer coverage, a spouse's plan, COBRA, retiree coverage, and Marketplace coverage. Each option has different deadlines, networks, deductibles, and costs.

2. Income

Estimate household income by year and identify which sources are controllable. Marketplace savings and future Medicare premiums can make income timing consequential.

3. Taxes

A Roth conversion, realized gain, pension start, or large distribution may solve one planning problem while changing another.

4. Health reserves

Separate expected premiums from deductibles, out-of-pocket exposure, dental and vision needs, and expenses that may not be covered.

5. Enrollment

Document deadlines and handoffs. Losing job-based coverage may create a Special Enrollment Period, while Medicare enrollment rules require separate attention.

The household

Plan for both spouses. Different ages, employers, prescriptions, providers, and Medicare dates can create two overlapping bridges.

DECISION MAP

Build the healthcare bridge in this order

1. Choose a target retirement date and identify exactly when current coverage ends.
2. List every realistic coverage route for each person in the household.
3. Estimate the full annual cost of each route, not only the monthly premium.
4. Project household income under the retirement-income strategy already being considered.
5. Stress-test major tax decisions, including Roth conversions and capital gains, against coverage costs and future Medicare premiums.
6. Create a deadline calendar for applications, documents, elections, Medicare enrollment, and plan transitions.
7. Revisit the model annually because income, plans, rules, premiums, prescriptions, and health needs change.

The planning window

The years after work income stops but before required distributions begin can create unusual flexibility. That flexibility is valuable only when tax planning and healthcare planning use the same income assumptions.

Income decisions that deserve a second look

- IRA withdrawals and Roth conversions
- Capital gains and losses
- Pension and deferred-compensation elections
- Social Security timing
- Business, rental, and consulting income
- Charitable gifts and qualified charitable distributions when eligible
- One-time income from a sale, exercise, bonus, or inheritance-related transaction

BEFORE AND AFTER 65

Two healthcare systems, one income plan

Before Medicare

Marketplace eligibility and potential savings are based on household information and estimated income. Losing job-based coverage can create a Special Enrollment Period. COBRA may also be available, but the timing of a later switch matters. Verify current rules and deadlines before coverage ends.

Approaching Medicare

Medicare enrollment timing depends on the person's circumstances and current coverage. Medicare Part B and Part D income-related adjustments may use tax-return income from two years earlier, which means a tax decision today can affect premiums later.

HSAs

An HSA can be an important long-term healthcare asset. Contribution eligibility changes when Medicare coverage begins and can be affected by coverage details and enrollment timing. Confirm the contribution cutoff before making a final-year contribution.

A useful question

If we change taxable income this year, what else changes - Marketplace costs, capital-gain taxation, Medicare premiums, cash reserves, or the future retirement account balance?

Information to gather

- Coverage termination dates and COBRA or retiree-coverage notices
- Premiums, deductibles, out-of-pocket limits, provider networks, and prescription formularies
- Projected income by source for each bridge year
- Most recent tax return and current-year tax projection
- IRA, Roth, HSA, taxable investment, pension, and deferred-compensation balances
- Each spouse's Medicare eligibility and expected enrollment path

PLANNING MEETING

Questions worth answering before leaving work

- What exact months require replacement coverage?
- Which providers and prescriptions must remain accessible?
- What is the household's maximum tolerable annual healthcare cost?
- Which income sources can be delayed, accelerated, or replaced?
- Would a proposed Roth conversion or gain change healthcare costs?
- How will coverage change when the first spouse reaches Medicare?
- What tax year may later determine the first years of IRMAA exposure?
- Who owns each deadline: the household, tax professional, benefits office, Medicare specialist, or financial advisor?

Bring the professionals together

The tax professional should not guess at coverage. The insurance or Medicare professional should not guess at taxable income. The financial advisor should not model withdrawals using different assumptions. One shared decision map is the goal.

Your next three actions

1. Create the coverage and Medicare calendar.
2. Build a year-by-year income projection using the retirement strategy under consideration.
3. Review the two together before making irreversible elections or large tax moves.

OFFICIAL REFERENCES

Use these official sources for current rules, deadlines, limits, and enrollment details.

- HealthCare.gov: Health coverage for retirees
  https://www.healthcare.gov/retirees/
- HealthCare.gov: Special Enrollment Periods
  https://www.healthcare.gov/coverage-outside-open-enrollment/special-enrollment-period/
- Medicare.gov: Get started with Medicare
  https://www.medicare.gov/basics/get-started-with-medicare
- Medicare.gov: Medicare costs and income-related premiums
  https://www.medicare.gov/basics/costs/medicare-costs
- Social Security: Plan for Medicare and request to lower IRMAA
  https://www.ssa.gov/medicare
- IRS Publication 969: HSAs and other tax-favored health plans
  https://www.irs.gov/publications/p969

Important notice

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