
COMPREHENSIVE FINANCIAL PLAN

SAMPLE PLAN — FOR ILLUSTRATION ONLY

Mark & Linda Whitfield

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CONFIDENTIAL — Sample for Prospective Client Review

1. Executive Summary

This sample plan illustrates how Chris Reddick Financial Planning approaches a pre-retiree household one to three years from full retirement. Mark (age 63) is a recently retired federal civil service employee receiving a FERS pension and TSP distributions. Linda (age 61) plans to retire from her hospital administrator role at the end of 2026. The household has accumulated \$3.2 million in financial assets and is in strong shape for retirement, but faces three meaningful planning challenges: a heavy concentration in pre-tax retirement accounts that will drive large RMDs starting at age 75, IRMAA bracket exposure on Medicare premiums, and an overly complex portfolio of 23 mutual funds and ETFs across seven accounts.

Key Financial Snapshot

Combined Net Worth	\$3,847,000
Total Investable Assets	\$3,210,000
Pre-Tax Retirement Assets	\$2,478,000 (77%)
Roth Assets	\$152,000 (5%)
Taxable / Brokerage	\$580,000 (18%)
Annual Spending Goal in Retirement	\$108,000 in today's dollars
Plan Probability of Success	Improves from 96% to 99% with optimization
Estimated Lifetime Tax Savings	\$185,000–\$240,000 over 25 years

Five Priority Recommendations

1. Execute a strategic 8-year Roth conversion plan (2026–2033) targeting the top of the 24% bracket while staying below IRMAA Tier 3
2. Simplify the portfolio from 23 holdings to a 4-fund globally diversified core, reducing average expense ratio from 0.62% to 0.06%
3. Time Linda's Social Security claim at age 70 and Mark's at 67 to maximize household lifetime benefits
4. Restructure the cash position: hold 18 months of expenses in a Treasury bill ladder rather than the current \$185,000 in checking and savings
5. Update estate documents (last revised 2014) to reflect current Texas law and the children's adult status

2. Client Profile & Financial Goals

Personal Information

Client	Mark Whitfield, age 63, retired May 2025 (former GS-14, USDA)
Co-Client	Linda Whitfield, age 61, Hospital Administrator (Methodist Healthcare)
Children	Jacob (32, married, two children) and Emily (29, single, recent MBA)
Planning Horizon	Age 95 for both clients
Mark's Status	Already retired; FERS pension active, no current earned income
Linda's Target Retirement Date	December 31, 2026
Linda's Salary	\$148,000 + ~\$15,000 annual bonus
Monthly Retirement Spending Goal	\$9,000 in today's dollars (excluding healthcare)
Primary Residence	\$685,000, mortgage paid off (2022)
Vacation Home	\$425,000, mortgage paid off (2024)

Financial Planning Goals

- Retire Linda by December 2026 with high confidence in long-term plan sustainability
- Implement a multi-year Roth conversion strategy to manage future RMDs and IRMAA exposure
- Simplify the investment portfolio into a structure that can be managed without ongoing professional advice
- Ensure tax-efficient charitable giving in retirement (currently donate \$12,000/year to church and university)
- Plan for healthcare coverage between Linda's retirement (Dec 2026) and Medicare eligibility (age 65, October 2030)
- Build a coordinated Social Security claiming strategy
- Establish a long-term care plan — self-insure or transfer the risk?
- Update estate documents and review legacy goals for children and grandchildren

3. Balance Sheet & Net Worth

Assets

Account	Owner	Balance
Checking (Chase)	Joint	\$42,000
High-Yield Savings (Marcus)	Joint	\$143,000
Mark's Thrift Savings Plan (TSP)	Mark	\$1,425,000
Mark's Traditional IRA (rolled from 401k)	Mark	\$285,000
Linda's 403(b) (Methodist)	Linda	\$612,000
Linda's Traditional IRA	Linda	\$156,000
Mark's Roth IRA	Mark	\$98,000
Linda's Roth IRA	Linda	\$54,000
Joint Brokerage (Schwab)	Joint	\$580,000
I-Bonds (TreasuryDirect)	Mark	\$30,000
FERS Pension (annuity, not asset)	Mark	\$48,000/yr (received)
Primary Residence	Joint	\$685,000
Hill Country Vacation Home	Joint	\$425,000
2023 Lexus RX 350	Joint	\$48,000
2021 Subaru Outback	Joint	\$28,000
Total Assets		\$4,609,000

Liabilities

Liability	Balance	Notes
Primary Mortgage	\$0	Paid off 2022
Vacation Home Mortgage	\$0	Paid off 2024

Liability	Balance	Notes
Home Equity Line (open, undrawn)	\$0	\$100K limit, kept for liquidity backstop
Auto Loans	\$0	Paid cash
Credit Cards (paid monthly)	\$0	Used for rewards only
Total Liabilities	\$0	

Net Worth Summary

Total Assets of \$4,609,000 with Total Liabilities of \$0 produces a Net Worth of \$4,609,000. The household is debt-free, holds substantial liquid reserves, and has investable financial assets of approximately \$3.21 million. The two real estate properties account for \$1.11 million of net worth.

4. Cash Flow & Cash Reserves

Current Year Cash Flow (2026)

Category	Annual	Monthly
Linda's Gross Salary + Bonus	\$163,000	\$13,583
Mark's FERS Pension	\$48,000	\$4,000
Mark's FERS Annuity Supplement (to age 62)	\$0	Ended Aug 2024
TSP RMD (none yet — Mark turns 75 in 2038)	\$0	—
Schwab Brokerage Dividends/Interest	\$18,000	\$1,500
Total Gross Income	\$229,000	\$19,083
Federal Income Tax	(\$31,400)	(\$2,617)
FICA / Medicare (Linda only)	(\$12,470)	(\$1,039)
403(b) Contribution (Linda)	(\$30,000)	(\$2,500)
Health Insurance Premiums	(\$7,200)	(\$600)
Net Take-Home	\$147,930	\$12,328
Living Expenses	(\$108,000)	(\$9,000)
Surplus (currently saved/invested)	\$39,930	\$3,328

Cash Reserve Restructuring

The household currently holds \$185,000 in checking and high-yield savings — equivalent to about 21 months of expenses. This is more cash than necessary and creates meaningful opportunity cost. The recommendation is to maintain a working reserve of approximately \$108,000 (12 months) and deploy the rest more productively.

Recommended Cash Structure

Tier 1 — Operating cash: \$25,000 in Chase checking (1.5 months)

Tier 2 — Liquid reserves: \$50,000 in Marcus savings (5.5 months)

Tier 3 — Treasury bill ladder: \$80,000 across 4-, 13-, 26-, and 52-week T-bills (rolling)

Excess: Move \$30,000 to the Schwab brokerage account; deploy gradually into the new portfolio over Q3 2026

5. Investment Strategy & Portfolio Simplification

Current Portfolio Issues

The current portfolio holds 23 different mutual funds and ETFs across seven accounts. Several positions overlap significantly (for example, three different large-cap blend funds in the TSP, IRA, and brokerage). The blended weighted expense ratio is 0.62%, costing approximately \$19,900 per year on the \$3.21M total. Some positions have meaningful unrealized gains in the taxable brokerage that complicate consolidation.

Recommended Target Allocation

Asset Class	Current %	Target %	Recommended Holding
US Total Stock Market	38%	36%	VTI (0.03%) or TSP C+S Funds
International Total Market	11%	20%	VXUS (0.07%) or TSP I Fund
US Bonds (intermediate)	26%	32%	BND (0.03%) or TSP F Fund
TIPS / Inflation Protection	0%	8%	SCHP or VTIP
Cash / Treasuries	5%	4%	T-bills inside laddered structure
Sector Funds / Individual Stocks	20%	0%	Liquidate over 18 months

This 60% stock / 40% fixed income allocation is appropriate for a household entering retirement, with a modest tilt toward international diversification and an explicit TIPS allocation to hedge inflation during a multi-decade retirement.

Account-Level Implementation

- Mark's TSP: Allocate to L 2030 Lifecycle Fund or a custom mix of C, S, I, and F Funds matching the target. Keep TSP — its expense ratios are among the lowest available (0.05% blended).
- Mark's Traditional IRA: Hold BND (bonds) — better placed in tax-deferred wrapper to defer interest income
- Linda's 403(b): Confirm low-cost index options; if not available, plan to roll to IRA after retirement
- Roth IRAs: Hold growth-oriented assets (VTI and VXUS) — these are the highest expected return assets and benefit most from tax-free compounding
- Joint Brokerage: Hold tax-efficient broad index ETFs (VTI primarily) and the TIPS allocation; avoid bond funds in taxable when feasible
- Sector funds and individual stocks (\$642K): Liquidate gradually over 18 months, harvesting losses where available and timing larger sales for low-income years 2027–2028

6. Multi-Year Roth Conversion Strategy

The Strategic Opportunity

With \$2.48 million in pre-tax retirement accounts and only \$152,000 in Roth, the household faces meaningful future tax pressure. Mark's TSP and IRA balances alone will drive a projected first-year RMD at age 75 of approximately \$98,000 — pushing the household into the 32% federal bracket and IRMAA Tier 4 even before any Social Security or pension income.

The years between Linda's retirement (Dec 2026) and Mark's age-75 RMD start (2038) represent an 11-year window for strategic Roth conversions at significantly lower marginal rates than would otherwise apply later. With Linda no longer earning W-2 income starting in 2027, the household's marginal bracket drops sharply.

Year-by-Year Conversion Plan

Year	Mark Age	Conv. Amount	Top Bracket	IRMAA Tier
2026	63	\$0	32% (Linda working)	N/A
2027	64	\$95,000	24%	Tier 1
2028	65	\$110,000	24%	Tier 1 (Mark Medicare)
2029	66	\$110,000	24%	Tier 1
2030	67	\$95,000	24%	Tier 1 (Linda Medicare Oct)
2031	68	\$80,000	24%	Tier 1
2032	69	\$80,000	24%	Tier 2 (some SS taxable)
2033	70	\$60,000	24%	Tier 2
Total	—	\$630,000	—	—

Estimated Lifetime Tax Savings

Without conversions, projected RMDs will push the household to a 32% top bracket consistently from age 75 onward. With this conversion strategy, RMDs are reduced by approximately 35%, and the household stays primarily in the 24% bracket. Estimated lifetime federal tax savings: \$185,000–\$240,000 over a 25-year retirement, plus significant estate-tax-equivalent benefit when remaining Roth assets pass to children income-tax-free.

IRMAA Bracket Management

The IRMAA (Income-Related Monthly Adjustment Amount) on Medicare Part B and Part D premiums adds material cost when MAGI exceeds defined thresholds. The 2026 thresholds for married filing jointly start at \$212,000 (Tier 1). Each higher tier adds roughly \$80–\$280/month per person. For a couple, crossing into Tier 4 costs an extra \$7,200/year — effectively a 10% surtax on the income above the threshold.

The conversion plan is sized specifically to stay below IRMAA Tier 3 (\$334,000 MAGI) through 2031, then accept Tier 2 thereafter as Social Security income comes online. Each year's conversion is sized after the IRMAA lookback window (two-year lag) is calculated to avoid surprise premium increases.

7. Social Security Strategy

Estimated Benefits at Full Retirement Age (67)

Member	PIA at 67	At 62	At 67	At 70
Mark	\$3,180/mo	\$2,225 (70%)	\$3,180 (100%)	\$3,943 (124%)
Linda	\$2,840/mo	\$1,988 (70%)	\$2,840 (100%)	\$3,522 (124%)

Recommended Claiming Strategy

- Linda claims at age 70 (October 2034): Her benefit is the larger of the two by household 'survivor benefit' logic, so delaying it locks in the higher amount for whichever spouse lives longer.
- Mark claims at age 67 (October 2030): Mark already has the FERS pension covering most fixed expenses, and claiming at 67 vs. 70 is roughly breakeven if he passes before age 82. Claiming at 67 also reduces the conversion 'window' tax pressure.
- Spousal benefits are not relevant here — both spouses have substantial earned benefits and neither qualifies for a meaningful spousal claim.

Total Lifetime Household Benefit Comparison

Strategy	Mark Age 67 / Linda 70	Both at 67	Both at 62
PV of lifetime benefits (4% discount)	\$1,082,000	\$1,016,000	\$876,000
Survivor benefit (higher PIA × delay credits)	\$3,522/mo locked in	\$2,840/mo	\$1,988/mo
Recommended	✓		

8. Retirement Income Plan

Income Sources by Phase

Phase	Years	Primary Sources	Approx. Annual
Bridge Years	2027–2030	FERS pension + portfolio + brokerage	\$108,000
Mark Medicare/SS	2030–2034	FERS + Mark SS + portfolio	\$130,000
Both on SS	2034–2038	FERS + both SS + portfolio	\$152,000
RMD Years	2038–2095	All sources + RMDs	\$165,000–\$200,000

Withdrawal Sequencing

Conventional advice suggests spending taxable accounts first, then tax-deferred, then Roth. With this household's specific situation — large pre-tax balances, IRMAA pressure, and active Roth conversions — the optimal sequence is more nuanced:

- Bridge years (pre-Medicare): Spend from joint brokerage account and use Roth conversions to fill the 24% bracket
- Years 65–70 (Medicare started, pre-SS for Linda): Continue Roth conversions; spend from brokerage and partial IRA distributions
- Years 70–75: Stop conversions; withdraw from IRA/TSP up to top of 24% bracket; dividends and modest brokerage gains fund the rest
- Age 75+: RMDs are mandatory; use QCDs (Qualified Charitable Distributions) for the \$12,000 annual giving to satisfy part of the RMD tax-free

Monte Carlo Results

Plan Success Probability

The current plan shows a 96% probability of success based on Monte Carlo simulation through age 95. After implementing the Roth conversion strategy and portfolio simplification, the probability rises to 99% with significantly reduced tax volatility. Stress tests for a 2008-magnitude crash in 2027 still show 91% success.

9. Tax Strategy

Charitable Giving

The household currently donates \$12,000 per year to their church and Linda's alma mater, paid by check from the joint checking account. This produces a charitable deduction only when total itemized deductions exceed the standard deduction — which they currently do not, since the household has no mortgage interest and limited SALT capacity.

Two High-Impact Recommendations

1. Donor-Advised Fund (DAF) bunching: In 2026 (last high-income year), contribute \$60,000 to a Schwab Charitable DAF, fund it with appreciated brokerage shares, and itemize. Then grant \$12,000/year from the DAF for the next five years while taking the standard deduction. Estimated tax savings: \$9,800 in 2026.
2. Qualified Charitable Distributions starting at age 70½: Once Mark turns 70½ (2032), donate the \$12,000 directly from the IRA to qualified charities. This satisfies part of any future RMD, excludes the income from AGI entirely, and helps manage IRMAA. Annual benefit: ~\$2,800 in tax savings + IRMAA preservation.

Tax-Loss Harvesting

As the brokerage account is restructured, scan for individual positions with embedded losses. Harvested losses can offset realized gains from selling concentrated sector funds and provide up to \$3,000/year of ordinary income offset. Recommend Schwab's tax-loss harvesting tool or a manual review each November.

State Tax

Texas has no state income tax, so all retirement income, conversions, and capital gains are taxed only at the federal level. This is a significant advantage for the conversion strategy compared to clients in CA, NY, or other high-tax states. No relocation impact to consider.

10. Healthcare & Long-Term Care

Healthcare Coverage Bridge: 2027–2030

When Linda retires December 31, 2026, she loses employer health coverage. Mark is not yet eligible for Medicare until October 2028 (age 65). Linda's Medicare eligibility begins October 2030. The household needs a coverage strategy for this 22-month gap for Mark and 46-month gap for Linda.

Option	Estimated Cost	Notes
COBRA continuation (18 months)	\$1,400/mo combined	Retains current network; expires June 2028
ACA Marketplace plan	\$950–\$1,250/mo combined	Income-based subsidies if MAGI low enough
Mark on Medicare A+B+D, Linda ACA	\$650 + \$620 = \$1,270/mo	Best after Mark turns 65 in Oct 2028

Recommendation: COBRA from Jan 2027 through June 2028 (or until cheaper option found), then transition to a modest-deductible ACA plan for Linda paired with Mark's Medicare. The Roth conversion plan was specifically sized to keep MAGI low enough during 2027 to qualify for partial ACA subsidies, which more than offsets the additional tax cost of doing slightly smaller conversions in those two years.

Long-Term Care Analysis

With \$4.6 million in net worth, \$1.1 million of which is real estate, the household has the financial capacity to self-insure long-term care needs. A typical assumption of \$9,500/month for memory care in San Antonio for 36 months produces a worst-case cost of \$342,000 per spouse — well within the household's capacity even after a market downturn.

Long-Term Care Recommendation

Self-insure rather than purchase a traditional LTC policy. Designate the vacation home as a 'long-term care reserve asset' — if either spouse needs extended care, the home can be sold and the \$425,000 equity (likely \$550K+ in 10–15 years) directly funds care. As a secondary backstop, evaluate a single-premium hybrid life/LTC policy for Linda only when she turns 65 — her benefits-vs-cost may be more favorable than Mark's.

11. Estate Planning Update

Current Documents (Last Updated 2014)

- Reciprocal wills naming each other as primary, children as contingent (50/50 split)
- Statutory durable powers of attorney
- Medical powers of attorney
- Living wills
- No revocable trust, no irrevocable trust

Issues with Current Documents

- Drafted before Jacob's marriage and the birth of two grandchildren — no per-stirpes language for grandchildren
- Drafted before Texas updated several probate code provisions in 2017 and 2021
- Mark's TSP beneficiary designation lists 'estate' as primary — should name Linda primary, children contingent (per stirpes)
- Some IRA beneficiaries are out of date — Linda named on Mark's IRA, but children listed by full legal name only with no per-stirpes language

Recommended Updates

- Refresh wills to include grandchildren via per-stirpes language and to incorporate any specific bequests (heirloom items, vacation home succession)
- Review beneficiaries on every retirement account — TSP, IRAs, 403(b), Roth IRAs
- Confirm or update HIPAA authorization separate from medical POA
- Discuss whether to use a Transfer-on-Death (TOD) deed for the vacation home to keep it out of probate while preserving step-up in basis
- Consider charitable bequest language — a portion of the IRA going to charity at the survivor's death is highly tax-efficient since heirs would otherwise pay ordinary income tax on inherited IRA distributions

Estate Tax

The current federal estate exemption is \$13.99 million per person in 2026, scheduled to drop to approximately \$7 million per person in 2026 under current law. With combined net worth of \$4.6 million, the household is well below either threshold and faces no current federal estate tax concern. Texas has no state estate tax. Estate planning at this level is focused on probate avoidance, beneficiary clarity, and tax-efficient inheritance — not on minimizing estate tax.

12. Prioritized Action Plan

Immediate (Next 30 Days)

Action	Owner	Status
Update beneficiaries on TSP, IRAs, 403(b), and Roth accounts	Both	Open
Engage estate attorney to refresh wills, POAs, directives	Both	Open
Open Schwab Charitable DAF account	Mark	Open
Begin liquidating sector funds and individual stocks (50% by Q3)	Mark	Open

Short-Term (60–180 Days)

Action	Owner	Status
Restructure cash reserves into 4-tier ladder	Both	Open
Implement target asset allocation across all accounts	Both	Open
Execute first Roth conversion (target Q4 2026, \$0 due to Linda working)	Mark	Defer to 2027
Fund DAF with \$60,000 in appreciated brokerage shares	Mark	Open
Confirm Linda's Methodist 403(b) low-cost option availability	Linda	Open

Calendar of Recurring Items

Action	Frequency	Status
Annual Roth conversion (sized to bracket and IRMAA)	Each November	Recurring
Portfolio rebalancing review	Semi-annually	Recurring
RMD planning review (begins age 73)	Annually starting 2036	Future
Beneficiary review	Annually	Recurring

Action	Frequency	Status
LTC reserve assessment	Every 3 years	Recurring
Plan progress review and update	Annually	Recurring

13. Important Disclosures

This sample financial plan was prepared by Chris Reddick Financial Planning, LLC for illustrative purposes only. The Whitfield family is a fictional household designed to represent a typical pre-retiree client situation with substantial pre-tax retirement assets. All figures, projections, account balances, and recommendations are hypothetical and should not be construed as advice for any specific individual.

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Roth conversion projections, IRMAA threshold modeling, and Social Security claiming analysis use current law and IRS published thresholds at the time of preparation. Federal tax brackets, IRMAA tiers, RMD ages, and Social Security computation rules are subject to legislative and regulatory change. The IRMAA two-year lookback means that projected income in any given year affects Medicare premiums two years later — clients should be aware of this timing when planning conversions.

Investment projections use historical capital market return assumptions and Monte Carlo simulation. Past performance is not indicative of future results. All investments involve risk, including the possible loss of principal. This document does not constitute tax, legal, or accounting advice. Clients are encouraged to consult qualified professionals on matters of estate planning, tax preparation, and legal documentation.

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