THE RETIREMENT BLUEPRINT

7 Financial Moves Every Malayalee Family Should Consider

A practical guide for retirees and those approaching retirement

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You have worked hard to provide for the people who depend on you, whether they live down the street or back home in Kerala. The decisions you make in the years just before and after retirement will shape your income, your taxes, and what you leave behind. Here are seven moves worth reviewing now.

1. Time Your Social Security Claim Carefully

You can claim as early as 62, but for anyone born in 1960 or later, full retirement age is 67, and each year you wait past that adds 8% to your check, up to age 70. A $2,000 monthly benefit at 67 becomes about $1,400 at 62, or about $2,480 at 70, for life, plus cost-of-living increases. Couples who coordinate their claims can also secure a larger survivor benefit, especially when one spouse started working later after immigrating.

2. Know Your Options for Your 401(k), 403(b), 457(b), or TSP

When you retire or change jobs, you can generally leave your workplace plan where it is, move it to a new employer's plan, roll it into an IRA, or cash it out. Many workplace plans, including the federal Thrift Savings Plan (TSP), offer a limited menu of funds. An IRA can open the door to a much wider range of options for **growth**, broader **diversification**, and **guarantees** backed by the claims-paying ability of the issuing insurance company, and lets you consolidate old accounts. Withholding also differs. If your plan pays money to you, the plan must withhold **20%** for federal taxes, and to roll over the full balance you must replace that 20% from other savings within 60 days or it is taxed. A direct rollover avoids this, and with an IRA you can generally **choose how much to withhold** on each withdrawal. Workplace plans have strengths too: the TSP has very low costs, governmental 457(b)s carry no 10% early-withdrawal penalty, and many plans allow penalty-free access if you leave your job at 55 or later. Compare carefully before you decide.

3. Withdraw in the Right Order

Most retirees hold three kinds of money: **tax-deferred** (traditional IRAs and workplace plans, taxed as income), tax-free (Roth accounts), and **taxable** (brokerage and savings, where generally only gains are taxed). Pulling from whichever account is most convenient can cost tens of thousands of dollars in avoidable taxes. It also helps to know the difference between your **tax bracket** (the rate on your next dollar) and your **effective tax rate** (your total tax divided by your income), which is usually much lower. A smart withdrawal order weighs both, plus future required distributions and Medicare premiums, every year.

4. Use the Roth Conversion Window Before RMDs Begin

Starting at age 73 (75 if born in 1960 or later), the IRS requires minimum distributions (RMDs) from traditional IRAs and most workplace plans, taxed as ordinary income. For diligent savers they can be large: a $1.5 million IRA requires about $57,000 in the first year, and missing one can cost 25% of the amount (10% if corrected promptly). RMDs can also raise your Medicare premiums and the taxable share of your Social Security. The years between retirement and RMDs are often your lowest-tax years, which makes them ideal for converting part of a traditional IRA to a Roth. You pay tax now, but qualified Roth withdrawals are tax-free, Roth IRAs have no lifetime RMDs, and your children generally inherit them income-tax-free. For example, in 2026 a married couple can have up to $100,800 of taxable income, roughly $133,000 before the $32,200 standard deduction, and stay in the **12% bracket**. Federal tax on that is about $11,600, an **effective rate of under 9%** of their total income. A couple retiring at 63 with little other income might convert enough each year to fill the 12% bracket, or more within 22% or 24%.

5. Plan for Healthcare and Long-Term Care

Fidelity estimates a 65-year-old retiring in 2026 may spend about $185,500 on healthcare in retirement, roughly $371,000 for a couple, not including long-term care. Medicare is not free: Part B and D premiums rise with income through IRMAA surcharges, based on your tax return from two years earlier, so one large withdrawal or poorly timed conversion can raise your premiums. Medicare also does not cover extended nursing home or in-home care. If your children are building careers across the country, a long-term care plan is a gift to them too.

6. Avoid Probate and Connect Your Estate Plan to Kerala

A will alone does not keep your U.S. home or accounts out of probate, a public, court-supervised process that can take months and add legal costs. A **revocable living trust** and up-to-date beneficiary designations can help your family avoid it, and powers of attorney let someone you trust act for you if you cannot. Property in Kerala passes under Indian law, so your U.S. plan should be coordinated with documents prepared for India, such as a separate will covering your Indian assets, so your family is not left sorting out two systems at once. And remember, **beneficiary designations override your will**. If a 401(k) still names your brother from twenty years ago, he may receive it. Review them every year.

7. Build an Income Plan, Not Just a Portfolio

At retirement, your portfolio shifts from something you build to something you spend. A real income plan answers: How much can you safely spend? How will you create a reliable paycheck? What if the market drops 30% in your first year? Will you still feel protected at 90? Mistakes in the spending years are the hardest to undo.

A Final Thought

None of these decisions stands alone. A rollover affects your taxes, your taxes affect your Medicare premiums, and your withdrawals shape what you leave your children. That is why a coordinated plan, built with an experienced professional, matters so much. You have already done the hard part by saving diligently. Now the goal is to make sure every dollar you saved works as hard as you did.

Free Retirement Blueprint Review for Kerala Express Readers

Wondering how these seven moves apply to your family? Schedule a complimentary 30-minute virtual review of your 401(k), 403(b), 457(b), TSP, and IRA options, Social Security timing, tax picture, and income plan, and see where your retirement could be optimized. No cost or obligation, and available to readers in any state. **Scan the QR code or call (847) 585-4931.**



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