AI RETIREMENT INCOME PLANNER V7

Scenario: Age 62, Best Case Scenario Plan / 5-Phase Retirement Income Plan · ACA · CSR · Tax · Inflation-Adjusted Net Income · Lump Sums · Equities

AI conversation · June 6, 2026

QUESTION

Ask AI about: 401k — tax-deferred (Phase 2)

What that badge is telling you

In Phase 2 (ages 62–65), you're pulling only $900/mo from the 401k. Your MAGI is $35,609 — comfortably under the inflation-adjusted ACA CSR ceiling of ~$40,899 for that phase, leaving roughly **$5,290/yr of headroom** before you'd lose Silver CSR.

Why that matters specifically for you:

- **Your 401k is the biggest bucket ($250k) and grows the fastest in dollar terms** (7% on a large base). By age 72 it's still $184k, and by age 80 it ends at just $8k — so the plan is already aiming to draw it down. But you're back-loading those withdrawals into Phases 3–5 when SS is fully taxable (85%) and you're paying federal tax at 12%.
- **In Phase 2, your taxable income is $0** after the standard deduction. You have $12,962 of room inside the 10% bracket sitting completely empty. Every extra 401k dollar withdrawn here is taxed at 0–10% instead of 12% later.
- **You stay under the CSR ceiling**, so ACA premiums and cost-sharing don't change.

Proposed change

Bump Phase 2 401k from $900/mo to about $1,300/mo (an extra $400/mo ≈ $4,800/yr). That:

- Adds about $4,800/yr to MAGI → new MAGI ~$40,400, still under the ~$40,899 CSR ceiling (tight but inside).
- Fills more of your empty 10% bracket. Most of the $4,800 will still be sheltered by the standard deduction or taxed at 10%.
- Reduces the 401k balance going into Phases 3–5, lowering future taxable withdrawals taxed at 12%.
- Gives you more cash in hand now — I'd suggest banking the excess into the cash bucket to also help with the stress-test warning (bigger near-term buffer).

I'm sizing this conservatively to stay clearly inside CSR. Going to the full $5,290 headroom risks crossing the ceiling once you account for equity gains variability.

Phase 2 comparison

Item	Current	Proposed
401k withdrawal	$900/mo	$1,300/mo
MAGI	$35,609	~$40,400
CSR ceiling (inflated)	$40,899	$40,899
Headroom remaining	$5,290	~$500
Federal tax	$0/mo	still ~$0–$10/mo
ACA CSR eligible	YES	YES

Health checks preserved: Income Adequacy, Tax Bracket Efficiency, ACA Subsidy Protected, IRMAA Not Triggered, Portfolio Survives to End, RMD Compliance, Income Floor Foundation. Stress Test remains ⚠ but the extra near-term liquidity nudges it in the right direction.

QUESTION

Ask AI about: ACA subsidy eligibility (Phase 2)

What this badge is telling you

In Phase 2 (ages 62–65, pre-Medicare), your ACA premium subsidy depends on where your MAGI sits between two FPL-based markers:

- **100% FPL floor (~$16,360)** — below this, you fall off Medicaid/marketplace coverage entirely.
- **400% FPL cliff (~$65,438)** — above this, in some years you can lose subsidies entirely (the cliff has been softened by the IRA through 2025; the app conservatively still models it as a hard cliff).

You're at **MAGI $35,609 = 218% of FPL**, with:

- $19,249 of room *above* the floor (no risk of falling off the bottom)
- $29,829 of room *below* the cliff (no risk of losing the subsidy)

But there's a tighter, more important threshold for you that this badge doesn't focus on: the **250% FPL CSR ceiling at ~$40,899**. That's the line for Silver-plan Cost Sharing Reductions (lower deductibles/copays). You're $5,290 below it. CSR is typically worth far more than incremental premium subsidy at your income level.

What it means in practice

- You have room to bring in a bit more income without losing the subsidy — the subsidy cliff is far away.
- But you should **not** push MAGI past ~$40,899, or you'd give up CSR (which downgrades your effective Silver plan to a much higher out-of-pocket cost).
- This is the same headroom I flagged on the 401k badge. The ACA badge is showing it from the subsidy angle; the right move is the same.

Proposed change

Take advantage of the ~$5,290/yr of room between your current MAGI and the CSR ceiling. Bump Phase 2 401k from $900/mo to $1,300/mo (about +$4,800/yr to MAGI, landing around $40,400 — still inside CSR with a small safety margin):

Item	Current	Proposed
Phase 2 401k withdrawal	$900/mo	$1,300/mo
Phase 2 MAGI	$35,609	~$40,400
% of FPL	218%	~247%
CSR ceiling	$40,899	$40,899
Headroom to CSR	$5,290	~$500
Headroom to 400% cliff	$29,829	~$25,000
Federal tax	$0/mo	still ~$0/mo (fits in standard deduction + 10% bracket)

Why this helps you:

- Empties more of the 401k now while it's tax-free (standard deduction shelters most of it; remainder is 10%).
- Less 401k left for Phases 3–5, where 85% of SS is taxable and you're paying 12%.
- Keeps every health check passing — including CSR and the 400% subsidy cliff.

I'm deliberately *not* going right up against the CSR line because equity sales can swing MAGI year to year.

Health checks preserved: Income Adequacy, Tax Bracket Efficiency, ACA Subsidy Protected, IRMAA Not Triggered, Portfolio Survives to End, RMD Compliance, Income Floor Foundation.

> **QUESTION**
> Ask AI about: ACA Cost-Sharing Reductions (CSR) (Phase 2)

What CSR actually means for you

CSR (Cost Sharing Reductions) is the *hidden* big benefit of ACA Silver plans for people in your income range. It's separate from the premium subsidy:

- **Premium subsidy** lowers what you pay each month for the plan.
- **CSR** lowers your **deductible, copays, and out-of-pocket maximum** when you actually use the plan.

For someone at 218% of FPL like you in Phase 2, CSR typically turns a standard Silver plan (e.g. $5,000 deductible, $9,000 OOP max) into something closer to Gold/Platinum coverage (e.g. ~$800 deductible, ~$3,000 OOP max). The badge's "$4–8k/yr" estimate is the value of that improved cost-sharing — but you only realise it in years you have meaningful medical spending.

Your specific numbers

- Phase 2 MAGI: **$35,609** = 218% of FPL ✅
- CSR ceiling (250% FPL, inflated): **$40,899**
- Headroom before losing CSR: **$5,290/yr**
- Phase 2 lasts 36 months (ages 62–65), then you flip to Medicare and CSR no longer applies.

Why this is a real planning constraint

If you push MAGI above ~$40,899 in Phase 2, you keep the premium subsidy but **lose CSR entirely** — there's a cliff at 250% FPL. That can mean thousands more in deductible and copays if you have a hospital stay or major procedure. So the CSR ceiling is a tighter constraint than the 400% subsidy cliff at $65,438.

Should you change anything?

You're already well inside CSR with comfortable headroom — no defensive change needed. The question is whether to **use** the remaining ~$5,290/yr of headroom for a tax-arbitrage win, which I covered in the previous two messages: bump 401k withdrawals to fill empty 10% bracket space now, while still inside CSR.

Re-proposing the same change (it's the right move from this angle too):

Item	Current	Proposed
Phase 2 401k withdrawal	$900/mo	$1,300/mo
Phase 2 MAGI	$35,609	~$40,400
% of FPL	218%	~247%
CSR ceiling	$40,899	$40,899
CSR status	✅ eligible	✅ still eligible (~$500 buffer)
Federal tax	$0/mo	still ~$0/mo

I'm sizing it to leave a small CSR cushion. If you want a more conservative version (e.g. $1,150/mo, MAGI ~$38,400) that keeps a $2.5k CSR buffer in case equity gains spike one year, that's also reasonable — say the word.

Health checks preserved: Income Adequacy, Tax Bracket Efficiency, ACA Subsidy Protected, IRMAA Not Triggered, Portfolio Survives to End, RMD Compliance, Income Floor Foundation.