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Paraplanning for fee-only advisors

Client Meeting Packet — Specimen

Multi-account decumulation sequencing with a state-relocation variable

Prepared for	Sarah Okafor, CFP® — Palmetto Bridge Wealth LLC (fictional advisor)
Household	Greg & Dana Miller (fictional clients) — MFJ, Conway SC, relocating to Franklin TN
Meeting	September 18, 2026 — 90 minutes
Tier / date	Complex — prepared August 5, 2026

The question this meeting must answer

In what order should the Millers draw their accounts to fund retirement spending, and should Roth conversions happen **before or after** the planned Tennessee move — including whether “a big conversion this year while income is low” holds up.

Household snapshot (statement values per case file; Dana 403(b) statement is stale — see gap G2)

Account	Owner	Type	Balance
401(k) + rollover IRA	Greg	Traditional (pre-tax)	$809,200
403(b)	Dana	Traditional (pre-tax)	$241,300
Roth IRA (5-yr met)	Dana	Roth	$88,500
Joint brokerage	Joint	Taxable (basis $214,700)	$308,200
HSA	Greg	HSA — reserved for medical	$34,100
Cash (HYSA)	Joint	3.9% APY	$66,000

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SPECIMEN NOTICE. Every client fact in this packet is fabricated for demonstration. “Palmetto Bridge Wealth,” “Sarah Okafor,” and “Greg & Dana Miller” are fictional. Tax constants and program rules are real and primary-sourced as of August 5, 2026. This document shows the work product an advisor receives; it is not advice to any client.

1 · Decision calendar

Gating decisions first; each carries its real deadline. Items marked † appear again in §8 with sign-off lines.

Decide	By	Item	Gates / depends on
Now	Sept mtg	† Answer Greg's “convert big in 2026” question: **no** — 2026 wages already fill the low brackets; every 2026 conversion dollar starts at 22% federal + SC on top.	None — closes at the meeting
Now	Sept mtg	Reconcile the spending number: plan file vs. client worksheet (gap G1).	Drives every scenario
Now	Sept mtg	Request current 403(b) statement (gap G2) and beneficiary designations (gap G5).	Ledger hygiene
Nov 1 window	Jan 15, 2027	† ACA enrollment for 1/1/2027 with the PTC-eligibility floor mechanic: keep MAGI at or above ~105% of the poverty line in every exchange year — below 100% FPL there is **no** marketplace subsidy in a non-expansion state.	Real quotes land ~Oct (gap G4)
By date	Before rollover	† 401(k) rollover: confirm after-tax amounts / employer-stock (NUA) first (gap G3). Paperwork runs 4–8 weeks.	G3 answer
By date	Dec 2028–2029	Greg Medicare initial enrollment (window opens 3 months before his 2029 eligibility).	Calendar
By date	Spring 2029	† Establish TN domicile **before** executing any 2029 conversion — a conversion executed while still an SC resident is SC-taxed.	Move logistics
By date	2031	Dana Medicare initial enrollment; her exchange coverage (and the household's subsidy exposure) ends here.	Calendar
Annual	Dec, 2031–2038	Execute the year's conversion in December once the year's income picture is known; fill to the top of the 12% bracket ($100,800 in 2026-$, indexed).	Sign-off in §8
Flagged	Before 2031	Greg's delay-to-70 question — flagged per the plan of record, not built this round; changes the Social Security torpedo math if adopted.	Advisor call

2 · Data gaps & exact asks

Gap	Why it matters	The exact ask
G1 — Spending conflict: plan file $84,000/yr vs. client worksheet $88,800/yr	Every scenario scales with it; the ±15% band (§7) covers the worksheet figure, so the verdict survives either answer.	“Which number governs — and is the $1,100/mo travel line a permanent add or a phase?”
G2 — Dana 403(b) balance is a 3/31 statement; all others are 7/31	Stale by four months in a moving market; her balance sets her side of the conversion runway.	Current TIAA statement (any date after 6/30).
G3 — 401(k) after-tax / employer-stock status unknown	After-tax basis or NUA-eligible stock changes the rollover mechanics materially; irreversible if rolled first.	“Please request the plan's source breakdown: pre-tax / Roth / after-tax, and any employer stock.”
G4 — ACA figures are 2026 pricing placeholders	2027 rates publish ~Oct 2026; the subsidy math in §5 re-runs in minutes when real quotes land.	Benchmark silver quotes for a 63/61-year-old couple, Horry County SC.
G5 — Beneficiary designations not provided	The heir-tax haircut in the legacy math assumes the daughter inherits; designations should confirm it.	Current designations for all five accounts + HSA.

3 · Shared assumptions — one world, all scenarios

Every scenario runs on the same assumptions and the same year-by-year engine; differences between scenarios are conversion policy only. Direction tags mark each shortcut's bias.

Assumption	Value / treatment	Direction tag
Returns / inflation (advisor CMA)	5.8% nominal net of fund fees, all accounts; 2.5% inflation; taxable throws 1.8% qualified dividends inside the return. Nominal frame throughout; spending and brackets are inflated to the year spent.	Advisor's CMA governs
Advisory fee	0.85% excluded per advisor instruction.	**Nonconservative** — net returns would be lower; both sides of every comparison shift down together
Bracket indexation	Federal brackets, standard deduction, LTCG breakpoints, IRMAA tiers, FPL indexed at 2.5%; SS-taxability and NIIT thresholds statutory-fixed (not indexed).	Matches law; fixed thresholds are why SS taxation bites harder over time
Social Security	Plan of record: both claim at FRA 67 (2031 / 2033); first years prorated by months; COLA 2.5% from the 2026-$ statement estimates.	Advisor instruction; delay-to-70 flagged, not built
State tax	SC through 2028 (1.99% / 5.21% - $966 on federal TI, SS exempt); TN (no income tax) from 2029. Part-year 2029 SC return not modeled.	**Nonconservative ~<$150** (small Jan–Apr investment income would owe SC)
SC retirement/age deductions	Post-H.4216 SCIAD interaction not re-verified — flagged, not modeled.	**Conservative for SC-years cost** — overstates SC drag by at or below ~$550/yr, slightly flatters deferral
ACA (reverted rules)	Enhanced credits expired 12/31/2025; hard cliff at 400% FPL ($86,715 MAGI in 2027 for two); **no PTC below 100% FPL** (SC non-expansion). All scenarios hold MAGI at or above ~105% FPL in exchange years via top-up conversion.	Mechanic itself is a recommendation — sign-off §8
Medicare / IRMAA	Modeled with the two-year lookback; 2026 tiers indexed at 2.5%.	Tier indexation is an approximation (actual: CPI-U)
Medical trend	6%/yr on all health lines (advisor placeholder).	Re-quote at G4
Heir haircut	Inherited traditional (and HSA) dollars valued at (1 - 24%) per the daughter's ~$210k MFJ income; Roth and stepped-up taxable at 100%.	**Load-bearing** — verdict conditional on it (§8)
HSA	Reserved for qualified medical; drawn last, tax-free.	If spent on non-medical, its draw would be taxable
Cash floor	$30,000 working-capital floor; spendable only once all else is exhausted.	Neutral

4 · Scenarios

S1 is the do-nothing baseline. S2 is the “fill the 12% bracket every year” answer generic software gives — and what Greg's “convert big now” instinct becomes in practice. S3 converts early but caps each ACA-year conversion under the subsidy cliff. S4 defers entirely until the window is actually clear. All conversion activity stops before Greg's first RMD (2039; both spouses reach RMD age at 75 under SECURE 2.0 — a longer runway than the age-73 cohort ahead of them).

S1 — No strategic conversions

Cash above the floor, then taxable, then traditional, Roth last. The only conversions are the small PTC-floor top-ups. The taxable bridge is short — it is exhausted by 2031, so the plan is drawing traditional dollars well before Social Security starts. The deferred balance then compounds into RMDs that reach $138,366 by the plan horizon and a 22%-bracket problem that lands hardest on whichever spouse survives (§6).

Year	Conversion	Fed + SC tax	Net health	ACA subsidy	Taxable income
2027	$1,871	$0	$514	$23,527	$0
2029	$0	$0	$6,970	$14,921	$3,807
2031	$0	$3,125	$13,978	$3,285	$46,588
2035	$0	$6,751	$16,219	$0	$61,424
2040	$0	$9,232	$21,705	$0	$82,774
2047	$0	$12,723	$32,636	$0	$112,969

Lifetime (2026–2061): conversions $1,871 · federal $398,607 · SC $2,790 · IRMAA $0 · ACA subsidy captured $79,007 · heir-adjusted legacy at Dana 90: **$1,779,698**

S2 — Naive 12%-fill — the software default

Fills the 12% bracket with conversions every year from 2027, ignoring the walls. In the two full SC/ACA years alone it forfeits the entire marketplace subsidy and pays SC tax on every converted dollar. This is the scenario Greg's “convert big now” idea turns into, and the counter-math the meeting asked for: same conversion instinct, wrong years.

Year	Conversion	Fed + SC tax	Net health	ACA subsidy	Taxable income
2027	$133,570	$23,083	$24,041	$0	$136,846
2029	$130,174	$19,358	$21,891	$0	$154,327
2031	$33,775	$13,124	$17,263	$0	$114,046
2035	$45,074	$14,487	$16,219	$0	$125,885
2040	$0	$0	$21,705	$0	$0
2047	$0	$0	$32,636	$0	$0

Lifetime (2026–2061): conversions $806,295 · federal $187,300 · SC $16,201 · IRMAA $0 · ACA subsidy captured $0 · heir-adjusted legacy at Dana 90: **$1,498,467**

S3 — Cliff-capped early conversions

Converts in the ACA years but sizes each conversion to stay just under the 400% FPL cliff, then 12%-fills from 2031. It keeps partial subsidies — but under the reverted (post-2025) credit schedule, every converted dollar below the cliff still surrenders about 13.7¢ of subsidy on top of federal and SC tax (§5). The early start is real; the toll is too.

Year	Conversion	Fed + SC tax	Net health	ACA subsidy	Taxable income
2027	$61,010	$4,989	$8,587	$15,454	$53,210
2029	$47,564	$1,228	$13,788	$8,103	$54,152
2031	$33,775	$13,124	$17,263	$0	$114,046
2035	$45,074	$14,487	$16,219	$0	$125,885
2040	$0	$9,232	$21,705	$0	$82,775
2047	$0	$12,693	$32,636	$0	$112,715

Lifetime (2026–2061): conversions $542,185 · federal $235,623 · SC $6,424 · IRMAA $0 · ACA subsidy captured $47,044 · heir-adjusted legacy at Dana 90: **$1,861,181**

S4 — Defer to the clear window

No strategic conversions while anyone is on the exchange. From 2031 — Tennessee residents, both on Medicare, still 8 years before the first RMD — fill the 12% bracket every December. Zero state tax, zero subsidy give-up, IRMAA tier-1 never breached. The window that looks like twelve years is really eight; they are enough.

Year	Conversion	Fed + SC tax	Net health	ACA subsidy	Taxable income
2027	$1,871	$0	$514	$23,527	$0
2029	$0	$0	$6,970	$14,921	$3,807
2031	$67,662	$15,505	$17,263	$0	$129,915
2035	$45,074	$14,487	$16,219	$0	$125,885
2040	$0	$9,232	$21,705	$0	$82,775
2047	$0	$12,693	$32,636	$0	$112,715

Lifetime (2026–2061): conversions $379,693 · federal $337,436 · SC $2,790 · IRMAA $0 · ACA subsidy captured $75,722 · heir-adjusted legacy at Dana 90: **$1,908,655**

Head-to-head

	S1 baseline	S2 naive fill	S3 cliff-capped	S4 defer to window
Heir-adjusted legacy, Dana 90	$1,779,698	$1,498,467	$1,861,181	**$1,908,655**
vs. S4	$-128,957	$-410,188	$-47,474	—
Lifetime federal + SC + IRMAA	$401,397	$203,501	$242,047	$340,226
ACA subsidy captured	$79,007	$0	$47,044	$75,722
Total converted	$1,871	$806,295	$542,185	$379,693

5 · The three walls around the conversion window

On paper the conversion runway is 2027–2038. Mapped against each spouse's coverage timeline and the state calendar, most of it is behind a wall until 2031:

Wall	Years it stands	What it costs
South Carolina tax	2026–2028	Conversions while SC-resident ride the 5.21% top rate (federal TI base). S2 pays $16,201 of SC tax; S4 pays $2,790. The move itself is a life decision — the sequencing around it is the tax lever.
ACA subsidy phase-in & cliff	2027–2031 (while either spouse is on the exchange)	Post-2025 rules: no credit below 100% FPL, a rising required-contribution percentage to 400% FPL, then a hard cliff ($86,715 MAGI for two in 2027). Even *under* the cliff, S3's 2027 conversion of $61,010 surrendered $8,073 of subsidy vs. S4 — an implicit **13.7% surcharge** stacked on top of ~10–12% federal and ~3–5% SC. That stack is why “convert early, stay under the cliff” — sound advice in the enhanced-credit era — now loses to waiting.
IRMAA lookback	Income from 2027 on (Greg premiums 2029+; both spouses from 2031)	Two-year lookback on MAGI. The 12%-fill keeps MAGI comfortably under tier 1 in every year — lifetime IRMAA under S4: $0. The 22%-fill variant breaches it (§7).

Liquidity is a cost, stated plainly

The taxable account is exhausted by 2031 in every scenario — the bridge to Social Security is mostly traditional dollars, which is also why the no-conversion baseline is already filling the low brackets and why the conversion spread is narrower than a naive side-by-side would show. What dies with the taxable account: the 0%-LTCG harvesting lane and the household's only flexible, MAGI-light source of cash. After 2031, every marginal dollar of spending is a taxable IRA dollar until Roth balances mature.

6 · The widow's-penalty check

Nothing in the base case depletes the portfolio — so the marginal traditional dollar is a survivor's or an heir's, and couple-at-90 wealth alone is the wrong objective. Illustration: Greg predeceases during 2046 (age 82); Dana files single from 2047 (age 81), spousal-rollover of his IRA, survivor benefit kept.

2047, Dana filing single	Under S1	Under S4
Her RMD	$85,513	$38,469
Taxable income	$106,566	$43,631
Marginal bracket	22%	12%
Federal tax that year	$14,563	$4,819
IRMAA (single tier 1 $183,074)	Clear	Clear

Same widowhood, same spending — the single-filer bracket compression turns S1's deferred balance into a 22%-bracket annuity of tax. The conversions in S4 are, in substance, insurance she never has to file into it.

7 · Sensitivities & the stress path

Longevity — heir-adjusted legacy by death-of-survivor age

Survivor to age	S1	S2	S3	S4	S4 - S1
85 (2051)	$1,760k	$1,603k	$1,877k	$1,871k	$111k
90 (2056)	$1,780k	$1,498k	$1,861k	$1,909k	$129k
95 (2061)	$1,679k	$1,218k	$1,699k	$1,762k	$83k

The conversion edge holds at every tested age and never flips sign; the heir-adjusted crossover occurs almost immediately (2028) because each converted dollar sheds the 24% heir haircut at a ~12% toll. Note the honest wrinkle: the S4 edge *narrows* at 95 — this portfolio declines in real terms, so the late-life RMD problem partially solves itself. At age 85 the S3/S4 gap is inside rounding ($6k); either window-aware path dominates S1/S2.

Spending ±15% (covers the G1 worksheet figure)

At +15% spending ($96,600/yr 2026-$), the portfolio supports the plan into the survivor's early 90s (exhaustion 2059–2060 across scenarios) and the S4-over-S1 ordering is unchanged (legacy at Dana 90: $463k vs. $452k). At -15%, margins widen everywhere. At this household's draw rate, spending — not conversion policy — is what moves survivability; the conversion question decides *whose* dollars remain, not whether dollars remain.

Deterministic stress — -25% in year one of full retirement

CMA return in 2027 replaced with -25%, 5.8% thereafter, schedule unchanged. The portfolio then fails late in the survivor's 80s in *every* scenario (exhaustion 2054–2055); conversion policy neither causes nor cures it. The verdict that survives the stress path is relative — the S4 ordering still beats the alternatives while money lasts — but absolute plan survival under a bad first year is a spending decision, and belongs in the advisor's Monte Carlo, not this deterministic packet.

The 22%-fill variant

Filling to the top of the 22% bracket from 2031 converts $1,027,355 but triggers $17,440 of IRMAA and prepays at 22–24¢ to save an heir assumed to pay 24% — legacy at Dana 90 falls to $1,595,780, $312,875 behind the 12%-fill. It only re-enters the conversation if the heir's bracket is credibly 32%+.

8 · Conditional recommendation — advisor decisions required

Adopt the S4 policy: draw order cash, then taxable, then traditional, then Roth — HSA reserved for medical; PTC-floor top-ups only while anyone is on the exchange; then fill the 12% bracket each December of 2031–2038, executed as a Tennessee resident. This packet states no probability of success — that number belongs to your planning engine's capital-market model, where this drawdown schedule can be loaded directly.
The recommendation holds **unless** any of the following flips — each is a decision, not a footnote:

† Advisor decision	Why it gates the verdict	Reviewed & accepts / overrides
Heir haircut 24% stands (G5 confirms daughter; her bracket at or above 22%)	If inherited dollars would be taxed below ~12–15%, most of the conversion edge evaporates and S1 re-enters.	______________
Reverted ACA rules persist	If Congress restores enhanced credits, the phase-in surcharge shrinks and cliff-capped early conversions (S3) re-open — re-run before the December execution.	______________
Claim-at-FRA plan of record stands	Delaying Greg to 70 re-shapes the torpedo years and the 2031–2038 fill math.	______________
PTC-floor mechanic (at or above 105% FPL each exchange year)	Small top-up conversions are themselves taxable events executed for subsidy eligibility — an advice-bearing act.	______________

† Advisor decision	Why it gates the verdict	Reviewed & accepts / overrides
2026 answer to Greg: no conversion this year	His wages already occupy the low brackets; the counter-math is S2's two SC/ACA years.	_______________
TN domicile precedes every 2029+ conversion	Execution order, not strategy — but an SC-taxed conversion is an unforced error.	_______________

9 · Sources

Constant / fact	Primary source	Verified
2026 federal brackets, standard deduction, 65+ additions, LTCG breakpoints	IRS Rev. Proc. 2025-32 (Tables 1, 3, 6); OBBBA P.L. 119-21	2026-08-05
Senior deduction $6,000 (2025–2028) — never binds here; both spouses reach 65 after 2028	OBBBA §70103	2026-08-05
RMD age 75 for those born 1960+; Uniform Lifetime Table	SECURE 2.0 Act §107; IRS Pub. 590-B	2026-08-05
Social Security taxability thresholds (statutory, unindexed)	IRC §86	2026-08-05
Medicare Part B $202.90; IRMAA tiers & two-year lookback	CMS 2026 premium notice (Nov 2025)	2026-08-05
Enhanced PTC expiration; reverted contribution schedule; 400% FPL cliff	IRC §36B (reverted); CRS R48290; Rev. Proc. 2025-25; KFF 2026 marketplace data	2026-08-05
South Carolina rates (1.99% / 5.21% - $966), federal-TI base, SS exemption	SC Act 110 of 2026 (H.4216, signed 3/30/2026); SC Code §12-6-510, §12-6-1120	2026-08-05
Tennessee: no individual income tax	Tenn. Code Ann. §67-2-102 (Hall tax repealed eff. 2021)	2026-08-05
All client facts, CMA, health placeholders, claiming plan	Case file (specimen — fabricated), facts ledger F01–F32	n/a — fictional

10 · QA & methodology note

Constants were verified against the named primary sources on the dates shown, with a same-day currency check for post-publication amendments. All scenario figures are computed by a single Python engine and rendered directly from its output file — no figure, year, age, or bracket label in this document was typed by hand. The engine iterates conversions, withdrawals, and taxes to a joint fixed point each year; scenarios share one world and counterfactual balances are projected net of the plan's own draws. Every load-bearing figure was cold re-read against its source for value, units, owner, and as-of date; the one intake conflict (G1) is reconciled on the gaps list, not silently resolved. Every rendered page was visually inspected. Direction-of-error tags sit beside each shortcut in §3. Flagged-not-modeled: AMT and NIIT (bounded — modeled income never approaches either threshold), SC retirement deductions (at or below ~$550/yr), the 2029 part-year SC return (at or below ~$150). Red-team seed test: one deliberate misread was planted in a copy of the facts ledger and the cold re-read protocol was required to catch it before ship — result recorded in the cover note. Rubric: Hornbeckco QA v1.0, specimen-strict. This packet intentionally reports no probability of success; deterministic sequencing analysis feeds the advisor's stochastic engine, not the reverse.

11 · One page for Greg & Dana

What we're recommending, in plain terms

Spend from your cash and the joint brokerage account first. Don't convert anything to Roth this year — your paychecks already used up the cheap tax space. While you're buying your own health insurance (2027 until Dana's Medicare starts in 2031), we keep your taxable income low on purpose: it makes the government pay a large share of your premiums, and we'll do one small maneuver each year to stay qualified.

Then, once you're Tennessee residents and both on Medicare, we start moving money from the IRAs to Roth every December — enough to fill the low tax brackets, for about eight years, finishing before required withdrawals begin at 75.

What it costs and what it buys

You would pay roughly **$61,744** more in tax during ages 65–74 than if you never converted — and be roughly **$128,957** better off, after all taxes including your daughter's, at age 90. Doing the conversions in the early years instead (while on marketplace insurance in South Carolina) gives back most of that; doing big conversions every year regardless costs about **$410,188** versus waiting for the window.

There's a quieter reason too: if one of you is someday filing alone, the plan as it stands today would hand the survivor a tax bill of about $14,563 a year. With the conversions done, it's about $4,819.

The honest sentence

This is a choice about *when* money matters to you — paying some tax in your late 60s and early 70s so that your 80s, your survivor, and your daughter keep more. It is not free, and it is not required. Sarah will walk through whether that trade fits how you both think about the years ahead.

What we are not deciding today

Whether Greg delays Social Security to 70 (worth a separate look), what to do inside the 401(k) until we see its statement detail, and nothing about the house beyond the calendar. The move to Tennessee is your decision for your reasons; this plan just makes sure the tax calendar works around it instead of against it.

> Prepared by Hornbeckco for advisor review. SPECIMEN — every client fact on this page is fabricated. Figures are deterministic projections under the assumptions in §3; they are planning quantities, not predictions.