STABLER
WEALTH MANAGEMENT

The 5 Biggest Retirement Mistakes Boeing Professionals Make

Avoid These Costly Errors to Plan Your Financial Future with Confidence

Planning for retirement as a Boeing professional comes with unique challenges, and unfortunately, many retirees make key mistakes that can cost them significantly. In this article, we explore the five biggest retirement mistakes Boeing professionals make and how you can avoid them.

1. Saving Only in Pre-Tax Retirement Accounts

Most Boeing professionals retire with their entire nest egg in taxable accounts, including pre-tax 401(k)s, pensions, and Social Security. While pre-tax contributions provide immediate tax savings, they can create a retirement tax trap later.

When all your income is taxable, it limits flexibility and can push you into higher tax brackets, especially when withdrawing large sums for expenses like a home remodel or helping family.

How to Avoid It: Consider diversifying your retirement savings by contributing to a Roth 401(k) or using the Mega Backdoor Roth strategy. While you won't get an upfront tax break, these accounts provide tax-free growth and withdrawals, giving you more control over your tax picture in retirement.

2. Making the Wrong Pension Decision

One of the biggest decisions Boeing professionals face is whether to take the pension annuity or a lump sum payout. Many people make this decision based on gut feeling rather than mathematical analysis and long-term planning.

For example, a lump sum may be the better choice if you're in poor health and want to leave assets to your heirs. However, in certain cases, the annuity offers a guaranteed high return compared to market investments, making it a strong option. Furthermore, whether you are a union (specifically SPEEA) or non-union employee impacts the calculation as well.

How to Avoid It: Work with a Certified Financial Planner (CFP®) to run an in-depth analysis of which option provides the most value based on your personal financial situation and goals.

3. Keeping Your After-Tax 401(k) in the After-Tax Bucket

Many Boeing employees unknowingly leave their after-tax 401(k) contributions in the wrong place, resulting in unnecessary taxes when they withdraw the funds.

The right move is to strategically convert after-tax 401(k) contributions into a Roth IRA - the Mega Backdoor Roth strategy. This ensures tax-free growth instead of paying ordinary income tax on the gains when accessed in retirement.

How to Avoid It: Convert after-tax 401(k) contributions to a Roth account immediately to help prevent future tax consequences. Be sure to work with a financial professional to ensure the transfer is done correctly, to avoid an unwanted tax hit.

4. Not Signing Up for Boeing Medicare If Spouse Is Younger

If you were hired before 2007, you may qualify for Boeing's early retirement medical coverage, but only if you remain on Boeing insurance when you transition to Medicare.

We have seen retirees make the mistake of opting for traditional Medicare without choosing Boeing's Aetna Medicare Advantage plan, which meets the requirement to keep a younger spouse covered under Boeing's plan.

How to Avoid It: When turning 65, evaluate opting into Boeing's Medicare plan to ensure your spouse's continued coverage. Note, there are certain scenarios where this plan may not provide the appropriate health care, and therefore it's important to review your own situation.

5. Waiting Until Full Retirement Age (FRA) to Claim Social Security

Most people have FRA (Full Retirement Age) at the top of their minds when planning for Social Security. While FRA is important if you're still working, it's often not the best time to claim benefits if you're already retired.

A better strategy for many retired couples is for the spouse with the lower Social Security benefit to claim as early as 62, while the higher-earning spouse delays up until age 70. This aims to maximize the total benefit and ensures the surviving spouse gets the highest possible lifetime income.

How to Avoid It: Consider a strategic claiming strategy using a Social Security analysis tool to optimize your lifetime Social Security benefits rather than defaulting to FRA.

Final Thoughts

Avoiding these mistakes can help Boeing professionals maximize retirement savings, minimize taxes, and work towards financial security. Each decision, from how you save to when you claim benefits, has long-term consequences.

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At Stabler Wealth Management, we specialize in working with Boeing professionals to create personalized retirement strategies. If you're approaching retirement, schedule a free financial check-up to ensure you're making the best decisions for your future.

Schedule Your Consultation Today!

Take control of your retirement with a smart, informed strategy.

team@stablerwm.com | (425) 646-6327 | www.stablerwealthmanagement.com