



BOEING **FINANCIAL AVIATOR**

HELPING BOEING PROFESSIONALS
NAVIGATE RETIREMENT WITH CONFIDENCE

The Retirement Tax Trap Most Boeing Professionals Don't See Coming

How to Reduce Lifetime Taxes and Create Flexibility Before You Retire

Many Boeing professionals approach retirement focused on a single number: the size of their 401(k). But retirement success is not determined by the balance on a statement. It is determined by how efficiently that balance can support your lifestyle after taxes for what could be 30 to 40 years.

One of the most common retirement surprises we see for Boeing professionals is that their **taxes in retirement are often higher than expected.**

Once retirement is underway, your flexibility declines and the planning levers become more limited. The good news is that with proactive planning in the final working years and early retirement window, you can materially reduce this risk.

Taxes in Retirement: The Boeing "Tax Stack"

For many Boeing retirees, retirement income is not a single stream. It is a stack of taxable income sources that layer on top of each other over time:

- Pension income (taxable)
- Withdrawals from a rolled-over lump sum (taxable)
- Social Security (often partially taxable)
- Traditional 401(k) and IRA withdrawals (taxable)
- Required Minimum Distributions (RMDs)
- Supplemental Savings Plan (SSP) distributions
- One-time large withdrawals

Individually, none of these appear problematic.

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The issue is what happens when they overlap.

You may begin retirement drawing from your pension and portfolio. A few years later, Social Security begins. Later still, RMDs become mandatory. The layering effect can raise taxable income in your 70s beyond what you experienced while working.

This is what we have referred to in prior Boeing webinars as the **Retirement Tax Headlock**.

Why One-Time Expenses Become a Tax Problem

Even if your baseline retirement income is manageable, large one-time expenses can unintentionally create a high-tax year. Common examples include a home remodel, major travel early in retirement, or helping an adult child with a down payment.

If most of your assets are in pre-tax accounts, the primary way to fund these expenses is by pulling additional dollars from your 401(k) or IRA.

That extra withdrawal can:

- Push you into a higher marginal bracket
- Increase Medicare premiums
- Reduce ACA healthcare subsidies prior to age 65
- Accelerate future RMD pressure

The issue is not the expense. The issue is **where the money comes from**.

The Hidden Risk Many Couples Miss: The Surviving Spouse Tax Problem

Tax planning is also family protection planning.

When one spouse passes away, the surviving spouse typically shifts from Married Filing Jointly to Single filing status. The tax brackets narrow considerably. The same income is now taxed across narrower brackets.

For Boeing retirees whose income is largely composed of pension payments, Social Security, and required retirement account withdrawals, this can materially increase marginal tax exposure later in life. Even couples comfortable with their projected retirement taxes may unknowingly expose a surviving spouse to significantly higher rates.

Planning ahead can reduce that risk.

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The Solution Is Tax Flexibility

The answer to the retirement tax trap is not a single tactic. It is building tax flexibility.

We think of retirement assets in four primary tax buckets:

1. Pre-tax: Traditional 401(k), IRA, SSP
2. Roth: Roth 401(k), Roth IRA
3. After-tax brokerage: Capital gains flexibility
4. HSA: Long-term medical reserve

A retiree with assets across these buckets can fund spending strategically.

A retiree with nearly everything in pre-tax accounts has fewer levers and may be forced to realize taxable income at precisely the wrong time.

Flexibility reduces stress. It reduces surprises. And it reduces lifetime taxes.

The Final Working Years: Your Best Planning Window

For many Boeing professionals, the final working years are peak earning years. Cash flow may improve. Major expenses may decline. This is also your strongest opportunity to build tax diversification.

At Boeing, this may include:

- Evaluating Roth 401(k) versus traditional 401(k) contributions
- Using the Health Savings Account strategically if enrolled in Advantage+
- Implementing the Mega Backdoor Roth within the Boeing 401(k) plan
- Building after-tax brokerage savings for flexibility
- Carefully evaluating the role of the SSP versus additional Roth exposure

These decisions align with the Boeing retirement savings hierarchy framework we have discussed in [prior workshops](#). The earlier you act, the more control you retain.

The Early Retirement “Gap Years”: A Second Opportunity

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If you retire before Social Security begins and before RMDs start, you may experience several years of temporarily lower taxable income. These can be the most flexible tax years of your life.

During this window, you may be able to:

- Strategically convert portions of pre-tax assets to Roth
- Manage taxable income within favorable brackets
- Reduce future RMD exposure
- Coordinate withdrawals to minimize Medicare IRMAA or ACA impacts

The goal is not to convert everything. The goal is to pay taxes intentionally at lower rates now rather than being forced to pay higher rates later.

A Practical Checklist If You Are Within a Few Years of Retirement

If you are within a few years of retiring from Boeing, begin here:

1. Estimate your retirement tax stack
Map pension timing, Social Security strategy, and projected withdrawals.
2. Identify large one-time expenses in the first five years
Remodels, vehicles, travel, family support.
3. Review your asset mix across the four tax buckets
Pre-tax, Roth, after-tax brokerage, and HSA.
4. Confirm Boeing-specific strategies are optimized
HSA usage, Mega Backdoor Roth execution, SSP coordination.
5. Outline a high-level Gap Year tax strategy
Identify a reasonable Roth conversion range and define your guardrails.

These steps can materially alter your long-term after-tax retirement picture.

Final Thoughts

Retirement planning is not only about reaching a savings target. It is about designing a plan that funds your lifestyle after taxes, with fewer surprises, across decades.

The Retirement Tax Trap Most Boeing Professionals Don't See Coming

For Boeing professionals, the retirement tax trap is common — but avoidable. If you are within five years of retirement, this is the window where thoughtful tax planning can have a meaningful impact.

We offer a complimentary Retirement Trial Run for Boeing professionals to help you evaluate your income plan, pension decision, and tax exposure before retirement. Schedule your Retirement Trial Run today.

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