

A FREE GUIDE FOR FAMILIES NEAR OR IN RETIREMENT

The Retirement Blueprint

7 Financial Moves for Malayalee & South Asian Families

You spent decades working, saving, and taking care of the people who depend on you, here and back home. This guide explains, in plain language, the seven decisions that shape how long that money lasts and how much of it reaches your family.



A note before you begin

Many of the families I meet have done everything right. They saved diligently, raised their children well, and helped relatives along the way. What they often have not had is someone to explain how the pieces fit together once the paychecks stop.

That is what this guide is for. There is nothing to buy here and nothing you need to decide today. Read it at your own pace, share it with your spouse or your children, and use the questions at the end of each section to see where your own plan stands.

Tom Sunny, CFP®, CLU®, RICP®

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Time Your Social Security Claim

The one income that lasts for life and keeps pace with inflation

Social Security isn't just a check. It's longevity insurance.

It is guaranteed by the federal government, adjusts for inflation every year, and continues for as long as you live. For many couples, the decision of when to claim is worth tens of thousands of dollars over a lifetime.

1 How Your Claiming Age Changes Your Check

FULL RETIREMENT AGE IS 67

If you were born in 1960 or later, your **full retirement age** is 67. You can claim as early as 62, but your check is permanently reduced. For every year you wait past 67, up to age 70, your check grows by 8%.

IF YOU CLAIM AT	SHARE OF YOUR FULL BENEFIT	EXAMPLE MONTHLY CHECK	WHAT IT MEANS
Age 62	About 70%	\$1,400	Smallest check, paid for the most years
Age 67	100%	\$2,000	Your full benefit
Age 70	About 124%	\$2,480	Largest check, for life, plus yearly cost-of-living raises

Illustration assumes a \$2,000 benefit at full retirement age. Your own figures are on your Social Security statement.

FOR COUPLES

The survivor benefit matters most

When one spouse passes away, the surviving spouse keeps the **larger** of the two checks. If the higher earner waits to claim, the survivor's income is protected for life. That is why many couples have the higher earner wait while the other spouse claims earlier.

IF YOU ARRIVED LATER

A later start in the U.S.

Social Security is based on your 35 highest-earning years in the U.S. If one spouse arrived later or stepped away to care for family, their record may be smaller. A **spousal benefit** of up to half of the other spouse's full benefit may help, and timing becomes even more important.

There is no single "right" age

Claiming at 62 can make sense if you need the income, have health concerns, or are the lower earner in a couple. Waiting can make sense if you are healthy, still working, or want to protect a surviving spouse. The decision should be personal, not default.

? Questions to Ask Yourself

- ☐ Have I created my free account at ssa.gov/myaccount and checked that my earnings record is correct?
- ☐ If I am married, which of us has the larger benefit, and how would the survivor be affected?
- ☐ Do I have other savings that could cover a few years so I can wait to claim?

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Know Your Workplace Plan Options

401(k), 403(b), 457(b), and TSP: what to do when you leave work or reach 59½

A workplace plan is built for saving. Retirement is about spending.

When you leave your job, or reach 59½ in many plans even while still working, new options open up. None is right for everyone, so understand all four before deciding.

1 Your Four Choices

EACH HAS TRADE-OFFS

OPTION 1

Leave it in the plan

Simple and familiar. Investment choices and withdrawal options may be limited.

OPTION 2

Move to a new employer's plan

Keeps things in one place if you are still working and the new plan allows it.

OPTION 3

Roll over to an IRA

Usually the widest range of choices for growth, diversification, and guarantees, plus control over withholding.

OPTION 4

Cash it out

Fully taxable, and a 10% penalty may apply before 59½. Usually the costliest choice.

Guarantees are backed by the claims-paying ability of the issuing insurance company.

! The 20% Withholding Trap

HOW YOU MOVE THE MONEY MATTERS

IF THE CHECK IS MADE OUT TO YOU (\$100,000 BALANCE)

Plan withholds 20%

You receive \$80,000; \$20,000 goes to the IRS



60-day deadline

You must deposit the full \$100,000, using \$20,000 of your own savings



If you can't

The missing \$20,000 is taxed as income, plus a possible penalty

IF THE MONEY MOVES DIRECTLY BETWEEN INSTITUTIONS

Direct rollover

Plan sends funds straight to the IRA



Nothing withheld

All \$100,000 stays invested



You choose withholding

On each later IRA withdrawal, you decide how much tax to withhold

2 When Staying Put May Make Sense

EVERY ROLLOVER DESERVES ANALYSIS

- **TSP:** very low costs that can be hard to beat
- **Governmental 457(b):** no 10% early-withdrawal penalty at any age after you leave
- **Leaving work at 55 or later:** many 401(k)s allow penalty-free withdrawals before 59½
- **Company stock:** special tax treatment may be lost if rolled over
- **Creditor protection:** workplace plans have strong federal protection
- **Still working past 73:** you may be able to delay required withdrawals from your current plan

Ask yourself: What can I invest in today, what does my plan cost, and what changes once I leave work or turn 59½?

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Withdraw in the Right Order

Your tax bracket versus what you really pay

It's not what you save. It's what you keep.

Two families with the same savings can pay very different taxes in retirement, simply because of which accounts they draw from and when. A thoughtful order can save tens of thousands of dollars over time.

1 Know Your Three Tax Buckets

EVERY DOLLAR SITS IN ONE

TAX-DEFERRED

Pay tax later

Traditional IRAs, 401(k)s, 403(b)s, 457(b)s, and TSP. Every dollar withdrawn is taxed as ordinary income.

TAX-FREE

Paid tax already

Roth IRAs and Roth 401(k)s. Qualified withdrawals are tax-free and don't raise your taxable income.

TAXABLE

Pay tax as you go

Brokerage and savings accounts. Generally only interest and gains are taxed, often at lower rates.

2 Your Bracket Is Not Your Tax Rate

THE MOST COMMON MISUNDERSTANDING

Many retirees say "I'm in the 22% bracket" and assume they pay 22% on everything. They don't. Income is taxed in layers: the first layer at 10%, the next at 12%, and so on. Your **tax bracket** is the rate on your *next* dollar. Your **effective tax rate** is your total tax divided by your income, and it is usually much lower.

2026 FEDERAL BRACKET (MARRIED FILING JOINTLY)	TAXABLE INCOME IN THIS LAYER
10%	Up to \$24,800
12%	\$24,800 to \$100,800
22%	\$100,800 to \$211,400
24%	\$211,400 to \$403,550

\$133,000

Total income for a married couple under 65

\$11,600

Federal income tax, after the \$32,200 standard deduction

8.7%

Effective tax rate, even though they are in the 12% bracket

Turning 65 lowers the bar even more

In 2026, each spouse age 65 or older adds \$1,650 to the standard deduction. A temporary senior deduction of up to \$6,000 per person also applies through 2028, phasing out for incomes above \$150,000 for married couples.

Ask yourself: Do I know my effective tax rate? Am I leaving room in a low bracket unused each year?

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Use the Roth Conversion Window

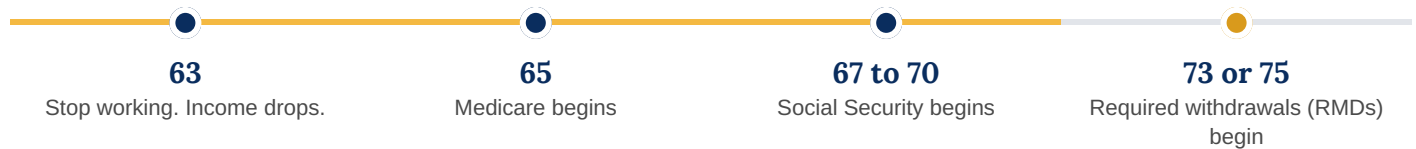
The low-tax years between your paycheck and required withdrawals

Every dollar in a traditional IRA has a tax bill attached. You get to choose when to pay it.

The years after you stop working but before Social Security and required withdrawals begin are often the lowest-tax years of your life. Used well, they can lower the taxes you pay for decades.

1 Your Planning Window

AN EXAMPLE TIMELINE



THE IDEA

What a Roth conversion is

You move money from a traditional IRA to a Roth IRA and pay income tax on the amount moved. From then on, it can grow and be withdrawn **tax-free**, there are **no required withdrawals** during your lifetime, and your children generally inherit it income-tax-free.

AN EXAMPLE

Filling the 12% bracket

A married couple retires at 63 with \$800,000 in a traditional IRA and little other income. Each year, they convert just enough to fill the **12% bracket** (up to \$100,800 of taxable income in 2026). Over several years, they shrink future required withdrawals and lower their lifetime tax bill.

2 Why Required Withdrawals Matter

RMDs START AT 73 OR 75

Starting at age 73 (or 75 if you were born in 1960 or later), the IRS requires you to withdraw a minimum amount from traditional IRAs and most workplace plans every year, whether you need the money or not. Each withdrawal is taxed as ordinary income.

\$1.5M

Traditional IRA balance at age 73

≈ \$57,000

First-year required withdrawal, and it generally grows each year

25%

Penalty on a missed withdrawal (10% if corrected promptly)

Watch the ripple effects

A large conversion raises your income for that year. Before 65, that can reduce health insurance subsidies. From age 63 on, it can also raise your Medicare premiums two years later. Conversions work best in measured amounts, planned year by year.

Ask yourself: How large will my required withdrawals be, and do I have low-tax years ahead that I could use?

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Protect Your Health and Your Family

Medicare, long-term care, and insurance that works together

A plan that ignores healthcare **isn't really a plan.**

Healthcare is the expense retirees most often underestimate, and the coverage they had at work often changes the day they retire. A little preparation keeps a health event from becoming a financial one.

\$185,500

Estimated lifetime healthcare cost for one person retiring at 65 in 2026 (Fidelity)

\$202.90

Standard monthly Medicare Part B premium in 2026, per person

\$218,000

Joint income above which Medicare surcharges (IRMAA) begin

1 Medicare Is Not Free

INCOME TODAY SETS PREMIUMS LATER

Medicare premiums rise with income through surcharges called **IRMAA**. They are based on your tax return from **two years earlier**, so a large withdrawal, property sale, or Roth conversion at 63 can raise your premiums at 65. Medicare also does not cover most long-term custodial care, such as help with bathing or dressing at home or in a facility.

Retiring before 65?

Medicare starts at 65. Until then, you will need coverage through COBRA (usually up to 18 months), a spouse's employer plan, or the health insurance marketplace, where your reported income affects what you pay.

2 Planning for Long-Term Care

A GIFT TO YOUR CHILDREN TOO

In many South Asian families, children have traditionally provided care. But with children building careers across the country, many families now plan ahead using one or a combination of: **savings set aside** for care, **long-term care insurance**, or **hybrid life insurance policies** that include long-term care benefits. Planning early keeps more options open and costs lower.

3 Insurance That Works Together

EMPLOYER PLUS PERSONALLY OWNED

THROUGH YOUR EMPLOYER

Often ends when work ends

Group life and disability coverage is convenient and low-cost while you work, but it usually ends or becomes expensive to continue when you retire or change jobs.

PERSONALLY OWNED

Stays with you

Policies you own stay in place regardless of your job. Coordinating the two helps protect what matters most and makes sure coverage is there when your family needs it.

Ask yourself: What coverage do I lose on my last day of work? Who would care for me, and how would it be paid for?

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Avoid Probate, Connect Kerala

An estate plan that works here and for property back home

An estate plan isn't about death. It's about control.

It decides who makes choices for you if you can't, and how what you built reaches the people you love without delay, cost, or confusion. Most family disagreements after a death aren't about money. They're about uncertainty.

1 Keeping U.S. Property Out of Probate

A WILL ALONE ISN'T ENOUGH

Probate is the court-supervised process of transferring assets after death. It is public, can take many months, and adds legal costs. A will still goes through probate. Assets held in a **revocable living trust**, or passed by an up-to-date **beneficiary designation**, generally do not.

Revocable Living Trust

Holds your home and accounts so they can pass privately, without probate.

Will

Covers anything outside the trust and names guardians if needed.

Powers of Attorney

Let someone you trust handle money and medical decisions if you can't.

Beneficiaries

Override your will. Review them on every retirement account and policy.

The step most people skip

A trust only works if your assets are retitled into it. An unfunded trust is just paperwork, and the home can still end up in probate.

2 Tying Your Plan to Property in Kerala

TWO COUNTRIES, ONE PLAN

- Property in Kerala passes under **Indian law**, not your U.S. trust. Many families use a **separate will** for Indian assets, prepared with an attorney in India, so it doesn't conflict with the U.S. plan.
- Keep title documents, tax receipts, and account **nominations** current, and tell your family where they are kept.
- U.S. residents with financial accounts in India totaling more than \$10,000 generally must report them to the U.S. Treasury each year. Ask your CPA about this.

Your Attorneys

Draft your U.S. trust and will, and your will for India, under each country's laws.

Sunny Financial

Coordinates the financial side: beneficiaries, account titling, and how it all fits your plan.

Your CPA

Handles tax filings, including any reporting on accounts in India.

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Build an Income Plan, Not Just a Portfolio

Bringing all seven moves together

**Saving for retirement is half the journey.
Living off it is the other half.**

A portfolio is a tool. An income plan is the blueprint for how that tool pays you, month after month, for the rest of your life. None of these seven moves stands alone: each one affects the others.

1 What a Real Income Plan Answers

- How much can we safely spend each year?
- How do we create a reliable monthly paycheck?
- How do we invest to stay ahead of inflation without more risk than we need?
- What happens if markets fall early in retirement?
- How do we keep helping family without risking our own security?
- Will we still feel protected at 90?

✓ Your Blueprint Checklist

AT YOUR OWN PACE

- | | |
|--|---|
| ☐ Create your account at ssa.gov/myaccount and review your estimate | ☐ Write down the coverage you lose when you stop working |
| ☐ List every 401(k), 403(b), 457(b), TSP, and IRA, and what each costs | ☐ Review every beneficiary designation |
| ☐ Find your effective tax rate on last year's return | ☐ Confirm your U.S. trust is funded and your Kerala documents are in order |
| ☐ Estimate your required withdrawals at 73 or 75 | ☐ Share this guide with your spouse or children |

Want a second set of eyes?

If you'd like help putting the pieces together, Tom offers a complimentary 30-minute Retirement Blueprint Review by phone or Zoom. Your spouse and children are welcome to join. There is no cost or obligation, and the decisions always remain yours.

Schedule: calendly.com/tsunny/intro-call · **Call:** 847.585.4931

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About Tom Sunny, CFP®, CLU®, RICP®

Tom is the President and Founder of Sunny Financial Strategies in Schaumburg, Illinois, and a second-generation financial professional in a family practice that began in 1996. He and his team serve more than 1,500 clients across the country, with a focus on retirement income, tax-efficient planning, and helping families coordinate their finances across generations.

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