My Dear Friend,

It is good to read you. I hope you and your spouse are doing great and that you enjoy your well-deserved retirement. I was also delighted to meet you the other day. Fortunately, my master’s degree is going smoothly and challenges me with new knowledge.

It is a pleasure for me to help you plan your retirement and I thank you for your trust. I have conducted a series of analyses based on the information you provided and here is a summary of my findings:

* First of all, from the tax brackets, I figured out based on your taxable income that you will be better off living in California starting this year (2021) until December 2028. I did understand you wanted to live in Massachusetts and be near your grandchildren. Nonetheless, remaining in Massachusetts for the 7 early years will cost you more taxes to pay and hence, reduce your savings.
* Moreover, your savings account will allow you to pursue your usual lifestyle in California until December 2028, and roughly in January 2029, when you will turn 70. By then, you will have to start withdrawing from your IRA account. You do not need to worry about how much you withdraw from your IRA account as long as it is more than your minimum required distribution (RMD). You are only required not to withdraw less.
* In addition, from January 2029, you will now be better off living in Massachusetts in terms of tax.
* Furthermore, the government will collect a total of $272,302.5 as taxes from your IRA account, which is more than half your initial IRA account’s budget ($400,000) in Jan 2021.
* Finally, as your expenses will increase each year and with all the taxes to pay, your IRA account will only last you until roughly March 2036, when you will be 77 years old. You will then have to cut your expenses by nine (09) months (Apr-Dec), around 65% of the year’s spending budget (approximately $96,000) to live from your IRA account for the whole 2036 year.

In a nutshell, your combined savings will last you up until March 2036 at 77 years old, living from 2021 to 2028 in California, and then in Massachusetts from 2029 to 2036. Cutting your Expenses by 65% to rely on your IRA account’s budget for the whole 2036 year sounds unrealistic. As you mentioned in the email, you have a good way of life and will be expected to live at least 80 years (Life expectancy 77.3 + 3 years). To consider living from your accounts (savings and IRA) for beyond 80 years, I suggest you revise your spending budget ($81.5k) or have a plan B like getting help from your child (/children) after 2036. I have attached to this email an excel file where I have detailed my analysis and explanations.

In hope that I have helped quench your worries, I wish you a happy new year and a wonderful retirement life.

Sincerely,

Your Friend