COMPANION MATERIAL · REVISED FOR 2026

Don't Run Out

The charts, cast, and glossary that go with the audiobook.

Jeff Batson, RFC®

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About this companion

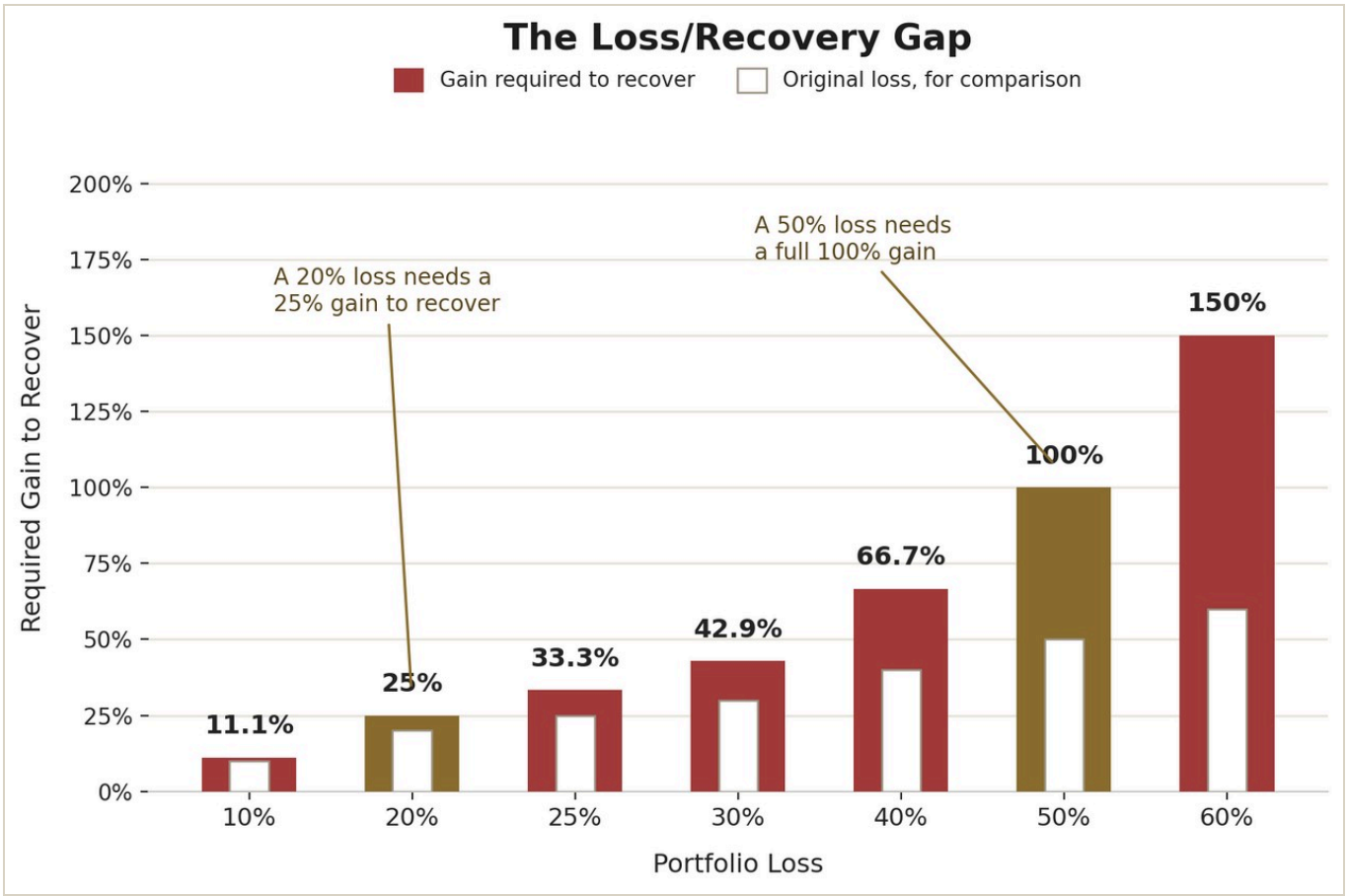
Throughout this book, the same six people return. They're entirely fictional, invented to make abstract rules concrete, but the situations they face are drawn from the kinds of conversations financial advisors have every week. This page is here to flip back to whenever it's hard to keep track of who's who.

Everything here is free. There is nothing to fill in and nothing to sign up for. This same material is online at goatplanning.com/book, and the audiobook is at goatplanning.com/book/audio.

Charts

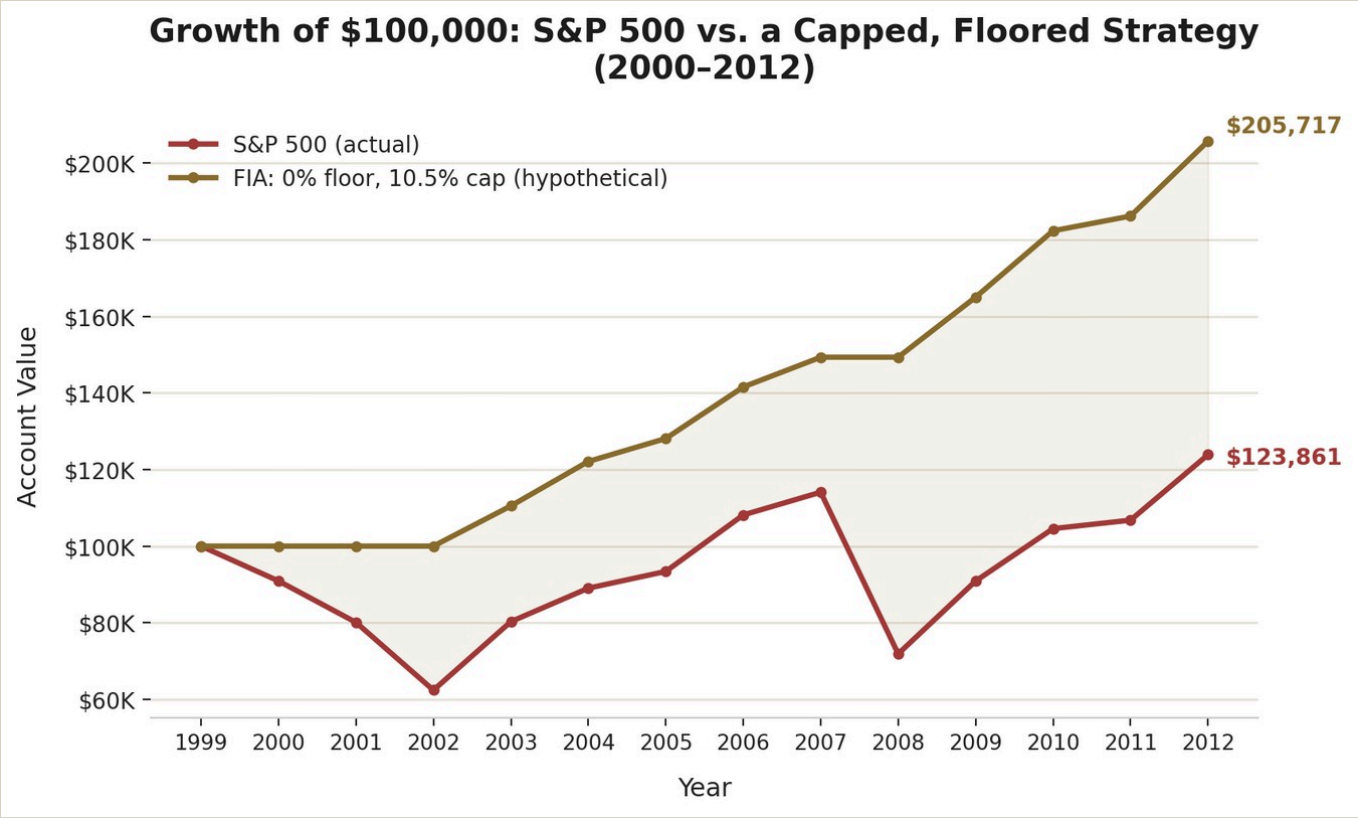
Seventeen figures from the printed book, in chapter order.

CHAPTER 2 — SEQUENCE OF RETURNS



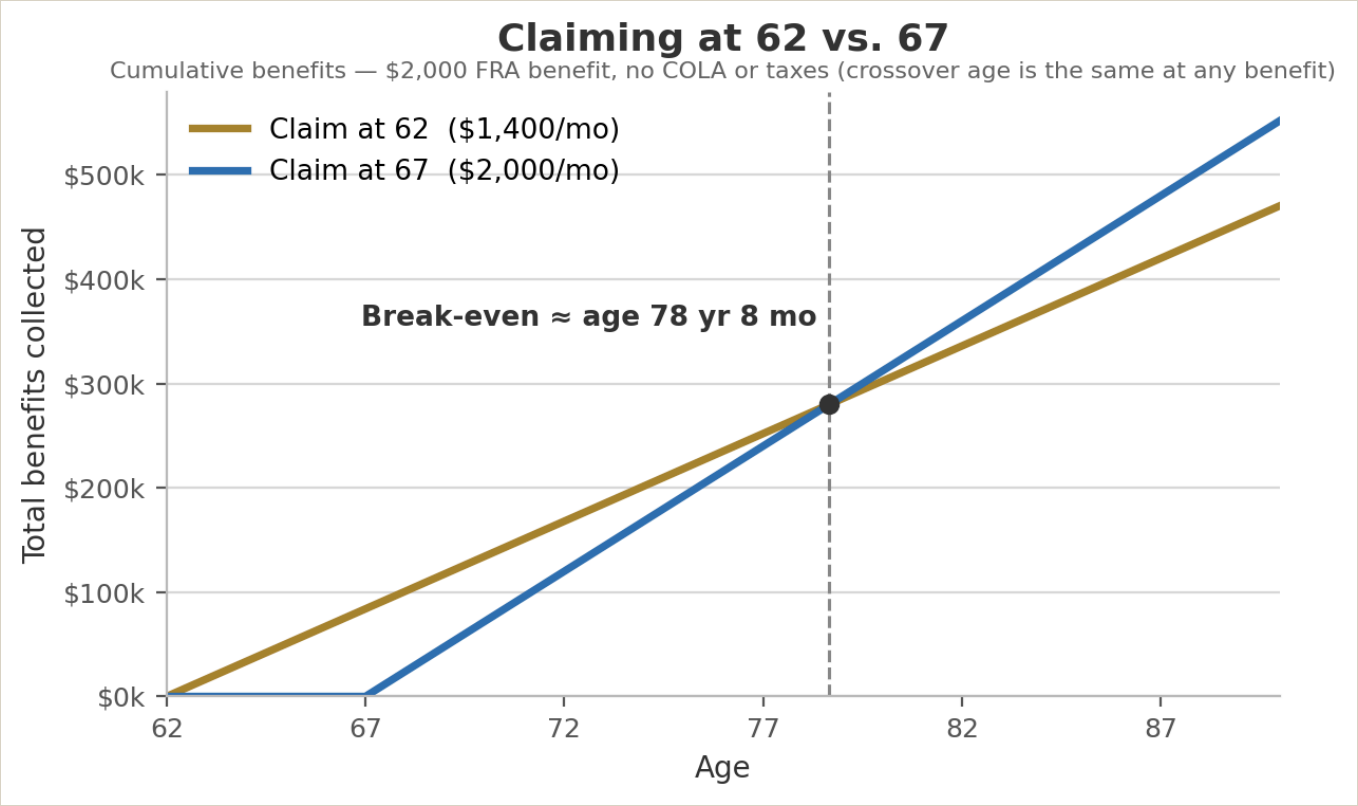
The loss/recovery gap

How large a gain each size of loss needs just to get back to even.



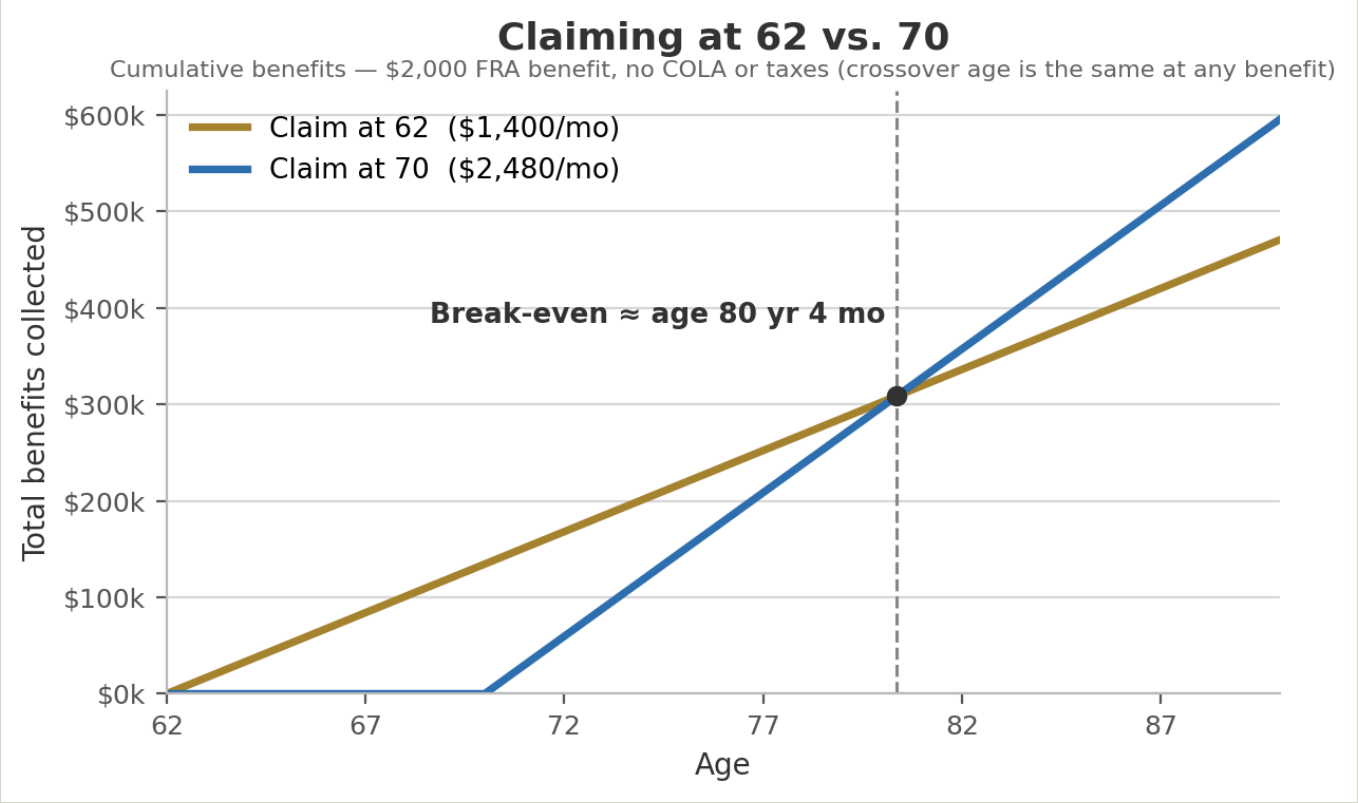
$100,000 invested, 2000–2012

The S&P 500 against the same money in a 0% floor, 10.5% cap strategy.



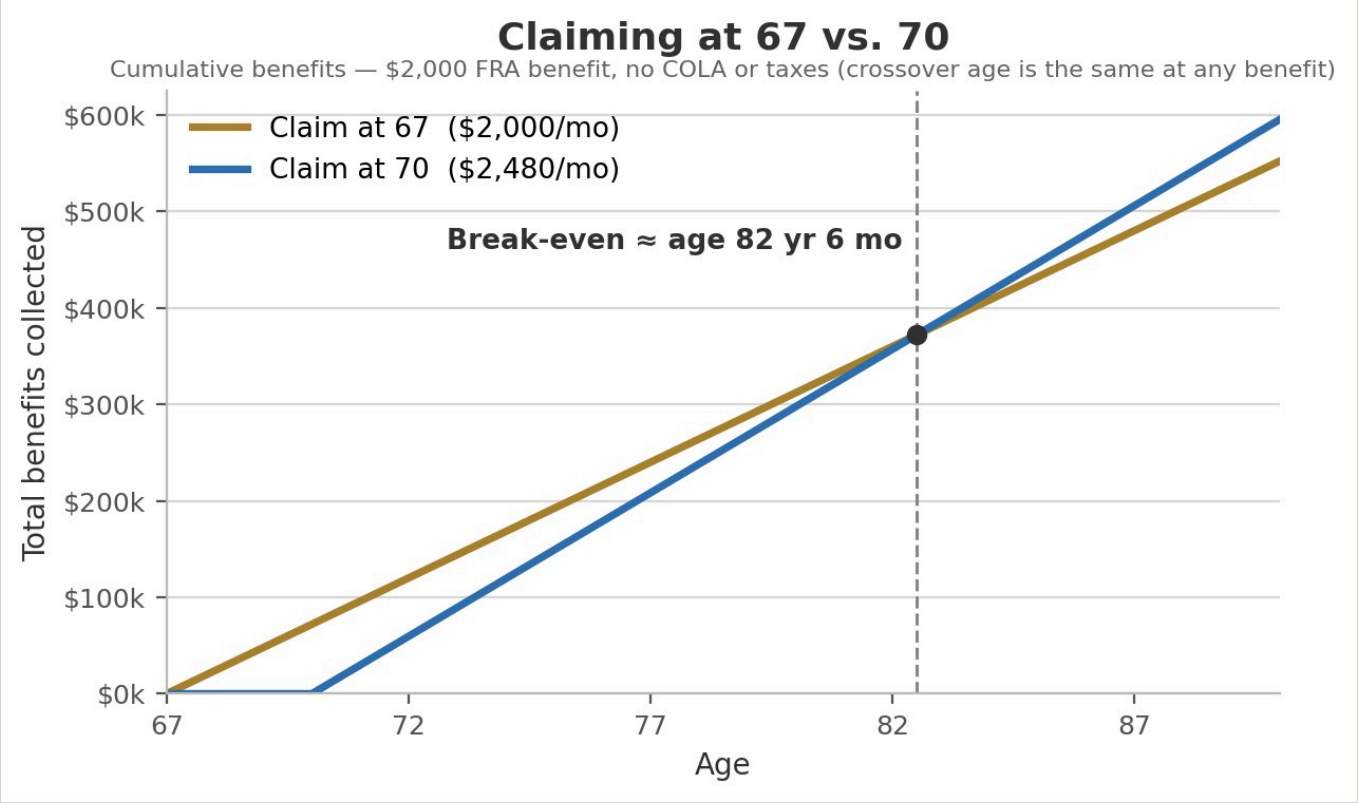
Claiming at 62 vs. 67

Cumulative benefits collected. Crossover near age 78 years 8 months.



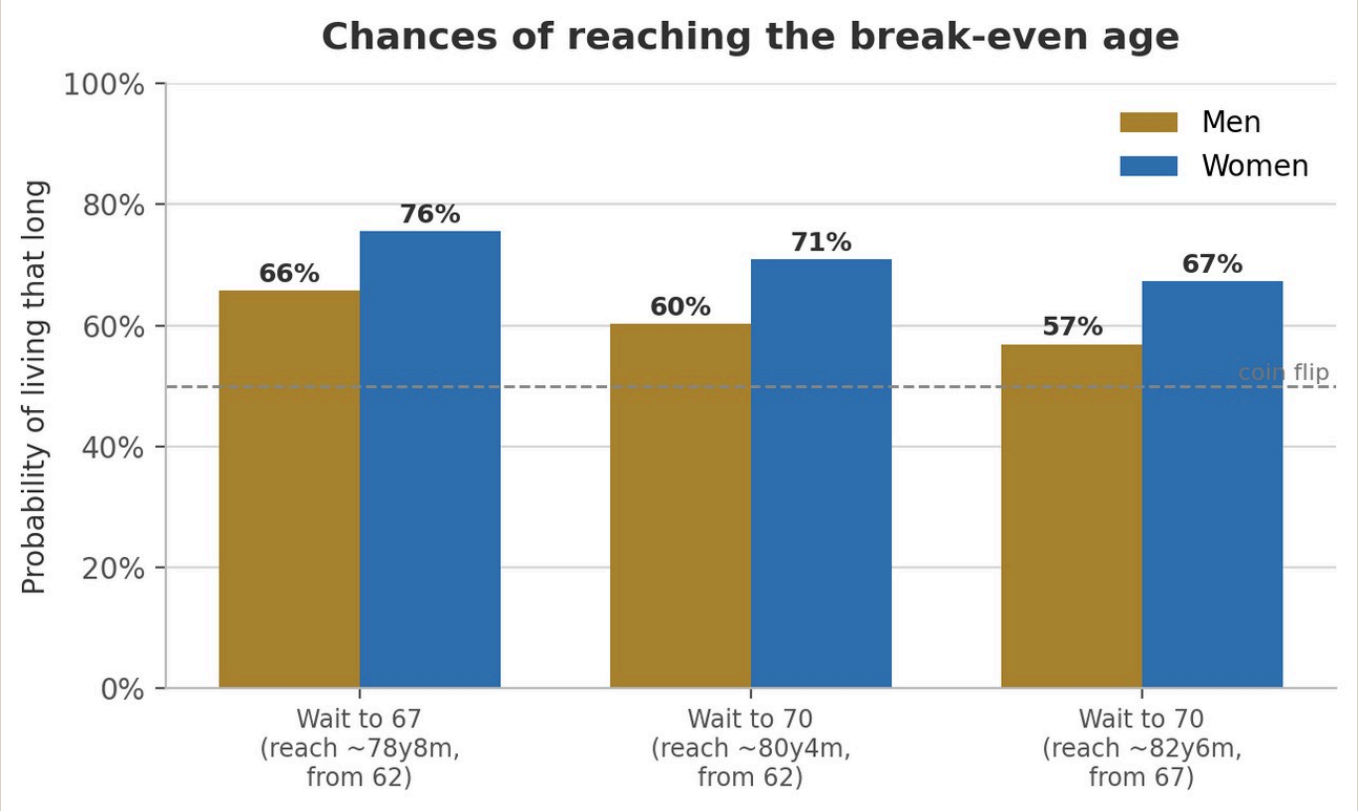
Claiming at 62 vs. 70

Crossover near age 80 years 4 months.



Claiming at 67 vs. 70

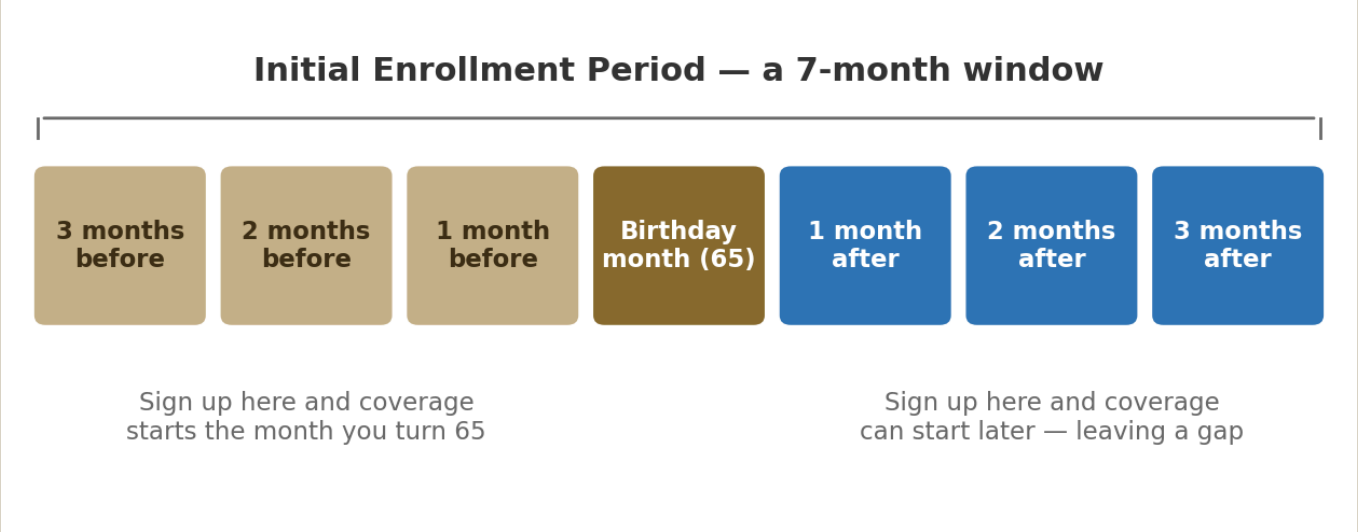
Crossover near age 82 years 6 months.



Chances of reaching the break-even age

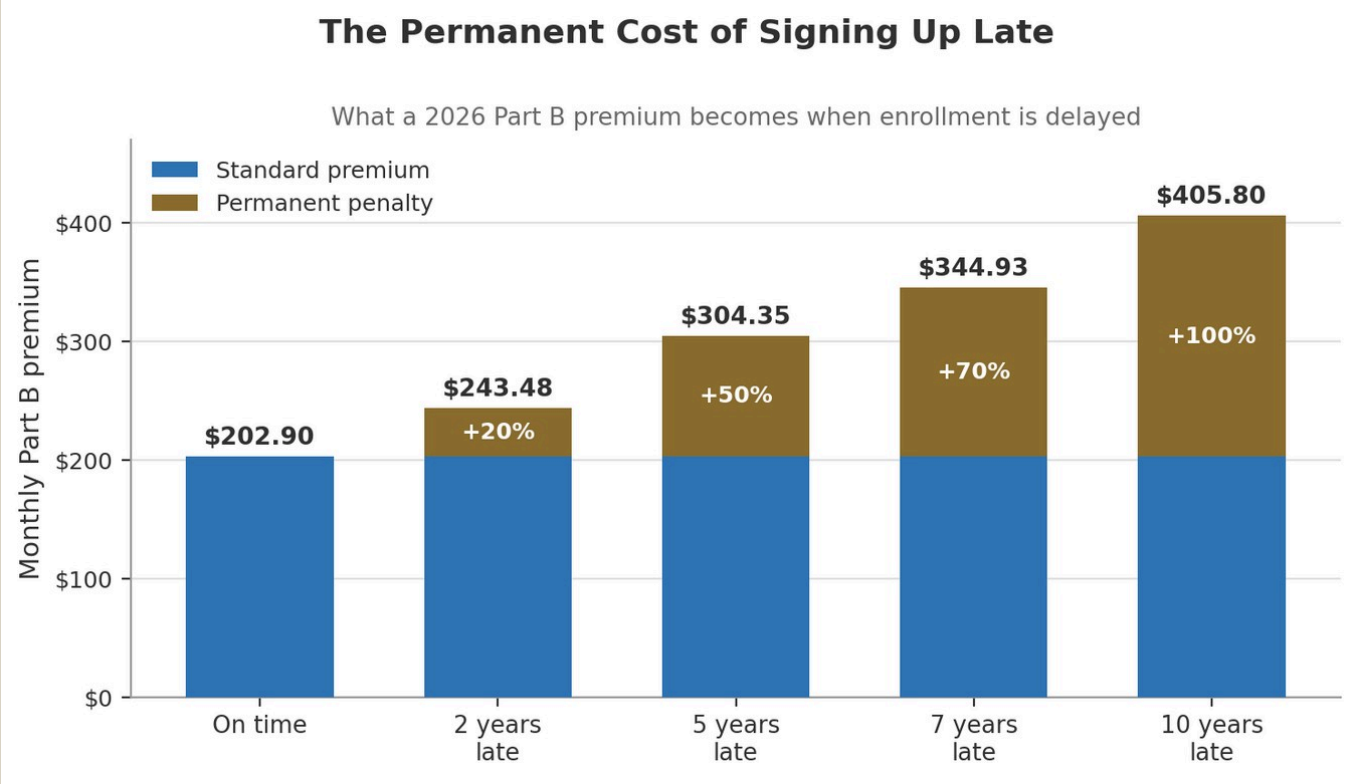
Probability of living that long, men and women.

CHAPTER 6 — MEDICARE



Initial Enrollment Period

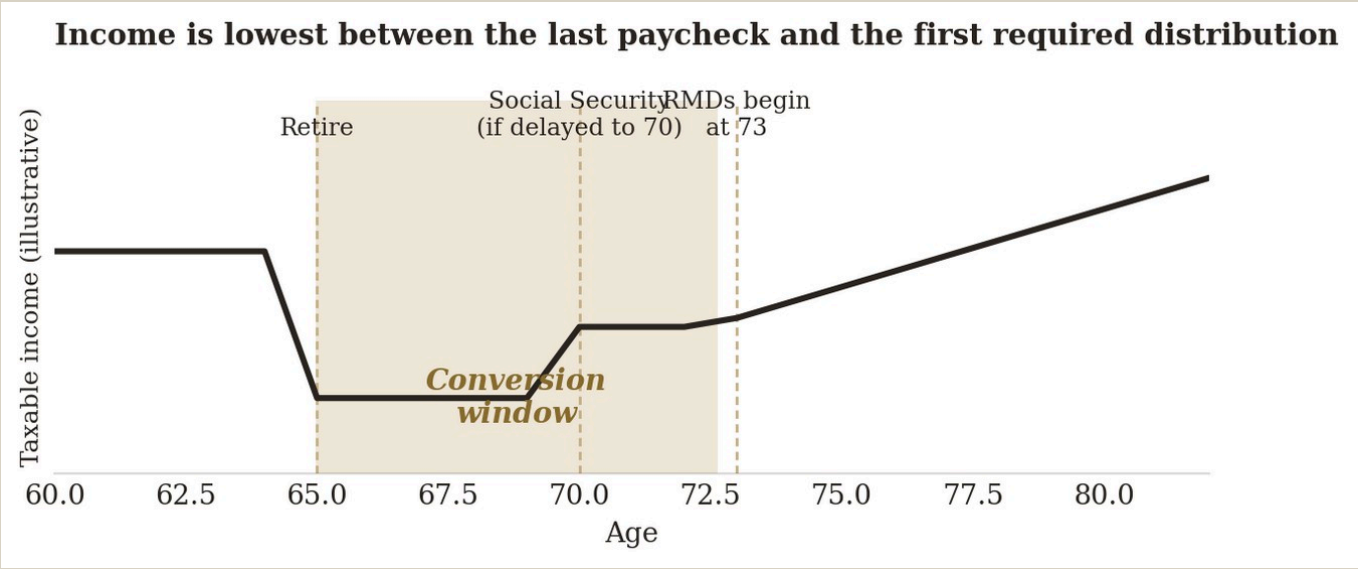
The seven-month window around the 65th birthday, month by month.



The permanent cost of signing up late

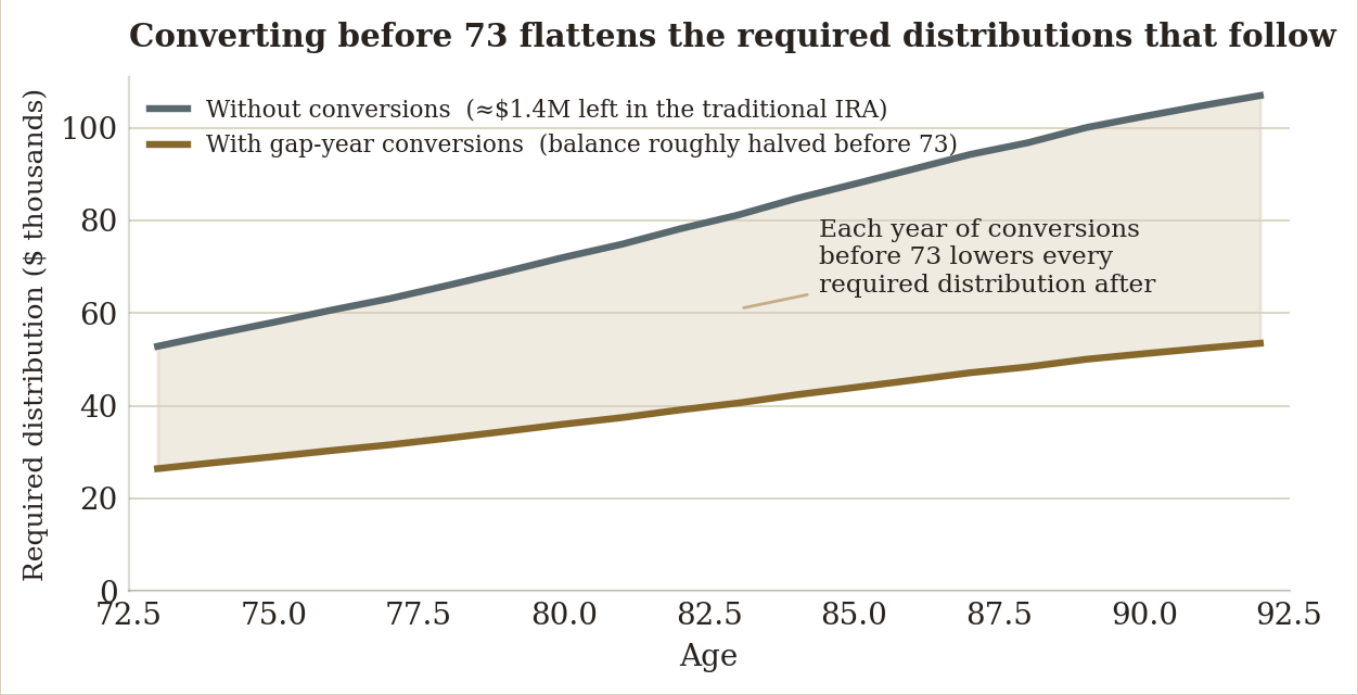
What a 2026 Part B premium becomes when enrollment is delayed.

CHAPTER 10 — ROTH CONVERSIONS



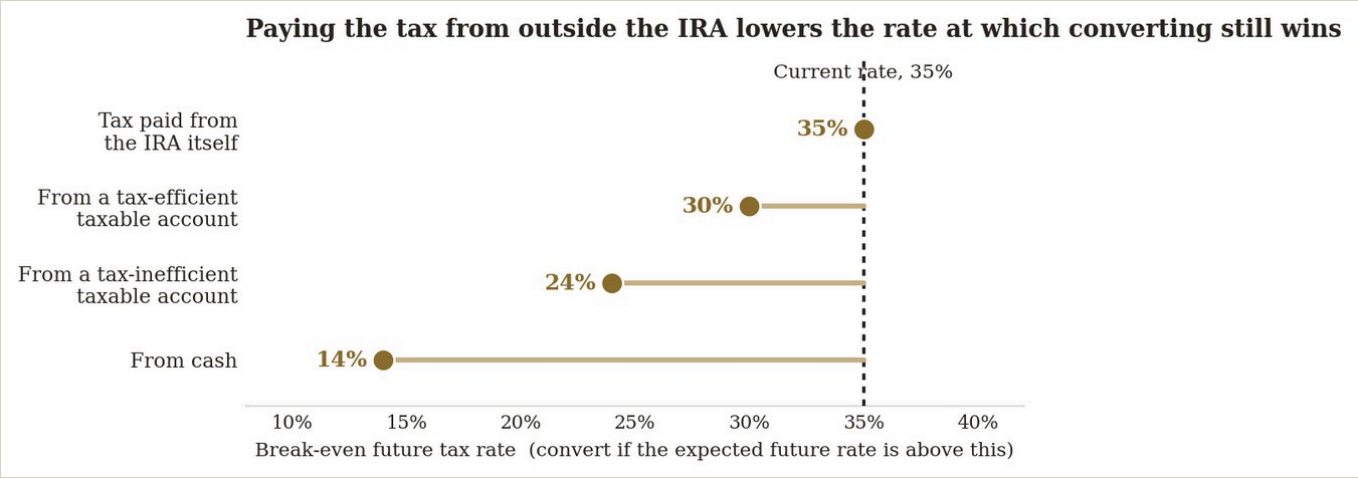
The gap years

Income is lowest between the last paycheck and the first required distribution.



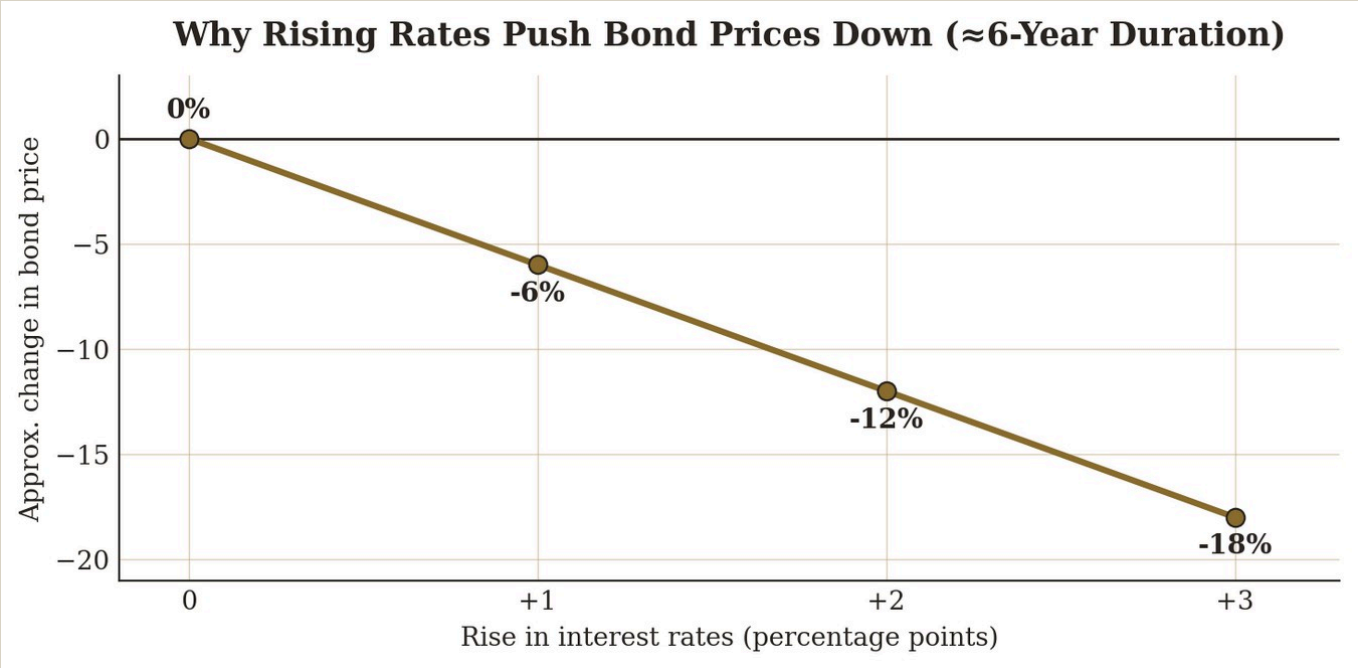
Converting before 73

Each year of conversions flattens every required distribution that follows.



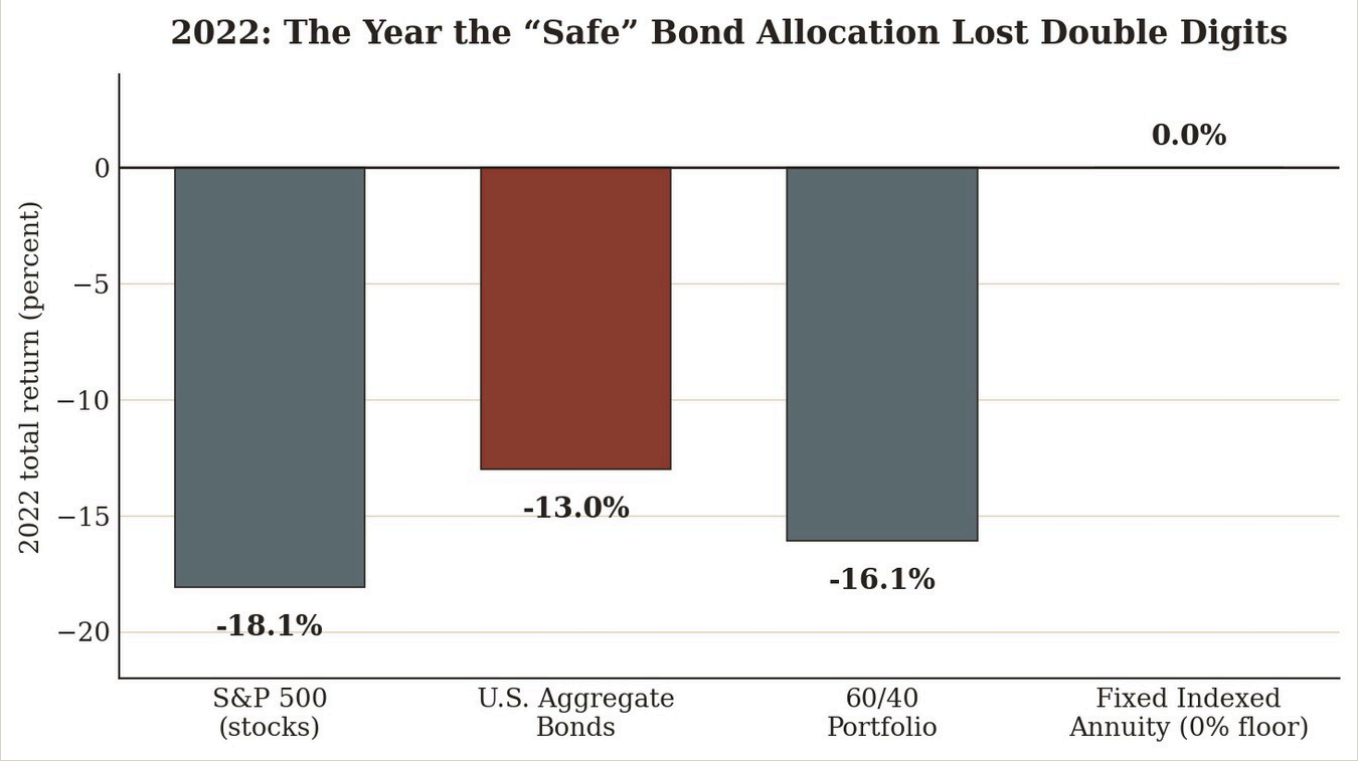
Paying the tax from outside the IRA

How the source of the tax payment changes the break-even future rate.



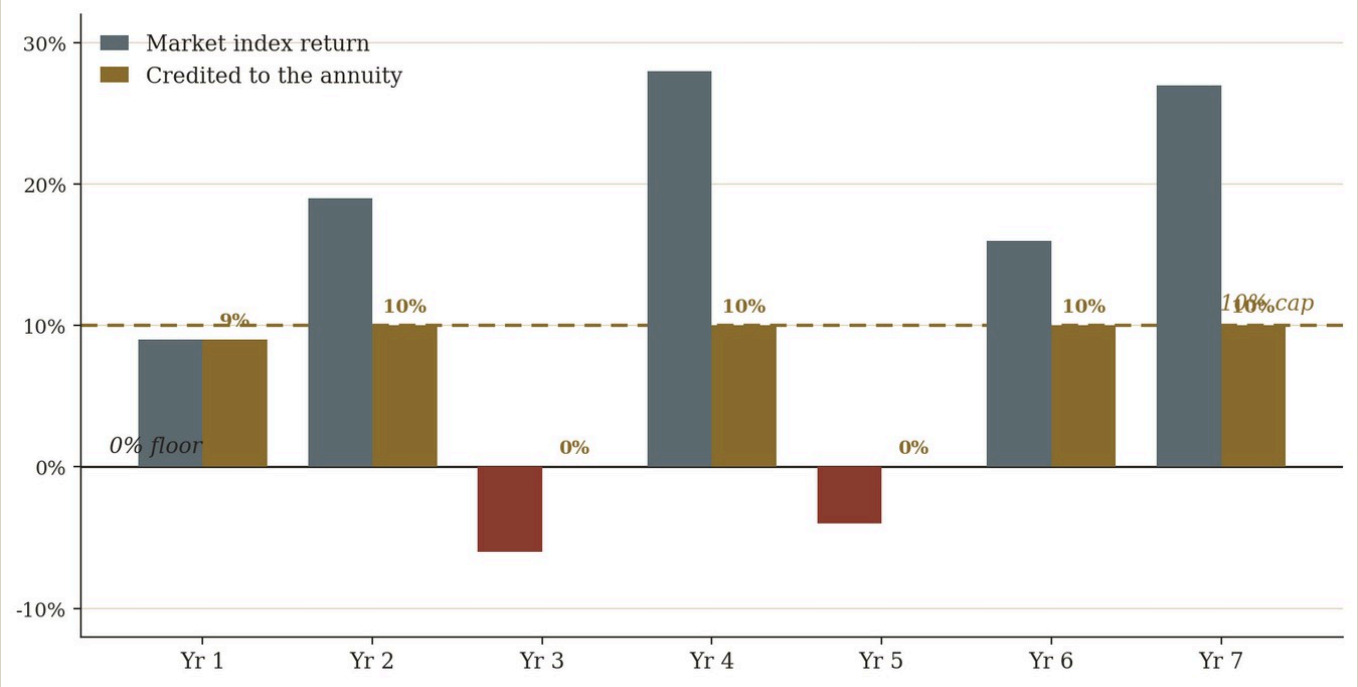
Why rising rates push bond prices down

Approximate change in price for a bond of roughly six-year duration.



2022

The year the “safe” bond allocation lost double digits.



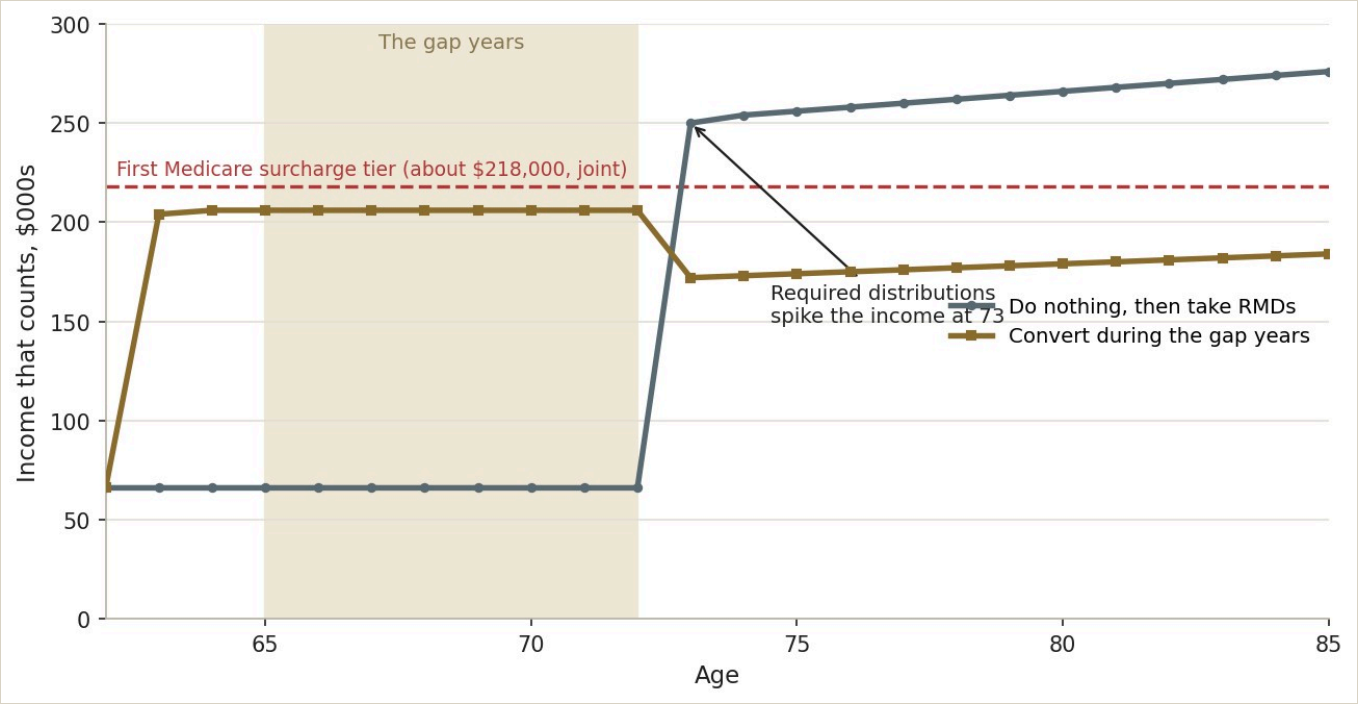
Index return vs. credited interest

Seven years, with the floor and the cap applied.



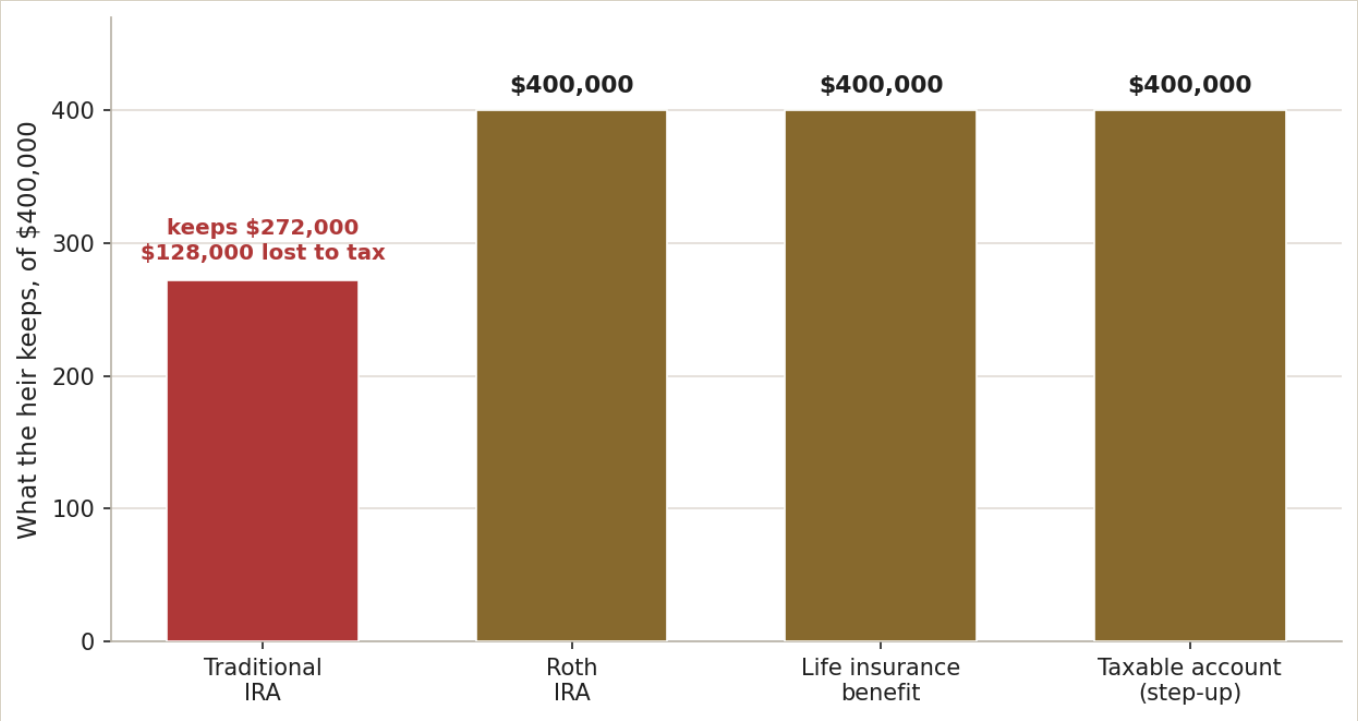
The three tax buckets

Taxable, tax-deferred, tax-free — and what sits in each.



The gap years and the first surcharge tier

What happens to income when required distributions begin at 73.



What the heir keeps, of $400,000

By the kind of account it came from.

Tables

Seven tables of figures from the book.

CHAPTER 2

Scenario A — strong returns early, weak returns late

Year	Start of Year	Return	Withdrawal	Net Spendable
1	$2,000,000	5.78%	$200,000	$200,000
2	$1,904,040	18.59%	$200,000	$200,000
3	$2,020,821	31.16%	$200,000	$200,000
4	$2,388,189	6.08%	$200,000	$200,000
5	$2,321,231	27.04%	$200,000	$200,000
6	$2,694,902	15.55%	$200,000	$200,000
7	$2,882,983	(4.64%)	$200,000	$200,000
8	$2,558,492	31.65%	$200,000	$200,000
9	$3,104,955	18.53%	$200,000	$200,000
10	$3,443,243	6.59%	$200,000	$200,000
11	$3,456,973	(7.03%)	$200,000	$200,000
12	$3,028,008	23.72%	$200,000	$200,000
13	$3,498,811	36.90%	$200,000	$200,000
14	$4,516,072	(25.95%)	$200,000	$200,000
15	$3,196,051	(14.42%)	$200,000	$200,000
TOTAL	**$2,564,021**	**11.31% avg**	**$3,000,000**	**$3,000,000**

Scenario B — weak returns early, strong returns late

Year	Start of Year	Return	Withdrawal	Net Spendable
1	$2,000,000	(14.42%)	$200,000	$200,000
2	$1,540,483	(25.95%)	$200,000	$200,000
3	$992,686	36.90%	$200,000	$200,000
4	$1,085,202	23.72%	$200,000	$200,000
5	$1,095,142	(7.03%)	$200,000	$200,000
6	$832,251	6.59%	$200,000	$200,000
7	$673,935	18.53%	$200,000	$200,000
8	$561,760	31.65%	$200,000	$200,000
9	$476,246	(4.64%)	$200,000	$200,000
10	$263,427	15.55%	$200,000	$200,000
11	$73,290	27.04%	$73,290	$73,290
12	$0	6.08%	$0	$0
13	$0	31.16%	$0	$0
14	$0	18.59%	$0	$0
15	$0	5.78%	$0	$0
TOTAL	**$0**	**11.31% avg**	**$2,073,290**	**$2,073,290**

CHAPTER 3

$100,000 invested 2000–2012: S&P 500 vs. a 0% floor / 10.5% cap

Year	S&P 500	FIA Credit	S&P Cumulative	FIA Cumulative
2000	(9.10%)	0.00%	(9.1%)	0.0%
2001	(11.89%)	0.00%	(19.9%)	0.0%
2002	(22.10%)	0.00%	(37.6%)	0.0%
2003	+28.68%	+10.50%	(19.7%)	+10.5%
2004	+10.88%	+10.50%	(11.0%)	+22.1%
2005	+4.91%	+4.91%	(6.6%)	+28.1%
2006	+15.79%	+10.50%	+8.1%	+41.5%
2007	+5.49%	+5.49%	+14.1%	+49.3%
2008	(37.00%)	0.00%	(28.1%)	+49.3%
2009	+26.46%	+10.50%	(9.1%)	+65.0%
2010	+15.06%	+10.50%	+4.6%	+82.3%
2011	+2.11%	+2.11%	+6.8%	+86.2%
2012	+16.00%	+10.50%	+23.9%	+105.7%
TOTAL	**—**	**—**	**$123,861**	**$205,717**

Three pieces, each with a different job

Piece	When It's Used	What It Holds	Job
Emergency Fund	Immediate	Cash, high-yield savings	Cover the unexpected: repairs, medical bills, surprises
Volatility Buffer	Ongoing	Fixed indexed annuity, 0% floor	Absorb down-market years without loss; never sold at a loss
Growth Portfolio	**Long-term**	**Diversified stocks and bonds**	**Growth engine; replenishes the buffer in good years**

CHAPTER 4

Full retirement age by birth year

Birth Year	Full Retirement Age
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	**67**

CHAPTER 5

Monthly benefit by the age benefits begin

Age benefits begin	% of full benefit	2026 max monthly
62	70%	$2,969
Full retirement age (67)	100%	$4,152
70	**124%**	**$5,181**

Break-even ages and the cumulative difference by 90

Decision	Break-even	Odds (M/W)	+$ by 90, $2k	+$ by 90, $4k
Wait to 67 (vs 62)	~78y 8m	66/76%	+$81,600	+$163,200
Wait to 70 (vs 62)	~80y 4m	60/71%	+$124,800	+$249,600
Wait to 70 (vs 67)	**~82y 6m**	**57/67%**	**+$43,200**	**+$86,400**

CHAPTER 6

The four parts of Medicare

Part	What it covers	Who runs it	What it costs in 2026
A	Hospital insurance: inpatient stays, skilled nursing after a hospital stay, hospice, some home health	Federal government	Premium-free for most (40+ work quarters); $1,736 hospital deductible per benefit period
B	Medical insurance: doctor visits, outpatient care, lab work, preventive care, equipment	Federal government	$202.90/month standard premium; $283 annual deductible; then 20% of most costs, with no cap
C	Medicare Advantage: an all-in-one private plan bundling A, B, and usually D, often with extras	Private insurers (Medicare-approved)	Varies; many plans add $0 beyond the Part B premium; networks and copays apply
D	**Prescription drug coverage**	**Private insurers (Medicare-approved)**	**Varies widely by plan; many under $50/month, some $0**

Original Medicare vs. Medicare Advantage

	Original Medicare + Medigap	Medicare Advantage
Monthly cost	Higher: Part B premium plus a Medigap premium plus a Part D premium	Lower: often just the Part B premium; many plans add $0
Doctors and hospitals	Any provider in the U.S. that accepts Medicare; no networks	A network of providers; out-of-network costs more or isn't covered
Referrals and approvals	None	Often required, especially in HMOs
Out-of-pocket cap	Medigap keeps costs small and predictable; little gets through	A hard annual cap ($9,250 max in-network in 2026; often lower)
Extra benefits	Not included; bought separately	Dental, vision, hearing often bundled in
Prescription drugs	A separate Part D plan	Usually built in
Switching later	Can be denied for health reasons after the initial window	Can change every year during open enrollment
Best for	**Predictability, travel, and freedom of choice**	**Lower premiums, extra benefits, comfort with a network**

CHAPTER 7

The Part D phases in 2026

Phase	What the enrollee pays	2026 figures
Deductible	Full negotiated price for covered drugs until the plan's deductible is met	Up to $615; many plans set it lower or at $0
Initial coverage	25% of the cost of covered drugs (copay or coinsurance)	Continues until out-of-pocket reaches the annual cap
Catastrophic	**$0 for covered Part D drugs for the rest of the calendar year**	**Begins once out-of-pocket reaches $2,100**

Part D at a glance, 2026

Item	2026
Annual out-of-pocket cap	$2,100, then $0 for covered Part D drugs the rest of the year
Maximum plan deductible	$615; plans may set it lower or at $0
National base beneficiary premium	$38.99, a benchmark for penalties and subsidies, not a typical premium
Insulin, per month's supply	No more than the lowest of $35, 25% of the negotiated price, or 25% of Medicare's Maximum Fair Price; no deductible applies
Recommended adult vaccines	$0 cost-sharing, including the shingles vaccine
Late-enrollment penalty	**1% of $38.99 per full uncovered month, added to the premium permanently; triggered by a 63-day gap without creditable coverage**

CHAPTER 8

IRMAA: income thresholds and the surcharge they trigger

Income (single filer)	Income (married, joint)	Monthly Part B	Part D surcharge
Up to $109,000	Up to $218,000	$202.90	None
$109,001–$137,000	$218,001–$274,000	$284.10	+$14.50
$137,001–$171,000	$274,001–$342,000	$405.80	+$37.50
$171,001–$205,000	$342,001–$410,000	$527.50	+$60.40
$205,001–$500,000	$410,001–$750,000	$649.20	+$83.30
Above $500,000	**Above $750,000**	**$689.90**	**+$91.00**

What Medicare does and does not cover

Care or benefit	Original Medicare	Medigap	Medicare Advantage
Routine dental	Not covered	Not covered	Often a limited allowance
Routine vision (exams, glasses)	Not covered	Not covered	Often a limited allowance
Hearing exams and aids	Not covered	Not covered	Often a limited allowance
Routine foot care (podiatry)	Not covered (routine)	Not covered	Sometimes included
Annual physical exam	Not covered	Not covered	Sometimes included
Long-term / custodial care	Not covered	Not covered	Not covered
Outpatient prescription drugs	Not covered	Not covered	Usually included
Care outside the United States	Not covered	Emergency (some plans)	Emergencies only
Annual out-of-pocket limit	**No annual limit**	**Limits exposure**	**Annual cap**

Long-term care costs, 2026 and projected 2046

Type of care	2026 monthly (median)	Projected 2046
In-home care (home health aide)	$6,673	~$14,600
Assisted living	$6,200	~$13,600
Nursing home, private room	**$10,800**	**~$23,700**

CHAPTER 9

Required minimum distribution divisors

Age	Distribution period (divisor)	RMD as % of balance
73	26.5	3.8%
75	24.6	4.1%
80	20.2	5.0%
85	16.0	6.3%
90	12.2	8.2%
95	**8.9**	**11.2%**

CHAPTER 10

2026 top of each bracket

Top rate on income up to	Married, filing jointly	Single filer
10%	$24,800	$12,400
12%	$100,800	$50,400
22%	$211,400	$105,700
24%	**$403,550**	**$201,775**

Backdoor Roth vs. mega-backdoor Roth

	Backdoor Roth	Mega-backdoor Roth
Who it fits	Earners above the Roth income limit	Employees whose 401(k) allows after-tax contributions
How it works	A non-deductible traditional IRA contribution, then a conversion	After-tax 401(k) contributions, then a conversion to Roth
2026 ceiling	The $7,500 IRA contribution limit	Up to the $72,000 total plan limit, minus deferrals and match
Main catch	**The pro-rata rule, if other pre-tax IRA money exists**	**The plan must allow both the contributions and the conversion**

CHAPTER 11

Bonds vs. a fixed indexed annuity

	Bonds and bond funds	Fixed indexed annuity
Safety	Can lose value when rates rise, as 2022 showed	A 0% floor blocks market loss; backed by the insurer, not the FDIC
Liquidity	Sellable on any business day	About 10% a year withdrawable free; larger withdrawals charged during a 7-to-10-year surrender period
Return	A stated yield, lately about 3% to 5%	Index-linked and capped; 0% in a down year, often near 5% to 7% on average
Taxes	Interest taxed yearly in a taxable account	Grows tax-deferred until withdrawal
Cost	**Many funds charge an annual expense ratio**	**Many carry no ongoing fee; riders cost extra**

CHAPTER 12

Crediting methods, side by side

Crediting method	What it does	Index up 12%	Index down 6%
Cap of 10%	Credits the gain up to a ceiling	10%	0%
Participation of 60%	Credits a set share of the gain	7.2%	0%
Spread of 3%	**Credits the gain minus a set amount**	**9%**	**0%**

What to ask about an annuity, and why it matters

What to ask	Why it matters
Which crediting method, and at what cap, participation rate, or spread?	These set how much of an up year reaches the account. The opening rate is only a starting point.
How long is the opening rate guaranteed, and what is the guaranteed minimum?	A rate locked for a single year can reset much lower. The minimum is the true worst case.
What have the company's renewal rates been over the past five to seven years?	Past renewals show whether the opening rate was bait or a lasting offer.
Which index, and is it the plain S&P 500 or a proprietary one?	Proprietary volatility-controlled indexes pair high participation rates with lower built-in returns, so the two numbers can mislead.
How long is the surrender period, and how do the schedule and market value adjustment work?	This is the money's lockup. It should match cash the household will not need.
How much can be withdrawn free each year?	Usually about 10 percent. It sets everyday access and whether the contract can double as a buffer.
Which riders apply, which cost extra, and does any bonus carry strings?	Income riders run about 1 percent a year. A bonus is paid for elsewhere in the contract.
How financially strong is the issuing company?	**The guarantee rests on its ability to pay claims, backed only secondarily by a state limit.**

CHAPTER 13

When indexed universal life fits, and when it does not

Indexed universal life fits when	A simpler tool fits better when
The goal is a permanent, income-tax-free transfer to the next generation	The need is temporary protection during the working years, which term covers cheaply
The cheaper tax-free accounts, Roth, workplace Roth, and HSA, are already full	Roth, workplace, and HSA room still sits unused
A long horizon is available, whether the insured is the buyer or a young child or grandchild	Neither the buyer nor a younger insured has decades for the cash value to build
The owner will fund the policy generously and mind it for years	There is no desire to fund and manage a long-term contract
Tax-free retirement income matters, especially at high or rising tax rates	**Current and expected tax rates are low enough that the tax-free feature adds little benefit**

CHAPTER 14

Three phases of retirement, and the move in each

Phase	Typical ages	What has and has not started	The main move
Before Medicare	Up to 64	No required distributions; often low income; individual-market health coverage in play	Convert or realize gains in a low bracket, watching the subsidy cliff
The gap years	65 to 72	On Medicare, so surcharges now apply; Social Security perhaps delayed; distributions not yet forced	Fill a bracket with conversions, staying under the next surcharge tier
Required distributions	**73 and up**	**Distributions force income; Social Security is on; the survivor's higher rates loom**	**Use charitable distributions, draw the order deliberately, live on a base already lowered**

The thresholds a conversion is filled up to

Threshold (2026)	Roughly where it sits	Why it matters
Top of the 12% bracket	About $100,800 taxable, joint	Income above it is taxed at 22 percent and can begin taxing long-term gains
Top of the 22% and 24% brackets	About $211,400 and $403,550 taxable, joint	Common ceilings a conversion is filled up to, not past
Zero-rate capital gains	Up to about $98,900 taxable, joint	Below it, long-term gains and qualified dividends are taxed at zero
First Medicare surcharge tier	$218,000 joint, or $109,000 single, on income from two years earlier	One dollar over adds the full surcharge for the year
Net investment income tax	$250,000, joint	An extra 3.8 percent on investment income above the line
Health-subsidy cliff, before 65	**Around four times the poverty line**	**Where individual-market premium help can drop sharply**

CHAPTER 15

What the heir owes, by account type

Account left to heirs	What the heir owes in tax	The catch, or the gift
Traditional IRA or 401(k)	Ordinary income tax on every dollar	Must be emptied within ten years, often in the heir's peak earning years
Roth IRA	Nothing, if the account was open five years	Still emptied within ten years, but the growth stays tax-free
Life insurance death benefit	Nothing	Passes income-tax-free, outside probate, to the named beneficiary
Taxable brokerage account	Tax only on growth after the date of death	The step-up erases the gain built up during the owner's life
Cash and bank accounts	**Nothing on the principal**	**Already taxed; it simply passes to the heir**

The ten-year clock, by type of heir

The heir	How long to withdraw	What it means
A surviving spouse	Can treat the account as their own	The most flexible option; withdrawals can wait for years
An eligible designated beneficiary	Over their own lifetime	A minor child of the owner, a disabled or chronically ill heir, or one not more than ten years younger
Most other heirs	Within ten years	The standard rule for adult children and other non-spouse heirs
A successor beneficiary	**Only the time left on the first clock**	**Inherits an already-inherited account, with no fresh ten years**

CHAPTER 16

The four layers of a plan

The layer	The task	The fear it answers
One: the floor	Cover the essential bills with income that cannot run out, from Social Security, a pension, and if needed a lifetime-income product	Running out; market loss
Two: healthcare	Enroll in Medicare on time, choose the path with an eye on the later lock-in, and plan around the income surcharge	A Medicare surprise
Three: the tax years	Coordinate the three buckets, convert in the gap years, and draw down in a low-rate order	Paying too much tax
Four: the tail and the transfer	**Plan for long-term care, and arrange a tax-efficient legacy with current documents**	**Running out late in life; protecting heirs**

The yearly review

When	What to check
Each fall, October 15 to December 7	Re-shop the Medicare drug and Advantage coverage during open enrollment, since plans change every year
Before year-end	Size the year’s Roth conversion to a bracket and under the next surcharge tier, take any required distribution, and give from the IRA if making charitable gifts
After any large life or income change	Re-check the plan; a marriage, a death, a windfall, or a new law can move several layers at once
Once a year, in any case	**Confirm the beneficiary form on every account still names the right people**

Cast of characters

All six are invented. The situations are not.

Dave and Mary Thompson, 64 and 61

Dave and Mary are the book's anchor couple, and they appear more than anyone else. Dave still picks up part-time consulting work; Mary retired from teaching last year and is still getting used to the rhythm of it. They've done most things right (they saved, they paid off the house, they raised two kids who turned out fine), and now they're facing the same question almost every couple their age eventually asks: how to turn what they've built into income that lasts? Dave is also five years into managing an IRA he inherited from his father, who passed away at 79, already several years into his own required withdrawals, which means Dave has been taking annual distributions of his own, with five years left before the account must be fully emptied. Mary also built up a health savings account during her working years, a detail that matters once Medicare enters the picture. To keep their numbers straight: Dave has a traditional IRA of one hundred thousand dollars. Mary has a Roth IRA of one hundred fifty thousand, a health savings account of twenty-eight thousand, and a pension. Their home in Staunton, Virginia is paid off. Their children are Kevin and Allison. And the account he inherited from his father holds sixty thousand dollars.

Linda Castellano, 58

Linda spent thirty years in healthcare administration and built a solid 401(k) along the way: a mix of traditional contributions, a smaller Roth portion she started later in her career, and years of employer match, which by law always lands in the traditional, not-yet-taxed bucket. Divorced, with one grown daughter, Maya, she's planning retirement the way she's done most things: on her own. Linda's chapters look different from the Thompsons': there's no spouse to coordinate Social Security with, no second income to fall back on, and a sharper edge to the question of what happens if it's just her for the next thirty years. Linda also carries an inherited IRA with a more complicated history. Her maternal grandmother passed away eight years ago, already taking her own required distributions, and Linda's mother inherited the account as a non-spouse heir, which started a 10-year distribution clock with annual withdrawals required along the way. When her mother passed away two years ago, Linda inherited the same account as what's known as a successor beneficiary, which means she didn't get a fresh 10-year window of her own. She's now racing the final two years of her mother's original clock, a useful and often misunderstood example later in the book. Her numbers: a four oh one k holding four hundred twenty thousand dollars in total, of which three hundred forty thousand is traditional money and employer match, and eighty thousand is Roth. A taxable brokerage account of thirty-five thousand. A condo with a small mortgage remaining. One daughter, Maya.

Robert and Susan Whitfield, 67 and 65

Robert sold the small business he spent two decades building; Susan retired from a corporate VP role not long after. Between the two of them, they've accumulated more than most (a sizable IRA, a taxable brokerage account, a vacation home on the Outer Banks), which means they also have more decisions to make, and more at stake if they get them wrong. The Whitfields show up most often in the later chapters, where Roth conversions, annuities, and legacy planning actually have room to matter. Their numbers: a traditional IRA of one point two million dollars. A taxable brokerage account of four hundred thousand. Susan's former four oh one k, holding two hundred thousand. A primary home and a paid-off vacation property. And three adult children.

Walter Higgins, 84

Walter is further down the road than the rest of the cast, and that's exactly the point. A retired postal worker and steady saver his whole life, he retired in 2008 at 66, right as the financial crisis hit, and watched the downturn do enough damage to his portfolio that he went back to work for a few more years to recover. Once he was working again, he suspended his Social Security benefit rather than keep collecting it, letting it grow through delayed retirement credits until he restarted it at 69, at a noticeably higher monthly amount than what he'd locked in at 66. He's been taking required minimum distributions for years now, not reading about them, living them. His wife, Carol, passed three years ago; his daughter Patricia has started helping manage the details. Walter is also Susan Whitfield's father, which means his story and the Whitfields' will eventually intersect, a connection that pays off later in the book. His numbers: a traditional IRA of three hundred forty thousand dollars, already in required distribution. A survivor pension from Carol's former employer. He has been on a Medicare Advantage plan since sixty-five, and is now managing a heart condition. His home is paid off. His daughter Patricia holds financial power of attorney.

Glossary

31 terms used in the book.

Adjusted gross income (AGI)

A person’s total income minus certain adjustments, calculated on the federal tax return. It is the starting point for many other figures, including the income measures that drive Medicare surcharges and health subsidies.

Annual gift exclusion

The amount one person can give to another in a year without using any lifetime gift and estate exemption or filing a gift tax return. It was $19,000 per recipient in 2026.

Cap

In a fixed indexed annuity or indexed universal life policy, the highest interest rate that can be credited in a given period, no matter how much the underlying index rises.

Cost of insurance

The internal charge inside a permanent life insurance policy that pays for the death benefit. It rises as the insured ages and is deducted whether the policy’s index gains or sits flat.

Delayed retirement credits

The increase, about 8 percent for each year, that a Social Security benefit earns for each year a person waits to claim past full retirement age, up to age seventy.

Eligible designated beneficiary

A category of heir who may stretch withdrawals from an inherited retirement account over a lifetime rather than emptying it within ten years. It includes a surviving spouse, a minor child of the owner, a disabled or chronically ill heir, and an heir not more than ten years younger than the owner.

Fixed indexed annuity

An insurance contract whose interest is tied to a market index, with a floor that prevents a loss in a down year and a cap or other limit on the gain in an up year. It is often used as a volatility buffer.

Full retirement age

The age at which a person can claim an unreduced Social Security benefit, ranging from sixty-six to sixty-seven depending on the year of birth.

Guaranteed minimum

The floor an annuity contract promises, such as a minimum interest rate or a minimum lifetime income, regardless of how the index performs.

Indexed universal life

A permanent life insurance policy whose cash value earns interest tied to a market index, with a floor and a cap, and whose death benefit passes to heirs free of income tax.

IRMAA

The income-related monthly adjustment amount, a surcharge added to Medicare Part B and Part D premiums for higher-income beneficiaries, based on income from a tax return two years earlier.

Market value adjustment

An increase or decrease applied to a larger-than-allowed annuity withdrawal during the surrender period, reflecting how interest rates have moved since the contract began.

Medicare Advantage

A privately run alternative to Original Medicare that bundles hospital, medical, and usually drug coverage into one plan, often with a lower premium but a fixed network and a later limit on switching to a supplement.

Medigap

A Medicare Supplement policy that pays many of the out-of-pocket costs Original Medicare leaves behind. Outside an early enrollment window, switching into one can require medical underwriting.

Modified adjusted gross income (MAGI)

A person’s adjusted gross income with certain items added back. Different programs define it slightly differently; the version used for Medicare surcharges adds back tax-exempt interest.

Modified endowment contract (MEC)

A life insurance policy funded so quickly that the tax code reclassifies it, removing the tax advantages of its withdrawals and loans. Careful funding keeps a policy under this line.

Multi-year guaranteed annuity (MYGA)

An annuity that pays a fixed interest rate for a set number of years, often used as an alternative to a certificate of deposit.

Participation rate

In an indexed product, the share of an index’s gain that is credited to the account, such as 80 percent of the index’s rise.

Point-to-point crediting

A method that measures an index’s change from the start of a period to its end, ignoring the movement in between, to decide the interest credited.

Probate

The court process that validates a will and settles an estate. It can take months and is a matter of public record; assets that pass by beneficiary designation skip it.

Qualified charitable distribution (QCD)

A gift sent directly from a traditional IRA to a charity, available after age seventy and a half, that counts toward the required distribution but is left out of taxable income.

Required beginning date

The point at which required minimum distributions must start, generally April 1 of the year after a person reaches the required age.

Required minimum distribution (RMD)

The amount the law forces out of a traditional retirement account each year once the owner reaches the required age, currently seventy-three and rising to seventy-five for those born in 1960 or later.

Revocable living trust

An arrangement that holds assets during life and passes them at death without probate, while remaining changeable by the person who created it.

Roth conversion

Moving money from a traditional retirement account to a Roth account, paying income tax on the amount moved in exchange for tax-free growth and withdrawals afterward.

Spread

In an indexed product, an amount subtracted from the index’s gain before interest is credited, such as crediting the index’s rise minus 2 percent.

Step-up in basis

The reset of an asset’s cost to its value on the owner’s date of death, which erases the capital gain that built up during the owner’s life for the heirs who inherit it.

Successor beneficiary

The person who inherits a retirement account that had already been inherited once. A successor receives only the time left on the original ten-year clock, not a fresh ten years.

Surrender charge

A fee for withdrawing more than the allowed amount from an annuity during its early years, usually declining to zero by the end of the surrender period.

Tax buckets

A way of sorting savings by how they are taxed: taxable accounts, tax-deferred accounts such as a traditional IRA, and tax-free accounts such as a Roth.

Volatility buffer

A pool of money that does not fall when markets fall, drawn on during a downturn so that investments are not sold at a loss, giving the rest of a portfolio time to recover.

Sources

The dollar figures in this book come from the agencies that set them. Those numbers are revised every year, and the laws behind them can change at any time, so the most useful thing this section can do is point to the offices that publish the current figures. Any amount in these pages can then be checked against the year in which it is heard. The figures throughout are stated for 2026.

For Medicare, the Centers for Medicare and Medicaid Services publish the annual Medicare costs. Their yearly fact sheet on Medicare Parts A and B premiums and deductibles is the source for the Part B premium, the Part A and Part B deductibles, and the income-related surcharge tiers. The Part D figures, including the out-of-pocket cap, the maximum deductible, and the base beneficiary premium, come from the annual Part D redesign program instructions. Plan-level costs and the current-year basics are summarized for the public at medicare.gov.

For Social Security, the Social Security Administration publishes the annual benefit and earnings figures at ssa.gov. Its yearly cost-of-living adjustment fact sheet is the source for the earnings-test limits and the taxable maximum, and the retirement pages of its Benefits Planner explain the claiming ages, the delayed retirement credits, and how the earnings test is applied.

For federal income, capital gains, and estate taxes, the Internal Revenue Service publishes the annual inflation adjustments as a Revenue Procedure, summarized in a companion news release at irs.gov. That release is the source for the tax brackets, the standard deduction, the long-term capital gains thresholds, and the estate and gift exemption. A separate annual notice on retirement plan limits is the source for the contribution amounts.

For further reading, and for plain-language explanations that track these releases each year, the Tax Foundation is a reliable nonpartisan source on the tax figures, and the Medicare Rights Center and the Center for Medicare Advocacy are both reliable on Medicare. All three publish at their own websites, and a search on the organization's name will find the current pages.

Every figure in this book should be confirmed against the current-year release before it is relied on. Where a number in these pages differs from an agency's current figure, the agency's figure governs.

Remarks attributed to named public figures are widely published statements, quoted to illustrate a point.

This material is educational and informational. It is not financial, tax, legal, investment, or insurance advice for any particular person. The figures are stated for 2026 and change frequently. Every household's situation is different, and any figure or rule here should be confirmed against current sources, and against a qualified professional, before it is relied on.

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