WINNACLE·WEALTH™

2026 EDITION

A Complimentary Financial Guide

5 Keys to Retirement Planning

Your financial strategy is one of the most important parts of your quality of life in retirement — and it's never a set-it-and-forget-it task. When you undergo your annual review, remember to look at the five key areas of retirement planning.

THE FIVE KEYS

1. Income Planning
2. Investing
3. Taxes
4. Estate & Legacy Planning
5. Healthcare

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A truly comprehensive strategy

Your financial strategy is one of the most important parts of your quality of life in retirement. However, it can also be difficult and complex to keep up with the changing financial landscape, modern laws, and regulations. In short, creating your financial strategy is never a set-it-and-forget-it task — it requires maintenance.

A common rule of thumb is to re-examine your financial and retirement strategy on an **annual basis**. When you undergo this review, remember to look at the five key areas of retirement planning. Whether you retire this year or not, it's important to create a strategy that addresses each of these areas.

- **Income Planning** — building reliable income from multiple sources.
- **Investing** — a plan built to withstand whatever the market holds.
- **Taxes** — a long-term reduction strategy, not just year-to-year.
- **Estate & Legacy Planning** — keeping your wishes intact.
- **Healthcare** — understanding Medicare and long-term care.

1

THE FIRST KEY

Income Planning

Retirement income can come from several sources, and many retirees look to Social Security as a significant piece. Claiming Social Security at a time that works for you is an important part of a stable retirement strategy.

Social Security in 2026

The Social Security trust fund is now expected to be depleted by **2032** if no structural reforms are made, according to a recent report from the Social Security and Medicare trustees. This is exacerbated by the One Big Beautiful Bill Act (OBBBA), which cut taxes that could result in fewer inflows to the trust funds. Once the fund runs out, payroll taxes will be able to cover about **75% of promised benefits**.[1]

While these facts might seem to pose an existential threat, that's not quite the case. It's very unlikely Washington will ever scrap Social Security entirely — but a 25% reduction in promised benefits isn't something to shrug off. Your immediate concern is likely making the most of your **whole income strategy**, not just Social Security.

DID YOU KNOW?

Benefits increased by **2.8%** in 2026 — slightly higher than last year's 2.5%, due to similar levels of inflation throughout 2025.[2] Yet according to a Senior Citizens League study, the average Social Security check has **lost 20% of its value since 2010**.[3]

3 things to know about claiming

1 The earliest you can claim is **age 62**. But claiming before your full retirement age results in a permanently smaller benefit. If you wait past your full retirement age, your benefit increases by **8% per year** you defer, until age 70 (for those born in 1943 or after). Know your full retirement age.[4]

2 If you're **working while receiving** Social Security, your benefit can be reduced. Beneficiaries under full retirement age who earn more than **$24,480** in 2026 will have $1 withheld for every $2 earned above the limit. In the year you reach full retirement age, $1 is held for every $3 above **$65,160**. After that age, no benefits are withheld.[5]

3 If you've reached full retirement age and been married at least one year, you can claim a **spousal benefit** worth up to 50% of your spouse's benefit. You'll receive less than 50% if you claim before your full retirement age — but not more than 50% by waiting past it.[6]

Where will the rest of your income come from?

Retirement income used to consist of three elements: savings, a pension, and Social Security. Now that many retirees don't have a company pension, personal savings may need to stretch farther. Many people have 401(k)s, IRAs, or other defined-contribution plans, which often invest in market-exposed securities and come with tax-advantaged status — but risks still remain.[7]

How annuities could fill the income gap[8]

If you're looking to create additional reliable income to supplement Social Security, you might consider an annuity. An **annuity** is a lump sum or series of premium payments in exchange for a stream of payments over time. It works the opposite way life insurance does — it potentially helps protect against **outliving your money** by offering an income stream for a defined period or for life. It can also help protect against market risk while offering potential growth.

There are different types of annuities and ways to customize them to your needs. After market volatility and economic instability, you may want to consider an annuity given its focus on predictable income flow.

Types of annuities

There are several types of annuities, and they can pay out differently depending on their terms:

- **Fixed annuities** offer an interest rate guaranteed by the issuing insurance company, regardless of market volatility.
- **Fixed-indexed annuities** offer potential interest based on an external market index.
- **Variable annuities** offer the potential for variable returns based on the market performance of underlying investment options.
- **Guaranteed lifetime** annuities provide payments for life; **"period-certain"** annuities distribute funds for a pre-determined time and can pay a remainder to a surviving spouse.

Some **riders** can provide more flexibility. For example, a cost-of-living rider can help hedge against inflation by offering the opportunity for increased income tied to inflation each year. These riders are commonly optional and available at an additional annual cost.[9] There are pros and cons to each, and the right kind depends on the individual's situation. If you choose to include an annuity in your plan, we can help you choose from the many options available.

THE SECOND KEY

2 Investing

No one can predict the market, and you may not want to risk losing what you've saved just before you retire. Your risk tolerance may have decreased as you've gotten closer to retirement. No matter where you are in your timeline, your investment plan should be constructed to **withstand whatever the future of the market holds**. If your portfolio's health hinges on short-term speculation, it may be time to consider a more professional, long-term approach.

INVESTING STEPS TO DISCUSS WITH A PROFESSIONAL

- Understanding your actionable investing goals
- Shaping realistic wealth and savings goals
- Creating a risk tolerance profile
- Portfolio balance and rebalance
- Addressing what you have to invest
- Understanding your retirement timeline
- Perceived risk vs. real risk tolerance
- Portfolio upkeep and reevaluation

Investment strategy idea starters

PRINCIPLE	WHAT IT MEANS
Base Income	Seek a source of guaranteed income that can reliably cover basic, fixed expenses before risking savings in certain investments.
Risk Tolerance	Don't risk more of your savings for potential gains than you would be prepared to lose.
Professional Strategy	Manage investment risk by reviewing investment choices against a professionally constructed strategy.
Tax Efficiency	Remember what type of accounts you're using. Traditional or Roth accounts (IRA, 401(k), or employer-sponsored) can help reduce your tax burden when the rules and limits are followed.[10]
Risk Transfer	Consider how insurance can help manage the risk of unexpected expenses, such as healthcare needs, that could otherwise come out of your investment holdings.
Diversification	Mix and match the many investment options available — but with a knowledge-based strategy. A professional can help you meet your risk/reward requirements.

THE THIRD KEY

3 Tax Reduction

Taxes can often be one of our single largest expenses in retirement. Between taxes on retirement account withdrawals, real estate holdings, Social Security benefits, and investments, you may be giving up a substantial amount without a comprehensive reduction strategy. Do you have a **long-term** tax reduction strategy, or are you only focused on reducing your burden year to year?

After the tax cuts in the OBBBA — such as the additional **$6,000 senior deduction** — there may be several tax reduction opportunities to take advantage of now that may not last. In other words, we could be experiencing relatively low tax rates now compared to the future.[11, 12]

A LONG-TERM PLAN COULD INCLUDE

- Strategic asset allocation
- A life insurance policy
- Real estate strategy
- A Roth IRA conversion
- A tailored annuity
- Charitable giving
- Using a Health Savings Account (HSA)

Prepare for this tax season[13]

What better time than now to consider how you may take advantage of certain tax deductions?

Unreimbursed Medical & Dental	Deduct expenses exceeding **7.5% of your AGI**, covering you, your spouse, and dependents. Only out-of-pocket costs not covered by insurance are eligible.
Long-Term Care Premiums	Premiums exceeding **10% of your AGI** may be deductible, subject to age-based limits. The policy must meet IRS qualifications.
Home Mortgage Interest	Deductible on the first **$750,000** of debt for a primary or secondary residence ($1 million for mortgages before Dec 16, 2017). Points paid may also be deductible; your lender provides Form 1098.

State & Local Taxes (SALT)	Itemizers can deduct personal property taxes and state/local income or sales taxes, capped at **$40,000** as of the OBBBA. State refunds from a prior year must be reported as income if you itemized. Foreign real estate taxes are not deductible.
Casualty & Theft Losses	Losses from federally declared disasters can be deducted if they exceed **10% of your AGI** after a $100 threshold. Later reimbursement must be reported as income.
Miscellaneous	Includes gambling losses (up to winnings), losses from partnerships or S corporations, estate taxes on income in respect of a decedent, and other expenses in IRS Publication 529.
Charitable Donations	Contributions to qualified charities are typically deductible from **20% up to 60% of your AGI**, though limits vary by donation type. Excess contributions can often be carried forward.

THE BASICS OF CHARITABLE DEDUCTIONS[14]

Donations can lower your taxable income, whether out-of-pocket cash, a direct retirement account contribution, or a stock or asset contribution. To claim a deduction you must **itemize**, and the donation must meet certain guidelines depending on how and what you donate.

THE FOURTH KEY

4 Estate & Legacy Planning

$84T

Roughly **$84 trillion** is expected to pass from Baby Boomers to their beneficiaries — the largest generational wealth transfer in history.[15]

Regardless of how much you plan to pass down, an estate plan helps ensure your wishes are kept intact and that as little of your inheritance as possible is impacted by a lengthy legal process or unnecessary estate taxes.[16] This includes talking to loved ones about money, creating the necessary documents, and working to reduce taxes.

A will

A will is a legal document outlining how you want your assets distributed after your death. It specifies guardianship for any minor children and is a foundational component of an estate plan — but remember it's just one part.

A trust — revocable & irrevocable

A **revocable** (living) trust holds assets and can be revised or revoked at any time during the trustor's lifetime; it avoids probate and allows continuous management if the trustor becomes incapacitated. An **irrevocable** trust cannot be changed without beneficiary consent, but offers estate tax benefits and asset protection — the trade-off is a loss of control.

An advanced medical directive

Also known as a living will or health care proxy (depending on the state), this legal document provides instructions for medical care and only goes into effect if you cannot communicate your own decisions. It typically involves two types: the **Living Will**, which specifies treatment preferences like life support, and the **Durable Power of Attorney for Health Care**, which appoints an agent to make medical decisions for you. These directives are recognized legally but are not legally binding, and should be reviewed regularly. Specific laws vary by state.

Financial power of attorney

A Financial POA grants authority to a trusted individual to manage your financial matters when you're unable to — from banking and investments to managing property. A **Durable** Financial POA allows the appointed person to act even after you become incapacitated. It typically pertains to financial matters, not medical decisions, unless specifically stated. Most importantly, don't put off creating or updating your estate plan and the documents you need.

Estate taxes & preserving inheritance[17]

Your estate is one of the greatest gifts you can provide to your heirs. But without a plan, you risk creating family tensions, dwindling the value of your estate through costly court processes, and unnecessarily leaving much of it up for inheritance tax. Here's how it works:

$15 Million

The current lifetime estate tax exemption **per person**. At death, nothing up to that limit is subject to the federal estate tax — though this exemption could change in future tax laws.

18%–40%

After the lifetime exempt amount is reached, you'll pay a **progressive 18%–40%** on wealth over the exemption limit.

DON'T FORGET STATE LAW

This excludes **state inheritance tax laws**, which supersede federal exemptions and can sometimes be much stricter than federal law, depending on where you reside. Ask a financial professional about estate taxation in your state and what strategies may work for you.

THE FIFTH KEY

5 Healthcare & Long-Term Care

It’s understandable if you look to Medicare as your sole healthcare solution. However, there are key complexities in how enrollment periods work and what each part actually covers. Some parts aren’t entirely free, and some key services aren’t covered at all. Understand the basics before finalizing your plan — otherwise you may face major out-of-pocket expenses you didn’t expect.

Know your enrollment periods[18]

PERIOD	WHEN	WHAT CAN BE DONE
Initial Enrollment	3 months before & after your birth month	Enroll in Original Medicare and choose a Medicare health plan.
Special Enrollment	Year-round	After a qualifying life-changing event, enroll in a new or different plan.
Annual Enrollment	Oct 15 – Dec 7	Enroll in Part C and switch or add Part D.
General & Part C Open	Jan 1 – Mar 31	Enroll in Parts A & B if missed; switch Part C plans or return to A/B.

The parts of Medicare[19, 20]

Part A

Helps cover hospital stays, home health care, skilled nursing, and hospice.

Most commonly free.

Part B

Helps cover doctor's visits, outpatient procedures, and some preventative care.

2026: $283 deductible · $202.90 standard premium.

Part C

Additional insurance (Medicare Advantage) that can cap out-of-pocket costs and cover dental and vision that A & B don't.

Not free — comes with regular costs.

Part D

Prescription drug coverage, supplemental to Part B and sometimes C.

Some Part C plans include drug coverage.

NEW PART D PAYMENT STRUCTURE

Deductible phase: 100% payment up to $615. **Initial coverage:** 25% coinsurance until the out-of-pocket limit. **Catastrophic coverage:** $0 cost after reaching the Part D out-of-pocket limit.

What Parts A & B don't cover

- Deductibles and co-pays
- Routine vision care
- Medical care outside the U.S.
- Most dental care
- Hearing aids
- Long-term care costs

Income-Related Monthly Adjustment Amount (IRMAA)

IRMAA is a **surcharge** added to standard Medicare Part B and Part D premiums for beneficiaries whose modified adjusted gross income (MAGI) exceeds certain annual thresholds. It's an extra monthly premium that higher-income beneficiaries must pay on top of their standard premiums, and it affects about **5–6%** of all Medicare beneficiaries. You can be charged IRMAA for both Part B and Part D.

How is IRMAA calculated?

IRMAA is based on your MAGI from your federal tax return filed **two years prior** to the current Medicare year. Your 2026 IRMAA will be based on your 2024 tax return. For IRMAA purposes, MAGI is your Adjusted Gross Income plus certain tax-exempt interest income — which can include wages and salaries, capital gains, the taxable portion of Social Security benefits, and tax-exempt interest from municipal bonds.

The Social Security Administration determines your MAGI and notifies you if you're subject to IRMAA. You can **appeal** this decision if you've experienced a life-changing event (marriage, divorce, retirement) that significantly reduced your income since 2024.

IRMAA APPLIES TO INCOMES ABOVE	2024 MAGI (INDIVIDUAL)	2024 MAGI (MARRIED FILING JOINTLY)
Threshold	**Greater than $109,000**	**Greater than $218,000**

If your income passes these thresholds, you may pay more than the standard Part B or D premium. Reach out to us to better understand your coverage and payment options.

What's your long-term care plan?

Long-term care — care required when you can no longer complete daily tasks like making food or bathing — is **only scarcely covered** under any Medicare plan. When you or a loved one requires a home health nurse or nursing home for an extended time, those expenses are not covered by Medicare.[21]

70%

An estimated **70% of Americans** currently age 65 will need long-term care at some point.[22]

$10,000+

A private room in a nursing home costs over **$10,000 per month**.[23]

Even if you're a long time away from needing it, now is the time to plan. There are several options for covering costs, including long-term care insurance, qualifying for Medicaid, an annuity with long-term care benefits, and a life insurance or long-term care policy. The right strategy depends on your individual situation — explore your options with our team.[24]

IN CLOSING

Take control of your financial future

Whether you have a plan for some or none of the five key areas, we can help you create a cohesive strategy that addresses all of your concerns. If your situation changed recently or you're rethinking your strategy, come talk to us. Here's what you can expect from a qualified professional on our team:

- Someone who **understands and cares** about your concerns and takes the time to discuss your unique situation.
- Someone willing to **educate you** on all your investment options and how they work.
- Someone who **clearly explains** how they are compensated.
- Someone you are **comfortable trusting** with your financial well-being, who will be there for your family when needed.

YOUR NEXT STEP

Request your complimentary financial review

Learn More →

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IMPORTANT DISCLOSURES

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SWG5173520-0126