WINNACLE·WEALTH™

Physician Retirement Guide

Retirement Planning for Texas Physicians

A planning guide for Texas physicians in the second half of a career. Work out what your savings need to pay, how your plans and taxes fit together, and what to settle before you step back.

2026 planning guide

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Know what your savings need to pay before you pick a date.

You trained longer than most people and started saving later. Now retirement is close enough to plan for. You want to know when you could stop, and whether cutting back would work before then.

In Medscape's 2025 retirement survey, physicians estimated they would need about $4.01 million to retire and reported about $1.57 million saved, averaged across all ages. Only 42% were very or extremely confident their savings would last. Your own figures will differ, and the rest of this guide helps you find them.

This guide starts with the monthly amount your savings will have to pay, then works through the accounts, rules and taxes that decide how much of it you keep. It covers employed physicians first, then practice owners. The worksheet at the end collects your figures and the questions to bring to HR, your CPA, your attorney and your advisor.



Start with the spending your retirement has to support. A stop date only makes sense once you know what it has to pay for.

A quick note on scope

This guide uses public tax rules and Texas law in effect for 2026. Your employment contract, plan documents and insurance policies decide what applies to you. Confirm plan terms with your employer or plan provider, tax questions with a qualified tax professional, and legal questions with an attorney. This is educational guidance, not individualized advice.

Educational material only. Survey figures: Medscape Physician and Retirement Report 2025, as corrected July 2025.

Get your records in order.

These checks show you what you have and what still needs an answer. They take an afternoon and set up every decision after them.

1 **Write down what you spend.**
A year of card and bank statements gives you a real monthly figure. Add what retirement adds, such as health coverage before Medicare and travel, and subtract what ends, such as plan contributions and loan payments.

2 **List every account on one page.**
Old 403(b)s and 401(k)s from training and earlier jobs, IRAs, a 457(b), an HSA, brokerage accounts and any cash-value policy. Note who holds each one and how it is taxed.

3 **Find out which kind of 457(b) you have.**
At a nonprofit health system it stays the employer's property until it is paid out and cannot be rolled to an IRA. At a public employer it is held in trust and can be rolled over. Ask for the plan's payout election form and its deadline.

4 **Check the Roth catch-up rule.**
If your 2025 Social Security wages from your employer topped $150,000, any 2026 catch-up you make in your 403(b) or 401(k) has to go in as Roth. Confirm your plan offers a Roth option.

5 **Read your disability and malpractice coverage.**
Note the disability benefit cap, how the policy defines disability, and who pays the premium. For malpractice, note whether the policy is claims-made and who pays for tail coverage when you leave.

6 **Check beneficiaries and documents.**
Confirm the beneficiary on each account and policy, and the date your will and powers of attorney were last reviewed.

Educational material only. Not tax, legal, or individualized investment advice.

Connect your goals to your plan.

The choices below shape how much you save now and what your savings must do later. Start with the rows closest to what you want.

If the goal is…	The planning priority is…	The risk of waiting is…
Cutting to four days a week	The income gap the lost day leaves, and how long savings must cover it	Pay drops while spending stays the same, and contributions fall with it
Stopping clinical work at 62	The monthly amount savings must pay until Social Security and Medicare	Three years before Medicare need health coverage paid from savings
Changing jobs	Unvested employer money, bonus repayment terms, the noncompete and tail coverage	A move timed a few months early can leave money behind
Lowering lifetime taxes	The order you draw from accounts, and Roth conversions in lower-income years	A large pre-tax balance becomes required withdrawals taxed later
Paying for children's college	529 savings alongside retirement savings	Tuition years can overlap with the years you planned to cut back
Protecting the family	Disability and life coverage, beneficiaries, and which assets Texas law protects	A gap is usually found when it is too late to close

Start with the goals that have a date attached.

Required withdrawals from pre-tax accounts generally start at 75 if you were born in 1960 or later. Medicare premiums are set from your tax return two years earlier, so a large 457(b) payout or Roth conversion at 63 or later can raise them. Social Security also withholds benefits if you claim before full retirement age and keep earning above an annual limit ($24,480 in 2026).

Situations that may need a closer look.

Employed at a nonprofit health system.

For 2026 you can defer $24,500 to the 403(b) or 401(k) and a separate $24,500 to the 457(b). Catch-ups at 50 ($8,000, or $11,250 at ages 60 to 63) apply only to the 403(b) or 401(k); a nonprofit 457(b) has no age-50 catch-up. The 457(b) stays open to the employer's creditors until paid, and its payout is fixed largely by elections you make before you leave. Weigh how much belongs there against your other savings.

This framework reflects IRS, SSA and Medicare figures for 2026 and may not apply to every physician. Situation-specific ideas are examples for discussion, not recommendations for any specific person.

Employed by a public university or public hospital.	Your 457(b) is governmental, so the plan holds it in trust and you can roll it to an IRA after you leave. It also allows the age-50 catch-up. Faculty at Texas public universities choose between the Optional Retirement Program and the Teacher Retirement System pension within 90 days of eligibility, and the choice cannot be changed.
Two physicians in one household.	Each employer withholds the extra 0.9% Medicare tax only on wages above $200,000 at that employer. A married couple owes it on combined wages above $250,000, so two incomes can leave a balance due at filing. Each spouse also faces the Roth catch-up test at their own employer.
Practice owner.	If the practice is your retirement plan, plan for a sale that comes late, or not at all. A buyout offer is worth what you keep after tax, and cash at closing is taxed differently from equity you keep. A practice retirement plan (401(k), profit sharing or cash balance) is designed with your CPA and plan provider.
Within five years of stopping with most savings pre-tax.	The years between your last paycheck and Social Security or required withdrawals may be your lowest-income years. Some households use them for partial Roth conversions. The IRS taxes each conversion in the year you make it.

Mistakes to check for before you step back.

Check these items against your own records and contracts before you choose a date or sign anything.

Decision mistakes

- Leaving the 457(b) on its default payout without comparing the lump sum with a schedule of payments.
- Changing jobs before an employer contribution vests or a signing bonus stops being repayable.
- Claiming Social Security early while still working part-time above the earnings limit.
- Switching malpractice carriers late in a career without checking how it affects free tail coverage.

Planning mistakes

- Picking a stop date before knowing the monthly amount savings must pay.
- Holding accounts from every job and training program without anyone looking at them together.
- Assuming group disability replaces 60% of pay, when the benefit is capped, may exclude bonus pay, and is taxable if the employer paid the premium.
- Keeping beneficiary forms from a previous marriage or before children were born.

Situation-specific ideas are examples for discussion, not recommendations for any specific person. Examples are illustrative and may not reflect your facts, contracts, or plan documents.

Keep copies of your elections

Ask HR or your plan provider for every deadline that applies to you in writing. Keep copies of submitted forms and confirmations.

Taxes and rules that shape the plan.

Review withdrawals, conversions and payouts with your tax professional before you make an election. Your employer, plan provider and attorney can confirm the terms that apply to you.

Tax items to evaluate

- Pre-tax or Roth deferrals
- Roth catch-up above $150,000
- 457(b) payouts taxed as wages
- Backdoor Roth IRA
- Roth conversions
- 0.9% Medicare tax
- 3.8% investment income tax
- Medicare premiums
- No Texas income tax

Rules to confirm

- 457(b) type and payout election
- Employer contribution vesting
- Bonus repayment terms
- Noncompete terms
- Tail coverage
- Disability definition and cap
- Beneficiaries on file

Consider taxes alongside your spending needs

Compare the money left after taxes with what you need to spend. A lower tax bill in one year does not tell you whether a withdrawal or retirement date suits your circumstances.

Texas law protects a homestead from most creditors with no dollar cap, limited by acreage instead. It also protects retirement plans, IRAs, Roth IRAs, HSAs, 529 plans, and the cash value of life insurance and annuities. The usual gaps are taxable brokerage accounts, cash, and a nonprofit 457(b), which Texas law does not clearly cover. An attorney can say how these rules apply to you.

For physician noncompetes entered into or renewed on or after September 1, 2025, Texas limits the buyout to one year of salary and wages, the term to one year, and the area to five miles, and voids the covenant if you are let go without good cause. Older contracts follow the prior law.

Examples are illustrative and may not reflect your facts, contracts, or plan documents. Sources: IRS 2026 limits and Notice 2025-67; Tex. Prop. Code §§41.001–41.002, 42.0021; Tex. Ins. Code §1108.051; Tex. Bus. & Com. Code §15.50. Coordinate tax questions with a qualified tax professional and legal questions with an attorney.

When it may be worth getting help.

Some questions can be answered by HR, your plan provider, or your CPA. An advisor can help when you need to compare how several choices affect the income you will live on. Mark the situations below that apply to you.

- [ ] You don't know the **monthly amount** your savings will need to pay.
- [ ] You hold a **nonprofit 457(b)** and haven't chosen how it pays out.
- [ ] You have accounts from **three or more employers** or training programs.
- [ ] You are thinking about **cutting back** or changing jobs in the next three years.
- [ ] Your 2025 wages from your employer were above **$150,000** and you are 50 or older.
- [ ] You and your spouse are **both high earners** and owed tax at filing.
- [ ] Most of your savings are **pre-tax**.
- [ ] You own or co-own a **practice** and have no written exit plan.
- [ ] You haven't read your **disability policy** since you signed up.
- [ ] Your will or beneficiaries are **more than five years old**.

Prepare for the conversation

Bring your account statements, your employment contract and the items you marked. Ask HR or your plan provider to confirm any terms you are unsure about.

Before you change anything, be able to answer these.

Use this list to find the gaps. Add any question you can't answer to the worksheet before you speak with HR, your CPA, your attorney or your advisor.

- [ ] How much do I spend each month, and what changes when I stop working?
- [ ] How much do I need saved to retire, and when could I?
- [ ] How will I turn my savings into a monthly paycheck?
- [ ] Which kind of 457(b) do I have, and how will it pay me after I leave?
- [ ] How much 403(b), 401(k) and 457(b) room do I have left for 2026?
- [ ] Do my catch-up contributions have to be Roth?

This checklist is for issue-spotting only and does not determine whether any action is appropriate. Decision frameworks should be adapted to your contracts, goals, tax situation, and the plan documents in force.

- [ ] Is my employer money fully vested, and would a bonus have to be repaid if I left?
- [ ] What does my noncompete say, and who pays for tail coverage?
- [ ] If I couldn't work, what would my disability coverage pay after tax?
- [ ] Which of my assets does Texas law protect, and which does it not?
- [ ] Who is the beneficiary on each account and policy?
- [ ] Who needs to be involved before I act? HR, my CPA, my attorney, my advisor.

Plan how your savings will support retirement.

At Winnacle Wealth, every engagement starts with a One-Page Plan that puts your priorities in view and names the next decision to address. We compare the income your accounts and Social Security can provide with the spending your retirement needs to support, and we work alongside your CPA and attorney. Your employer and plan provider confirm your benefits and plan terms.

Questions we can work through with you

- What do I need saved, and what is my earliest realistic retirement date?
- What does cutting to four days cost compared with stopping at 62?
- How much belongs in the 457(b), and how should it pay out?
- In what order should I draw from my accounts to lower lifetime taxes?
- Are my income and family protected if I can't work?
- What should my CPA and attorney see before I act?

How we organize the review

1 **Gather your records.**
Every account, your contract, your disability and malpractice coverage, and your beneficiaries.

2 **Find your number.**
The monthly amount your savings must pay, and the retirement dates it supports.

3 **Build the tax plan.**
Roth choices, conversions and withdrawal order, shared with your CPA so the return matches the plan.

4 **Write the decision down.**
What we change, when, and why.

Decision frameworks should be adapted to your contracts, goals, tax situation, and the plan documents in force.
No advisory relationship is created by this guide. Advisory services are provided only under a written agreement.

Your next step.

Use the worksheet to collect your figures, the dates you are considering and the questions still open. Confirm the plan terms and coverage you are counting on before you decide. If you would like help comparing your choices, book a Right Fit Call to talk through your situation and see whether Winnacle's approach fits your needs.

A practical conversation can help clarify

- Which decision has a deadline, such as a 457(b) election, a contract renewal or a vesting date.
- The documents to request first, starting with your plan's payout election form, your disability policy and your contract's tail clause.
- Who else belongs in the room, whether that's your spouse, your CPA or a practice partner.

Book a Right Fit Call

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Figures reflect IRS, Social Security, Medicare and Texas rules published for 2026 and are subject to change. Your employer's plan documents, your contracts and your insurance policies govern your own benefits. Winnacle Wealth is not affiliated with, endorsed by, or sponsored by the Texas Medical Association or any employer, health system, or insurer named or described in this guide.

Planning worksheet.

My monthly spending today

What retirement adds

What retirement removes

Monthly amount savings must pay

My accounts

- [ ] 403(b) or 401(k)
- [ ] 457(b) nonprofit
- [ ] 457(b) governmental
- [ ] IRA or Roth IRA
- [ ] HSA
- [ ] Taxable
- [ ] Other

Dates I might cut back or stop (up to three)

Deadlines I need to know

- [ ] 457(b) election
- [ ] Vesting date
- [ ] Contract renewal
- [ ] Bonus repayment end
- [ ] Tail coverage

My coverage

- [ ] Disability cap
- [ ] Who pays the premium
- [ ] Life insurance
- [ ] Malpractice type

Questions I need answered before I change anything

My written decision