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CASE STUDY
Real-Life Financial Planning

Microsoft Case Study: Retiring Before 60 with a Tax-Smart Income Strategy

Jeff and Priya's situation is one we come across often - professionals in their mid-to-late 50s who are ready to retire or semi-retire, but unsure how to turn their savings into sustainable income and secure health coverage.

Priya (56), a longtime Microsoft employee, and her husband Jeff (57), a professional at a large accounting firm, had always assumed 60 was the earliest they could realistically step away. After taking a comprehensive look at their financial picture and goals, we determined they were retirement ready.

Here's how we developed a clear, flexible income plan that gave them the confidence to move forward.

How We Built Their Retirement Income Plan

1) Establishing a Monthly "Retirement Paycheck"

We started by helping Jeff and Priya define what they wanted their retirement to look like - including travel in the early years and the ability to help their kids with a future down payment. After reviewing their full financial picture, we determined they'd need $15,000 per month after taxes, along with flexibility for larger outlays like gifts to family or redoing their deck.

To give them consistency and confidence, we set up a **monthly withdrawal** to hit their checking account at the start of each month—just like a paycheck. These funds came from their non-retirement investment account, specifically from their bond holdings, which meant the withdrawals didn't trigger capital gains taxes. This structure gave them a reliable income without second-guessing their spending.

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2) Tax and Health Insurance Planning in Early Retirement

Priya went on to Jeff's employer health insurance until he retired 6 months later, at which point they enrolled in **COBRA coverage for 18 months**. That gave them full coverage during the first couple years of Priya's retirement—while also creating a valuable tax planning window. With no wage income and monthly withdrawals coming from non-taxable sources, they found themselves in a very low tax bracket.

We used this time to realize **long-term capital gains at minimal tax cost**—particularly from Microsoft stock that Priya had accumulated over time. Much of it was sold at the 0% capital gains tax rate, allowing us to reduce their overconcentration without a meaningful hit to their overall plan.

Looking ahead, once COBRA coverage ends, we'll continue to manage their gross taxable income intentionally to help them maintain affordable health insurance premiums—preserving their cash flow.

3) Investing for Sustainable Withdrawals

We made sure Jeff and Priya's portfolio was set up to support retirement income from day one. That meant having a **dedicated bond "bucket"** large enough to cover several years of planned withdrawals. Their monthly income comes from this conservative portion of the portfolio, reducing the need to sell stocks during down markets.

As markets rise, we **strategically rebalance**—trimming gains from stock holdings and replenishing the bond bucket. This process keeps their income plan on track and allows their growth assets to continue compounding for future needs.

Results and Outlook

- Jeff and Priya **retired ahead of schedule**, in their mid-50s, with clarity and confidence
- Their **monthly income plan is fully funded**, tax-efficient, and automated
- They've **significantly reduced single-stock exposure** with minimal tax impact
- Their **health coverage is secure** through COBRA and ACA planning
- Their portfolio is built to support long-term income without reacting to short-term markets

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Conclusion

Jeff and Priya's story is a reminder that retirement isn't just about reaching a number, it's about having a plan to turn those savings into an enjoyable low stress lifestyle. With the right structure in place, they were able to retire earlier than they thought, on their own terms.

If you're starting to think seriously about retirement, let's explore what your next chapter could look like. **Schedule a complimentary strategy session to see what's possible.**

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