The PA Early Retirement Playbook

A practical guide for Physician Associates who want to stop guessing, lock in their Freedom Number, and design their own path to early retirement.

THE FRAMEWORK INSIDE

The Bridge Plan

Two gaps decide whether an early retirement works. The years between your last shift and 59.5, when your retirement accounts are still locked. And the years before 65, when you are buying your own health insurance.

START HERE

Who this is for

- PAs who want work to be optional in their 40s or early 50s
- PAs earning more than $130,000 a year in W-2 or 1099 income
- PAs who are ready to take control of their finances and build a plan that fits their life

> Most of the people I work with make this decision with a partner, and the two of them rarely arrive at it on the same day. If that is you, read this together. The steps below work best when both people can see the same numbers.

WHAT YOU WALK AWAY WITH

What you'll get

Your Freedom Number
Calculated with PA-specific inputs.

A 7 to 13 year bridge plan
Covering the years before 59.5 and the years before Medicare.

Ten actions, one per step
Written down, in one place, on the worksheet at the back.

Bridge-year income ideas
Clinical and non-clinical, with what each one does to your number.

A worked case study
How on PA is building a path to early financial independence.

HOW TO USE THIS

Read it through once without stopping. Then go back and work the ten actions, one per step. Page 20 is a tear-out page that holds all ten answers in one place, and it is the page to bring if we ever talk.

THE MAP

What's inside

PART ONE: THE TEN STEPS

PROOF, PITFALLS, AND YOUR ANSWERS

PART TWO: WORKING TOGETHER

PART ONE

The Ten Steps

Each step is one page. Each page ends with one thing to write down. Ten answers, and you have a plan instead of a savings rate.

THE BRIDGE PLAN

Two gaps to fund

WHAT THIS GUIDE ASSUMES

6%
average annual return, before inflation

4%
withdrawal rate on the portfolio

25x
spending multiplier for the baseline number

2026
ACA rules as of this edition's publication date

These are planning assumptions, not predictions. Your own numbers should replace every one of them.

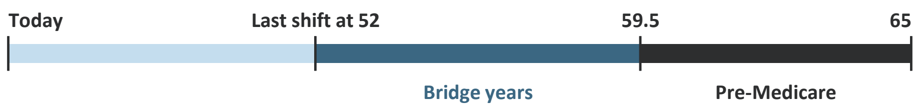
STEP 1 OF 10

Pick your last day of work

Pick a date you would actually be willing to defend to your partner. A vague date produces a vague plan.

Choose the year and month you want work to be optional, then put it on your calendar. Everything else in this guide flows from that one decision. If you pick age 52, you are planning for roughly seven years before you can touch pre-tax retirement money, and thirteen before Medicare.

AN EXAMPLE



7 bridge years before 59.5

13 years before Medicare at 65

YOUR MOVE

Write down your date and the number of years between that date and 59.5.

STEP 2 OF 10

Calculate your Freedom Number

Freedom Number: the portfolio value that makes work optional, after every adjustment specific to you.

Start with target annual spending in today's dollars and multiply by 25. That is your baseline. Then adjust it for housing, health insurance to 65, childcare end dates, student loans, college funding, and any income you plan to keep earning.

Current annual spending, including a $20,000 a year mortgage payment	**$110,000**
Mortgage paid off at 51, one year before the last shift DECISION 1	**- $20,000**
Retirement spending	**$90,000**
Per diem income (net of tax), 3 shifts/ month DECISION 2	**- $18,000**
What the portfolio has to produce	**$72,000**

ADJUSTED FREEDOM NUMBER, $72,000 X 25

$1,800,000

Baseline before the two adjustments: $90,000 x 25 = $2,250,000. Clearing the mortgage and keeping three shifts a month took $450,000 off the number.

YOUR MOVE

Run your own numbers and write your Freedom Number down.

THE BRIDGE

Before 59.5

Most PAs arrive here well funded and badly positioned. The savings rate is right, but the funds aren't accessible.

STEP 3 OF 10

Build the bridge fund

You need dollars you can reach before 59.5 without paying a penalty. That is the entire job of the bridge fund.

THE GAP YOU ARE SOLVING FOR

WHERE ACCESSIBLE DOLLARS COME FROM

- **A taxable brokerage account** invested for growth, then tapered into a two-to-three-year cash bucket as your date gets closer
- **Roth IRA contributions** and conversions that have aged past the five-year mark, as a last resort
- **A 457(b)** if it is governmental and the distribution rules let you reach it after you separate from service
- **The Rule of 55** if you separate in or after the year you turn 55 from a plan that allows it
- **A 72(t) distribution** only if you need it and only if it is planned correctly

YOUR MOVE

Add up how many years of spending your accessible dollars will cover between your last shift and 59.5. If there is a gap, turn it into a specific annual savings target.

THE BRIDGE

Working years

A 100% pre-tax saver and a balanced saver can hit the same number and have completely different options at 52.

STEP 4 OF 10

Choose your account mix on purpose

Three account types working together give you control later. The mix, not the savings rate, is what decides whether age 52 is actually available to you.

ACCOUNT	WHAT IT BUYS YOU	WHEN IT PAYS OFF
Pre-tax 401(k), 403(b)	A deduction now and a conversion window later	Age 59.5 and the low-income bridge years
Roth	Tax-free growth, and contributions you can reach any time	Generally, any time for contributions, 59.5 for growth
Taxable brokerage	Early access and control over capital gains	The bridge years, dollar one

AN EXAMPLE SPLIT

22% 401(k) **6% Roth IRA** **12% taxable**

YOUR MOVE

Set your savings split for the next 12 months.

This is the step where most people get stuck. Having the proper account withdrawal order is crucial for early retirees.

STEP 5 OF 10

Sequence your withdrawals

The goal is to keep taxes and insurance premiums low while keeping your flexibility high. Order matters more than most people expect.

1. **Dividends and interest**
   Cash that arrives without selling anything.
2. **Taxable principal**
   Sold with an eye on cost basis and the gain you realize.
3. **Roth contributions**
   Only if a shortfall shows up..
4. **Targeted Roth conversions**
   Up to the top of the bracket you have chosen.
5. **Pre-tax accounts**
   Later, once 59.5 has arrived.

YOUR MOVE

Draft your first-year cash flow on a single page. List the exact dollar amount coming from each bucket, estimate your year-one MAGI, and know what that income band does to your benefits.

Health insurance is the one retirement expense you can partly set yourself, by deciding what your income looks like on paper.

STEP 6 OF 10

Plan healthcare from 52 to 65

For part of your plan you will have neither employer coverage nor Medicare. These costs are largely controllable, but only if you plan your MAGI around them.

OPTION	HOW LONG	COST DRIVER	MAGI EFFECT
ACA marketplace	All bridge years	Household MAGI and plan tier	Direct. Subsidies phase out as MAGI rises
COBRA	Up to 18 months	Your former employer's full premium	Premiums not based on income
Part-time role with benefits	As long as you work it	Hours threshold and employer subsidy	Wages raise MAGI
Health sharing plan	Ongoing	Membership tier, not insurance	None, and not ACA coverage
HSA	Funded earlier, spent any time	Prior contributions and returns	Withdrawals for medical costs stay out of MAGI

YOUR MOVE

Pick your path for the first two years after your last shift, estimate the annual premium, then set your MAGI target to support it.

THE BRIDGE

Working years

Every $1,000 a month you stop paying is $300,000 you no longer have to accumulate at a 4% withdrawal rate.

STEP 7 OF 10

Clear the two payments that buy your freedom

Two payments usually dominate a PA's cash flow: the mortgage and the vehicles. Clearing them does two jobs at once. It lowers the spending your Freedom Number is built on, and it frees up cash to fund the bridge.

The mortgage

Payoff or downsize date

The vehicles

Payoff and maintain as long as possible

The bridge fund

Both payments redirected in full, the month they disappear.

YOUR MOVE

Set a payoff or downsize date that lands before your last shift, then redirect both payments into your bridge fund once they are gone.

THE BRIDGE

Before 59.5

The word that matters here is enjoy. Having part-time income will reduce your withdrawal needs and keep you busy.

STEP 8 OF 10

Add one income stream you actually enjoy

A small income stream shrinks your Freedom Number and takes pressure off the portfolio in the years that matter most, the early ones.

CLINICAL

Telemedicine
One weekend a month

Per diem urgent care
Shifts you choose

Teaching or precepting
Semester by semester

Chart review
Remote, hourly

Med-legal consulting
Project based

NON-CLINICAL

Local coffee shop
Mornings, people, structure

Boutique retail
Seasonal hours

An Etsy shop
Built around something you make

Working sporting events
Weekends only

$20,000 a year in flexible income reduces your Freedom Number by **$500,000** at a 4% withdrawal rate.

YOUR MOVE

Circle one option, then define the income you expect from it and the date you will start.

THE BRIDGE

Whole bridge

A spreadsheet cannot do this one. If you want your own planning scenario results, book a consultation here:

[*https://calendly.com/caleb-pepperday/30min*](https://calendly.com/caleb-pepperday/30min)

STEP 9 OF 10

Stress test the plan

Sequence of returns are very important. Your plan must survive bad markets and surprise expenses, not just average ones. You will rarely earn the market average exactly year in and year out.

SAMPLE FINANCIAL PLAN RESULTS

The difference between the two scenarios may be an extra year of work, an additional $10,000 a year saved and invested, or an elimination of long-term debt. Knowing that before you retire can be worth more than any single investment decision you will make.

YOUR MOVE

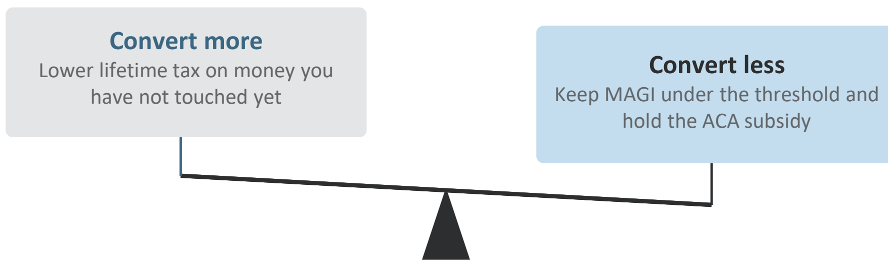
Run a 1,000-scenario Monte Carlo stress test. Look at your success rate, note any years that come out tight, then adjust savings, income, or timing until the score clears your comfort line.

Two good decisions made separately can add up to one expensive year.

STEP 10 OF 10

Convert on purpose

Those low-income bridge years are often the best Roth conversion window you will ever get. They are also the years your health insurance subsidy is most sensitive to income.



Every dollar converted raises the income the subsidy is measured against.

The dollar amount that optimizes one of these can wreck the other. They have to be decided together, in the same year, with the same numbers in front of you.

YOUR MOVE

Choose a target tax bracket and convert up to that line while protecting your ACA subsidy. Track your cumulative conversions and the future tax savings you expect from them.

THE BRIDGE

Whole bridge

41 today. 52 last shift. 59.5 penalty-free. 65 Medicare.

HOW THIS LOOKS IN PRACTICE

Maeve, 41

Fifteen years practicing. Base salary $160,000, and quarterly RVU bonuses bring total compensation to $190,000. She wants to retire at 52. She has saved well. Her problem is not the amount it is the accessibility.

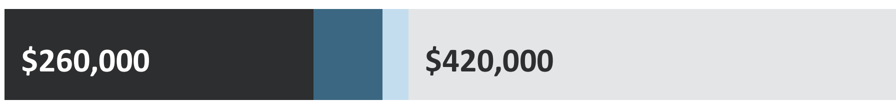
$190,000
TOTAL COMPENSATION

$760,000
INVESTED TODAY

$42,000
SAVED EACH YEAR

11 years
UNTIL HER LAST SHIFT

THE PROBLEM



$260,000
Taxable, reachable at 52

$58,000
Roth contributions, reachable

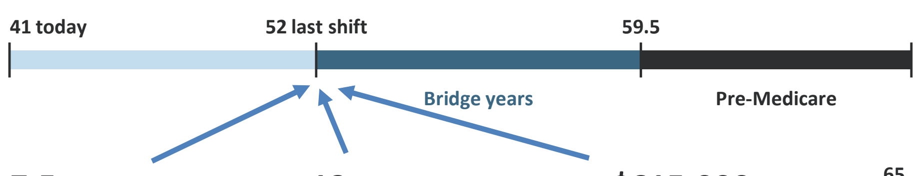
$22,000
Roth growth, locked

$420,000
401(k), locked until 59.5

Only her taxable account and her Roth contributions, about $318,000, can be reached at 52. Roth growth and the entire 401(k) stay locked until 59.5. That is the gap she has 11 years to close.

Most of her assets are locked up until 59.5. Maeve needs to build a plan that gives her more access to her assets prior to age 59.5. It's a problem but it's fixable.

MAEVE’S BRIDGE AND RETIREMENT TIMELINE



7.5 years
before she can touch pre-tax money

13 years
before Medicare picks up healthcare

$615,000
accessible dollars to have ready at 52

This is a simplified case study meant to show the method, not a precise projection. It does not account for taxes, inflation, or Social Security. This is for educational purposes only. It is not financial advice.

HER BRIDGE

7.5
Bridge years

$82,000
Cost per year

$615,000
Accessible target

$643,000
Taxable at 52

WHY $615,000

A conservative planning target, not exact math. It holds 2 to 3 years of spending in cash so an early bad market does not force selling at a loss. The pure investment figure is lower, since the account keeps earning while she draws it down.

ASSUMPTIONS

6% average annual return. She contributes the 2026 maximums, $24,500 to her 401(k) and $7,500 to a backdoor Roth IRA, plus $10,000 to taxable, for $42,000 a year across all 11 years. Contribution limits are 2026 figures and are subject to change.

STRESS TEST

First run 78%. After adjustments and an extra $10,000 a year, 92%.

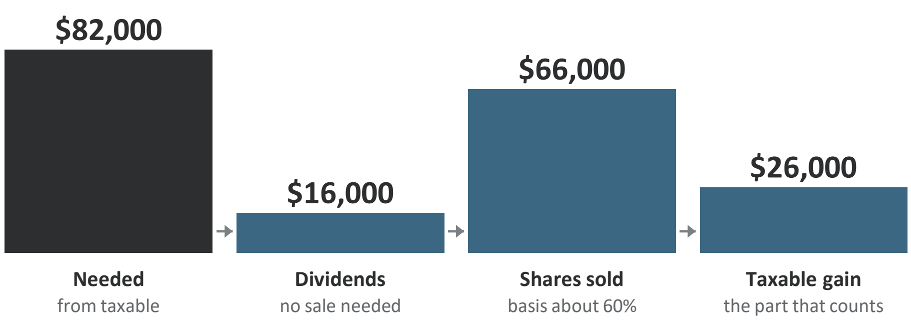
HER FREEDOM NUMBER

Target annual retirement spending	**$100,000**
Per diem telemedicine once retired (3x/month) HER PER DIEM SHIFTS	**- $18,000**
What her portfolio has to produce	**$82,000**

FREEDOM NUMBER, $82,000 X 25

$2,050,000

HER FIRST YEAR OF RETIREMENT



HER MAGI AGAINST HER TARGET

$18,000 telemedicine, $16,000 dividends and interest, $26,000 realized gains. This brings her MAGI to her target of $60,000.

WHAT SHE CHANGES, STARTING NOW

Fund the bridge with new taxable savings

Her $10,000 a year to the brokerage account builds the accessible bucket toward $615,000 without cutting her 401(k) or backdoor Roth.

Set the telemedicine number first

One shift a month is an income decision and a MAGI decision at the same time.

Add $10,000 a year in savings

The adjustment that moved her stress test from 78% to 92%.

THE EXPENSIVE MISTAKES

Four ways this goes wrong

These are the ones most PAs do not think about that I see most often.

1 **Saving everything into pre-tax accounts**

A PA who maxes the 401(k) for 20 years and never opens a taxable account can reach 52 with $2,000,000 and no easy way to access it prior to 59.5.

2 **Blowing past a subsidy threshold with a Roth conversion**

The conversion looks smart on its own, and it can still cost more in lost ACA subsidies than it saves in future taxes. The two decisions have to be made together, in the same year.

3 **Building the plan on a straight-line return**

A calculator that assumes 7% every year will tell you that you are fine. A bad first three years of retirement can end the same plan. Sequence risk is why Step 9 is not optional.

4 **Having a plan for what you will do during retirement**

What are you going to actually do during retirement? I'm not talking about the first few years, when you are taking your bucket-list vacations. I'm talking about 10 years from now, on a random Tuesday in February.

WHAT TO DO NEXT

Most people get to retirement ***then*** try to solve these questions. The good news is you are a proactive person. I know because you downloaded this playbook. Take some time and answer these questions for yourself now. Reach out if you need help.

SEVEN QUESTIONS

Before you move on

Go through this list without looking anything up. Check the box only if you can answer from memory, right now.

- ☐ What is your Freedom Number, to the nearest $50,000?
- ☐ How many bridge years are you funding, and what does one year cost?
- ☐ What is your bridge fund shortfall today, in dollars?
- ☐ What is your MAGI target for your first year of retirement?
- ☐ Which account writes your first retirement paycheck, and how much of it is taxable?
- ☐ How much can you convert to Roth this year without losing your health insurance subsidy?
- ☐ What does your plan's success rate look like if the first three years of retirement are bad ones?

YOUR SCORE

0 - 2	You have a savings rate and a hope. That is where almost everyone starts, and it is something we can work with.
3 - 5	You have the pieces. What you do not have yet is the order they go in, which is where the money is.
6 - 7	You have a plan. Bring it to a second set of eyes and stress test it before you set the date.

Most PAs who go through this get two or three. That is not a failure. It is the reason this work is worth doing with someone.

If you want to take the next step in planning for your future, schedule a free call here https://calendly.com/caleb-pepperday/30min.

FOUR THINGS YOU CAN DO THIS MONTH

Quick wins

1. **Treat your HSA like a retirement account**
   Max it early in the year and invest it. Pay current medical bills out of pocket and save the receipts, so you can reimburse yourself tax-free years from now.

2. **Redirect your raises and bonuses**
   Automate 100% of raises and RVU bonuses straight to your investment accounts for the next 12 months. It's an easy way to save more before it hits your pocket.

3. **Look at your monthly budget**
   Get serious about your budget. Do an audit of three months of spending history. How much are you actually spending? Will any of your current spending drop off in retirement?

4. **Make a mortgage decision**
   Retiring in under 10 years? A 15-year payoff schedule may be worth considering if cash flow supports it. If it does not, schedule extra principal payments that clear the loan two years before your last shift.

WHAT HAPPENS WHEN YOU WORK THIS PLAN

- ✓ You know your Freedom Number and your date
- ✓ You have better control over your taxes instead of guessing at them
- ✓ You know exactly which account funds each year
- ✓ You stop chasing somebody else's number

TEAR THIS PAGE OUT

Your ten answers

One line per step. Fill it in as you go, or in one sitting once you have read through. Bring this page to your Snapshot call and we start from your numbers instead of from scratch.

1 **Your last day of work** Date, and years to 59.5

2 **Your Freedom Number** Portfolio target after adjustments

3 **Bridge fund shortfall** Years covered vs years needed, in dollars

4 **Savings split** Pre-tax %, Roth %, taxable %

5 **First-year withdrawal order** Which bucket writes the first check

6 **Healthcare path and premium** First two years after your last shift

7 **Mortgage and vehicle payoff dates** Both before your last shift

8 **Your one income stream** What, how much, starting when

9 **Stress test success rate** And the years that came out tight

10 **Roth conversion target** Bracket, and your MAGI ceiling

Bring this page to your Snapshot call. Schedule here: https://calendly.com/caleb-pepperday/30min.

advancedpracticeplanning.com · caleb@advancedpracticeplanning.com · 814.762.7278

PART TWO

Working together

A typical client we work with is a Physician Associate between 35 and 50 years old, with a family and a combined household income of $200,000 or more. They have reached the point where the financial decisions in front of them carry real consequences and are beyond what a quick Google search can answer.

YOUR NEXT STEP

The PA Early-Retire Snapshot

One 30-minute call. No prep required on your end.

Book Today

https://calendly.com/caleb-pepperday/30min

PART TWO

Working together

What ongoing clients get

YOUR PLAN

A living financial plan

A written roadmap with recommendations you can actually read and a short list of what to do next, updated as your life changes.

Retirement readiness

Clear projections with multiple what-if scenarios, so you know when you can retire, how much you can spend, how inflation impacts your plan, and which account to pull from first.

Tax planning that looks forward

Multi-year projections and strategies built to lower what you pay over your lifetime, not just what you owe in April.

A risk management review

An independent look at your insurance so your income, your assets, and your family are protected, without paying for coverage you do not need.

YOUR INVESTMENTS

Portfolios built around your plan

Evidence-based investments, rebalanced when they need it, with an allocation that supports your goals and still lets you sleep at night.

Ongoing monitoring and alerts

I watch for portfolio drift, concentration risk, RMDs, option exercises, and expiring benefits, so none of it slips past you.

Tax-aware investing across each account

Your investments are placed and traded with the tax bill in mind, from asset location across taxable and retirement accounts to harvesting losses when markets give us the chance.

Low-Cost, Transparent Approach

We use low-cost investment portfolios designed to match your goals, done at a reasonable cost. We do not earn commissions or get peed for the investments we recommend

HOW WE WORK TOGETHER

Access when it matters

Reach me by phone, email, or text when a big decision comes up. Timely guidance is what keeps a costly mistake from becoming a permanent one.

Proactive check-ins

You receive several proactive check-ins throughout the year when there are major life events, market moves, or tax law changes that impact your plan.

An annual strategy review

Once a year at a minimum, we step back and realign your investments, taxes, insurance, and goals with the life you are actually living.

Support through major life events

Marriage, a new child, house purchase, college savings, an inheritance, a move across state lines. We prepare ahead and I walk you through each step.

Coordination with your whole team

I work directly with your CPA and your attorney so your investments, taxes, estate documents, and beneficiary designations all point the same direction.

Implementation done with you

We open the accounts, move the money, rebalance the portfolio, and update the beneficiaries together.

A secure client portal

One login for your net worth, your documents, and your open tasks.

KEY INFO

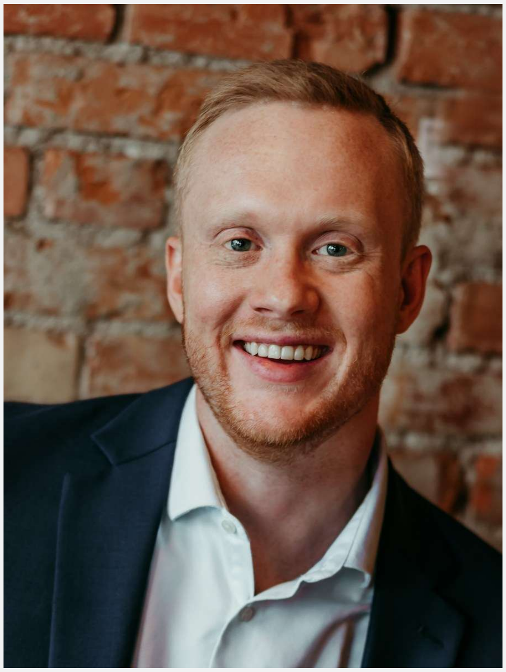
Flexibility. No long-term commitment. Cancel with 30 days' notice.

Fee transparency. A clear fee schedule and exactly what it covers.

WHO THIS WORKS BEST FOR

I work with a small number of PA households, so each one gets real attention. The planning in this guide tends to be worth the most to PAs with at least $250,000 invested, a household income above $200,000, and a willingness to delegate.

If you are earlier in your career than that, book the call anyway and I will tell you honestly whether you would get your money's worth yet. Sometimes the right answer is to keep saving for three more years and call me then. I would rather tell you that than take you on.



ABOUT THE AUTHOR

Caleb Pepperday

CFP®, ChFC® · Founder

I founded Advanced Practice Planning, LLC to provide physician associates the care and expertise they deserve to achieve their financial goals.

My wife is a PA-C. My brother is a physician. The two of them had vastly different experiences navigating the financial planning industry. Physicians got the red carpet. PAs got whatever was left over, usually from someone who did not understand the career and was paid to sell them a product.

That gap is the reason this firm exists. I work with mid-career and pre-retiree Physician Associates across the country as a fee-only fiduciary planner.

ONE THING WORTH KNOWING BEFORE YOU BOOK

Advanced Practice Planning is a fee-only Registered Investment Advisor, which means I am a fiduciary and I am paid only by my clients, through the financial planning and investment management fees they pay me directly.

If you and your partner are making this decision together, bring them both. It is a better conversation when everyone is looking at the same numbers.

YOUR NEXT STEP

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Assumptions and disclosures

WHAT THIS GUIDE ASSUMES

6%	4%	25x	2026
average annual return	withdrawal rate	spending multiplier	ACA rules as published

Every one of these should be replaced by your own numbers before you act on anything.

GENERAL

This playbook is for informational purposes only and should not be relied upon for investment, legal, or tax advice. For tax or tax advice, readers should consult with a financial professional before acting on any of the items discussed in this playbook.

HYPOTHETICAL

Maeve is a hypothetical illustration for educational purposes. She is not an actual client. Results shown are not indicative of any client experience.

INVESTMENT RISK

Investments involve risk, including the potential for complete loss. It should not be assumed that any strategy or recommendation discussed here will be profitable. Past performance is not a guarantee of future results. Projections and stress test results are estimates based on stated assumptions and will differ from actual outcomes.

ADVISORY SERVICES

Advisory services offered through Advanced Practice Planning, LLC, an investment adviser registered with the states of Montana and Pennsylvania. Advisory services are only offered to clients or prospective clients where Advanced Practice Planning, LLC and its representatives are properly registered or exempt from registration.

TAX AND RULES

Tax law, ACA subsidy thresholds, and retirement plan distribution rules change. The figures in this guide reflect rules as understood at the time of publication and may no longer be current when you read it.

Advanced Practice Planning, LLC

2521 Garland Drive, Missoula, MT 59803

814.762.7278 · caleb@advancedpracticeplanning.com

advancedpracticeplanning.com