
THE BRIDGE YEARS

A Steadier Way Across

A calm, practical guide to the years between leaving full time work and reaching Medicare, whatever brought you to that gap.

AN EDUCATIONAL GUIDE · NOT FINANCIAL OR LEGAL ADVICE

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HOW TO USE THIS GUIDE

This guide is meant to be read once for the whole shape of the plan, then kept nearby and used a section at a time. There are no forms to fill in here. Instead, each chapter ends with a short prompt you can think through, journal on, or talk over with a partner or advisor.

A NOTE ON ADVICE

This guide is educational. It is not personalized financial, tax, or legal advice, and it was not written with knowledge of your specific situation. Tax rules, healthcare subsidy rules, and account withdrawal rules referenced here reflect 2026 rules and can change. Before making decisions about withdrawals, conversions, or healthcare coverage, confirm the current rules and run your own numbers with a CPA, a fee only financial planner, or a licensed insurance advisor.

PART ONE

Understanding the Gap

Why the years before Medicare have become their own separate season of life, and why rushing through them can cost more than it saves.



The Gen X No-Man's Land

Maybe a job ended without much warning. Maybe nothing dramatic happened at all, just a slow recognition that the pace of full time work no longer fits, while full retirement still feels several years out of reach. Both paths lead to the same unfamiliar territory: a stretch of years with no name, sitting between a paycheck and Medicare.

Some people arrive here by force: a layoff, a buyout, a department eliminated without warning. Others arrive on purpose, choosing to step back from full time work a few years before age 65 because the trade-off finally makes sense. This guide is written for both. The forced path and the chosen path end up needing many of the same tools, even though the emotional starting point is different.

It helps to say plainly what this guide is not. It is not a way to retire early without enough money. It is not a guarantee that work is optional. It is a way of thinking about the years before full retirement so that a few important decisions, made early and deliberately, protect the decades that come after them.

You do not need a perfect plan for the rest of your life. You need a plan for the next stretch of it. That stretch has a name now: a bridge year, or a bridge period if it runs longer than one year. The rest of this guide is about how to build one, whether you have months of notice or none at all.

The Trap: Why Touching Your Accounts Too Soon Backfires

Retirement accounts spend decades being protected. You are told to contribute steadily, stay invested through downturns, and not panic when the market drops. Then, the moment full time income stops, the instinct flips: that same account starts to look like the obvious source of cash. It rarely is, for a few concrete reasons.

KEY TAKEAWAY**Protecting what you have already built matters just as much as building more.**

A bridge does not mean your retirement accounts are off limits forever. It means giving them room to recover and grow a little longer, so that when you do draw from them, it is by choice and on your terms, not because nothing else was left.

- **Selling low locks in the loss.** Withdrawing during a downturn means selling investments while they are worth less, and once those shares are sold, they no longer participate in the recovery that usually follows.
- **Withdrawals count as income.** Traditional 401(k) and IRA withdrawals raise your taxable income for the year, which can increase what you owe and can reduce or eliminate ACA health insurance subsidies before age 65, or raise Medicare premiums (through IRMAA) after it.
- **Early withdrawals are penalized.** Most withdrawals from retirement accounts before age 59 1/2 carry an additional 10 percent penalty on top of ordinary income tax.
- **It quietly pressures Social Security timing.** Once a retirement account feels like the only lever left, claiming Social Security as early as possible starts to feel necessary, even when waiting would have meant a meaningfully larger monthly check for life.

PART TWO

The Bridge Itself

What a bridge year actually is, what it is not, and the four levers that make one possible.



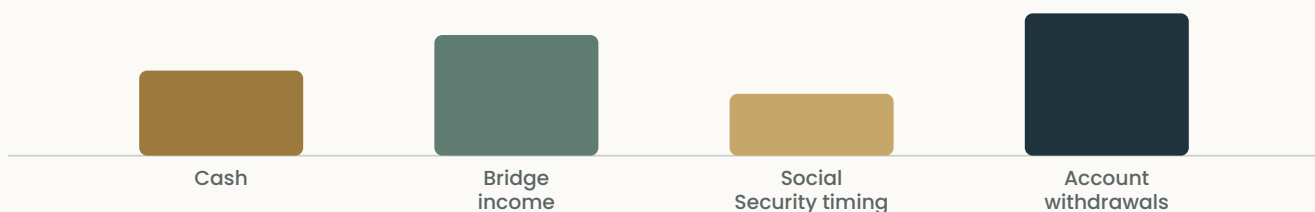
What a Bridge Year Actually Is

A bridge year is a temporary income and cash plan that delays drawing from retirement accounts. That is the whole definition. It is not a new career, and it does not require climbing any new ladder. Think of it as scaffolding placed around your retirement while the rest of the structure finishes settling.

It can last one season or several years, funded by cash set aside in advance, by part time or freelance income, or, for most people, some blend of both. The exact mix matters far less than the underlying shift in thinking: instead of asking *how do I replace my old paycheck*, the more useful question becomes *how do I reduce what I need to withdraw*, a question that turns an intimidating gap into a manageable, almost ordinary, season of life.

The Four Levers You Can Pull

Most bridge plans rest on four levers. None of them has to carry the whole weight on its own, and the real advantage of a bridge year is the ability to choose which lever to pull, and when, rather than having that choice made for you by circumstance.



- **Cash.** Savings set aside specifically to cover essential expenses without touching invested accounts.
- **Bridge income.** Part time work, freelance or consulting income, or income from assets you already own.

- **Social Security timing.** Choosing when to claim, rather than claiming early out of necessity.
- **Account withdrawals.** Drawing from retirement accounts deliberately, on favorable terms, once the other levers have done their work.

PAUSE & REFLECT

Which of these four levers already feels available to you? Which one would you most like to avoid touching for as long as possible? There is no wrong answer, but naming it now makes the rest of this guide more useful.

PART THREE

The Cash Bridge

A simple, repeatable way to size the cash cushion that does the heaviest lifting in almost every bridge plan.



Building Your Cash Bridge

Start with one number: the cost of one year of essential expenses. Not the comfortable, fully-funded-lifestyle number, the real floor: housing, utilities, groceries, insurance premiums, minimum debt payments, and medications. Most people find this number is meaningfully smaller than what they currently spend.

From there, multiply that one-year figure by however many years of cushion would let you sleep at night, whether that is one year or four. The result is your target cash bridge. It does not need to exist all at once. Many people build it gradually in the last working years, sometimes by temporarily redirecting a portion of retirement contributions into accessible savings instead.

As a concrete example, a household with \$4,200 a month in essential expenses has a one year floor of about \$50,400. Two years of cushion would mean a target cash bridge of roughly \$100,800. That number often looks intimidating at first glance, which is exactly why it helps to build it gradually over the last working years rather than trying to assemble it all at once.

Where that money lives matters too. A high yield savings account, short term treasury bills, or a money market fund are all reasonable homes for bridge cash, since the goal is stability and access, not growth. Many planners describe this as a bucket approach: a near-term cash bucket fully separate from the longer term invested accounts, so the two are never confused with each other when a withdrawal decision comes up.

KEY TAKEAWAY

Cash you do not have to think about is cash that is doing its job.

The point of a cash bridge is not to earn the highest possible return. It is to remove the temptation, and the need, to sell invested assets at the wrong moment.

PART FOUR

The Income Bridge

A closer look at realistic ways to generate income during a bridge year, with typical pay ranges and where to actually find the work.



Why a Small Income Stream Changes the Math

A bridge income source rarely needs to replace a full salary, and trying to make it do so usually backfires by turning a flexible bridge year into another full time job. What it does need to do is lower the dollar amount that has to come out of a cash bucket or a retirement account each month. Even a modest, steady \$1,000 to \$2,000 a month in bridge income can mean \$12,000 to \$24,000 a year that stays invested instead of being withdrawn, which compounds in your favor for the years ahead.

Seven Realistic Ways to Generate Bridge Income

The ranges below are meant to give a realistic sense of pay and time commitment, not a promise of what any individual will earn. Rates vary widely by location, industry, and experience, and most people land in only one or two of these categories rather than all seven.

Category	Examples	Typical Pay	Time Commitment
Consulting & freelance	Project work in your prior field via Upwork, Toptal, Business Talent Group	\$50–150/hr or \$5k–\$25k/project	Flexible, project-based
Fractional executive work	Part time CFO, COO, or CMO roles via Catalant, Chief, Paro	\$75–250/hr or \$5k–\$15k/mo	10–20 hrs/week
Part time or seasonal W-2	Retail, tax season prep, seasonal logistics, parks, substitute teaching	\$15–28/hr	Set schedule, often seasonal
Gig & flexible platforms	Uber, Lyft, DoorDash, Instacart, TaskRabbit, Rover	\$15–25/hr gross	Entirely on your schedule
Teaching, tutoring & coaching	Wyzant, Varsity Tutors, Outschool, adjunct teaching, career coaching	\$25–75/hr	Flexible, often recurring

Category	Examples	Typical Pay	Time Commitment
Renting assets you own	Spare room or ADU (Airbnb), parking/storage (Neighbor), a vehicle (Turo)	\$200–\$1,500+/mo per asset	Passive once set up
Caregiving & companionship	Care.com, Papa, local home care agencies	\$18–30/hr	Flexible to scheduled

CONSULTING & FREELANCE WORK

Decades of experience in a specific field rarely lose value the day a job ends. Platforms like Upwork and Toptal connect independent consultants with companies that need senior expertise on a project basis, without the overhead of a full time hire. Business Talent Group and Catalant specialize in higher end engagements for former executives and specialists, often at \$100 an hour or more.

FRACTIONAL EXECUTIVE WORK

A growing number of companies hire part time CFOs, COOs, marketing leaders, and HR executives rather than full time ones, especially smaller and mid sized businesses that need senior judgment but not a five day a week presence. Catalant, Chief, and Paro, which focuses specifically on finance roles, are built around matching this kind of part time leadership talent with the companies that need it.

PART TIME OR SEASONAL W-2 WORK

Traditional part time and seasonal jobs remain one of the simplest bridge income sources, with a predictable schedule and no need to market yourself. Retailers add seasonal staff around the holidays, tax preparation firms hire seasonal preparers each spring, and national and state parks regularly hire seasonal staff in scenic locations. Substitute teaching is another reliable option in nearly every school district.

GIG & FLEXIBLE PLATFORMS

Rideshare and delivery work through Uber, Lyft, DoorDash, and Instacart offer the most flexibility of any option here, since hours are entirely up to you. TaskRabbit pays for handyman and moving help, and Rover pays for pet sitting and dog walking. None of these alone is meant to be a primary income source, but together, or alongside another option on this list, they can fill specific monthly gaps with very little ramp up time.

TEACHING, TUTORING & COACHING

Subject matter expertise translates directly into tutoring and teaching income through platforms like Wyzant, Varsity Tutors, and Outschool, or through adjunct teaching at a local

community college. Career or executive coaching is another path for those with leadership backgrounds, often built through a personal network rather than a platform, sometimes supported by a coaching certification.

RENTING ASSETS YOU ALREADY OWN

A spare bedroom, a finished basement, unused parking, storage space, or a vehicle that sits idle most of the week can all generate income with comparatively little ongoing effort. Airbnb and VRBO cover short term lodging, Neighbor.com covers parking and storage, and Turo covers vehicle rentals. This category is worth a careful look specifically because it draws on what you already own rather than your remaining hours.

CAREGIVING & COMPANIONSHIP WORK

Demand for caregiving and companionship work is high and growing in most communities, through agencies and platforms like Care.com and Papa. This work tends to pay well relative to its flexibility, though it is worth being honest with yourself about whether the emotional demands of caregiving work fit your bridge year, since burnout here is common.

KEY TAKEAWAY

Pick one or two streams, sized to the gap, not a portfolio of six.

Trying to run several income streams at once usually creates more stress than income. Choose the one or two options that best fit your skills, your energy, and the actual size of the gap you are trying to cover, and treat the rest of this list as a backup plan rather than a to-do list.

A NOTE ON TAXES

Income earned outside of traditional W-2 employment, including consulting, freelance, and most gig platform work, is typically reported on a 1099 rather than a W-2, which means no taxes are withheld automatically. A common rule of thumb is to set aside 25 to 30 percent of this income for federal and state taxes, including self employment tax, and to make quarterly estimated tax payments rather than waiting until the following April. This income also counts toward the MAGI figure that determines ACA subsidy eligibility, covered in the next chapter, so it is worth tracking closely alongside any other income decisions made during the same year.

PART FIVE

The Healthcare Gap

Coverage options before Medicare, an important 2026 update on ACA subsidies, and the penalty-free routes worth knowing about.



Coverage Options During the Bridge

Healthcare is often the single biggest unknown in a bridge year, and it deserves its own deliberate plan rather than an afterthought.

- **COBRA** continues your employer's plan, typically for up to 18 months, but you pay the full premium yourself plus a small administrative fee, with no employer contribution.
- **The ACA marketplace** is open to anyone in this gap, regardless of why you left work. Eligibility for subsidies depends entirely on your household's modified adjusted gross income, or MAGI, for the year.
- **Health sharing ministries** offer a lower cost alternative to traditional insurance for some households, though they are not insurance and carry real limitations worth researching carefully before relying on one.
- **A working spouse's plan**, if available, is often the simplest bridge of all.

2026 UPDATE

The ACA subsidy cliff is back.

The enhanced subsidies that capped marketplace premiums at a fixed share of income for everyone expired at the end of 2025. For 2026, the original rule is back in force: if a household's MAGI goes even one dollar over 400 percent of the federal poverty line, every dollar of premium tax credit disappears at once, rather than phasing out gradually. For a two-person household, that line sits at roughly \$85,000 of MAGI. Because retirement account withdrawals, Roth conversions, and bridge income all count toward MAGI, the size and timing of those moves now matters more for health coverage costs than it has in years.

One more tool belongs in this conversation. If you are enrolled in a qualifying high deductible health plan, a Health Savings Account lets you set aside money tax free for medical costs, and for 2026 the contribution limits are \$4,400 for self only coverage or \$8,750 for family coverage, plus a \$1,000 catch up contribution for each spouse who is 55 or older, kept in their own

separate accounts. Because HSA contributions are tax deductible, grow tax free, and come out tax free for medical expenses, it is one of the most efficient tools available during a bridge period.

Penalty-Free Access Routes

Sometimes a bridge plan still needs to draw from a retirement account earlier than 59 1/2. A small number of IRS rules allow this without the usual 10 percent penalty. They are worth knowing about, and worth confirming with a professional before using.

- **Rule of 55.** If you separate from an employer at or after age 55, you may be able to withdraw from *that employer's* 401(k) penalty free, even before 59 1/2. It does not apply to IRAs, and it only applies to the plan tied to the job you just left.
- **SEPP, or Rule 72(t).** A formula based schedule of substantially equal periodic payments avoids the early withdrawal penalty, but it is rigid by design: once started, it must continue for five years or until age 59 1/2, whichever is longer.
- **Roth conversion laddering.** Converting traditional IRA funds to Roth during lower income bridge years can reduce future tax exposure. The catch is that the converted amount counts as income in the year of conversion, which can interact directly with the ACA subsidy cliff described above. Sizing each year's conversion carefully is essential.

WORTH REPEATING

These rules are technical, and the cost of a mistake is real.

This section is meant to help you ask better questions, not to replace a professional. A CPA, a fee only financial planner, or a tax advisor can confirm which of these routes, if any, fits your specific accounts and income picture.

PART SIX

Taking the First Step

What to do first if this bridge was not your choice, and a simple way to put everything in this guide into one plan.



If the Bridge Was Forced on You

Sometimes there is no runway. A role ends, a department is restructured, and the bridge that was a someday idea becomes an urgent reality overnight. If that is where you are right now, the most useful thing you can do is slow down just enough to make a handful of good decisions in the next thirty days, rather than every decision at once.

- **COBRA has a real but not immediate clock.** You typically have 60 days to elect coverage once notified, so this decision can wait a short while if you need to compare it against marketplace options first.
- **File for unemployment insurance promptly** if you are eligible. Rules and benefit amounts vary by state, and delaying the application only delays the support.
- **Read any severance agreement closely** before signing it, including deadlines, and consider having an employment professional review it if the terms are unclear or the amount is significant.
- **Separate essential expenses from flexible ones immediately**, and pause anything in the flexible category while the picture comes into focus.

None of this has to be elegant in the first week. Decisions made under pressure rarely need to be permanent, they only need to buy enough time to make the next decision more calmly.

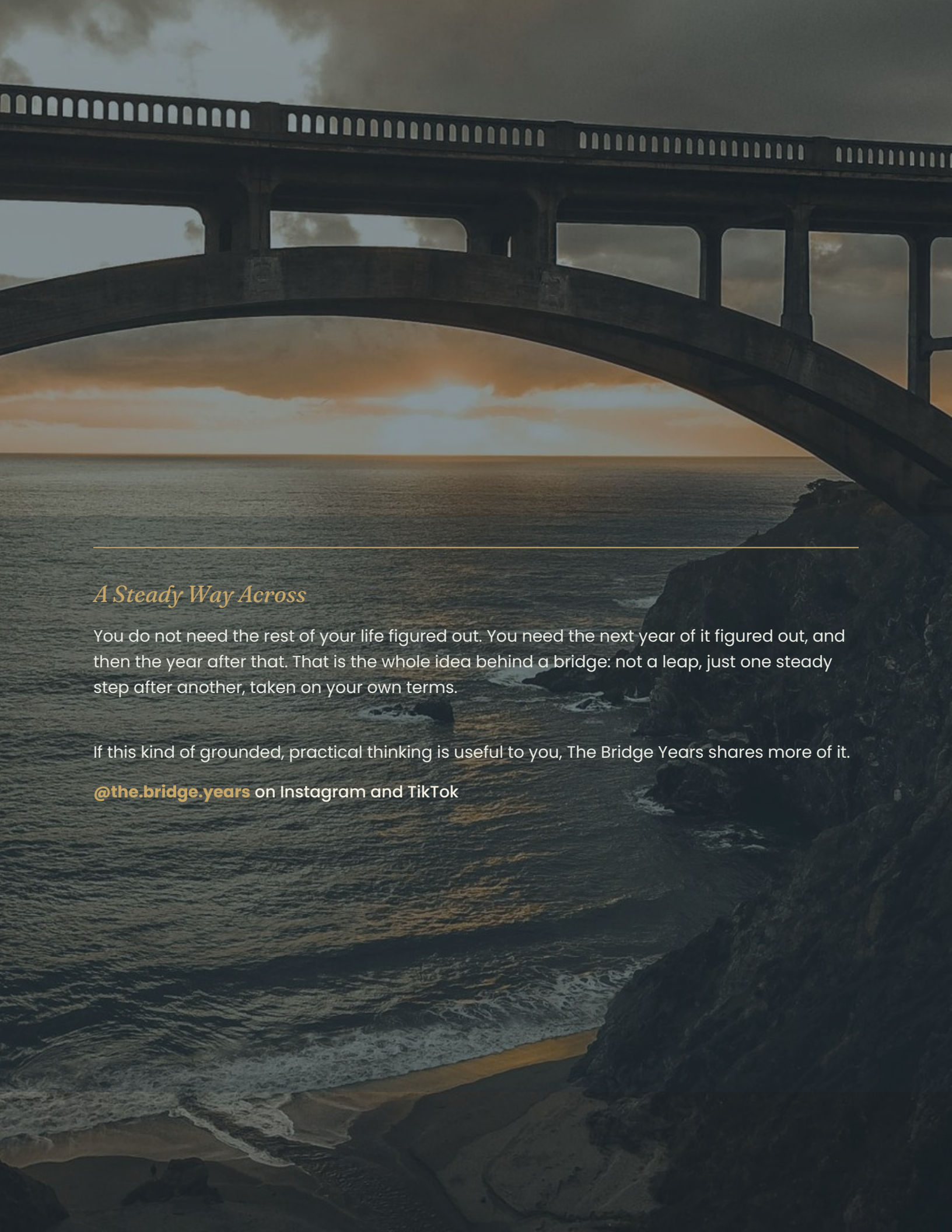
Putting Your Bridge Together

Once the immediate dust has settled, whether that took a day or six months, the same short list of questions applies to almost every bridge plan. Work through them in order.

- Write down one year of essential expenses, the real floor, not the comfortable number.
- Decide how many years of cushion you want, and where that cash will live.

- Choose one or two realistic bridge income options for your specific skills and situation, not the whole list.
- Choose a healthcare coverage path for the gap, and note the MAGI threshold that matters most for your household.
- Identify whether a penalty free access route might ever apply to you, and flag it for a professional conversation rather than acting on it alone.
- Decide, in advance, the order you would pull each lever if you needed to.

A bridge does not have to be elegant. It has to hold.



A Steady Way Across

You do not need the rest of your life figured out. You need the next year of it figured out, and then the year after that. That is the whole idea behind a bridge: not a leap, just one steady step after another, taken on your own terms.

If this kind of grounded, practical thinking is useful to you, The Bridge Years shares more of it.

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