LESSON · TRAVEL & ENTERTAINMENT

Bucket-List Budgeting

The safari, the anniversary trip to Italy, the world cruise: big trips deserve a real plan. Here's how to price one fully, pay for it tax-smart, and keep it from knocking the rest of your retirement off course.

Read time: 7 minutes **Level:** Intermediate **Includes:** Knowledge check

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A bucket-list trip is the kind of spending retirement savings are for. The goal isn't to talk yourself out of it. It's to pay for it in a way that doesn't create a tax surprise, force you to sell investments at a bad time, or quietly shrink your monthly paycheck for years afterward.

Step 1: Price the whole trip

Sticker prices leave a lot out. Build the full cost:

- Flights, including seat upgrades on long-haul routes
- Tour or cruise fare, plus port fees and taxes
- Hotels before and after the main trip
- Meals, tips and excursions not included in the fare
- Travel insurance, including medical and evacuation coverage abroad
- Visas, vaccinations and gear
- Costs at home: pet care, house sitting

Step 2: Gross it up for taxes

Where the money comes from changes what the trip really costs:

Paying for a $25,000 trip

SOURCE	WHAT YOU WITHDRAW
Cash savings or a Roth IRA (qualified)	$25,000
Traditional IRA or 401(k), taxed at a combined 25%	About $33,333
Taxable brokerage account	$25,000, plus any capital gains tax on what you sell

Illustrative. Your tax rate depends on your income, filing status and state.

Step 3: Watch the hidden tax effects

A large withdrawal from a Traditional IRA does more than raise that year's income tax:

- **Medicare premiums:** IRMAA surcharges are based on your income from two years earlier, so a big withdrawal this year can raise your Medicare premiums two years from now.
- **ACA subsidies:** if you retire before 65 and buy coverage on the ACA Marketplace, extra income can shrink your premium subsidy, or eliminate it if you cross 400% of the federal poverty level.
- **Splitting the cost:** paying a deposit in December and the balance in January spreads the withdrawal across two tax years, which can keep you in a lower bracket.

Step 4: Protect it from a market drop

If you plan to sell investments to pay for the trip and the market falls first, you sell more shares at lower prices, which permanently shrinks your portfolio. Two ways to avoid that:

- **Set the money aside early.** Once the trip is booked, move its cost into cash or short-term savings so a downturn can't touch it.
- **Keep the date flexible.** If markets fall sharply before you've set the money aside, consider pushing the trip a year rather than selling at a loss.

One trip shouldn't change your paycheck

The right way to fund a big trip is from money that isn't paying your monthly bills. If a trip can only happen by cutting your regular paycheck for years afterward, that's a sign to scale it back or wait.

How Blueprint approaches this

- Add each big trip as a **Future Large Purchase** (Plus), in today's dollars, in the year you plan to take it.
- Blueprint pays large purchases from your **Growth Engine**, so your monthly paycheck, funded by the Liquidity and Income Engines, isn't touched. If Growth can't cover it, you'll see a **Funding Gap** before you book.
- Blueprint models the **taxes, IRMAA and ACA** effects of your income each year, so you can see whether a big-trip year pushes you over a threshold.
- A **what-if scenario** (Plus) lets you compare taking the trip this year or next, side by side, without changing your saved plan.

Budgeting your bucket-list trip:

- [ ] Price the whole trip, including insurance and costs at home
- [ ] Decide which account pays, and gross it up for taxes
- [ ] Check the effect on IRMAA (65+) or ACA subsidies (under 65)
- [ ] Consider splitting payments across two tax years
- [ ] Move the trip's cost to cash once it's booked
- [ ] Make sure your monthly paycheck stays the same

KNOWLEDGE CHECK

Test what you just learned

Answer four quick questions to test what you just learned.

1. You pay for a $25,000 trip from a Traditional IRA taxed at a combined 25%. About how much do you withdraw?

- A. $25,000
- B. About $33,333
- C. $18,750

2. A big IRA withdrawal this year can raise your Medicare premiums when?

- A. Immediately
- B. Two years from now, through IRMAA
- C. Never

3. What protects a booked trip from a market drop?

- A. Moving its cost into cash or short-term savings
- B. Waiting to sell until the trip date
- C. Buying more stocks

4. How can you spread a large trip withdrawal across two tax years?

- A. Pay a deposit in December and the balance in January
- B. Pay everything at once
- C. Use a credit card only

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Sources: Medicare.gov, Medicare Coverage Outside the United States (April 2026); Blueprint University lessons on IRMAA, the ACA subsidy cliff and sequence-of-returns risk, with their sources.

Blueprint Tomorrow provides educational planning tools, not individualized investment, tax, insurance or legal advice. Nothing in this lesson is a recommendation to take any specific action with your accounts.