

INSIGHTS FROM GOELZER INVESTMENT MANAGEMENT

Generation X: You Must Put Your Oxygen Mask on First

How high earning/high net worth Gen X families can simultaneously preserve their parents' legacy and prepare the next generation—without losing altitude.

Rethinking the “Sandwich Generation”

Gen X (born 1965–1980) is often called the “sandwich generation,” squeezed between aging parents and growing kids. But that label does not capture what’s really happening. Gen X, in many cases, is a Dual Legacy Generation, helping parents navigate aging with dignity while also guiding children toward independent adulthood.

When flying commercially, airline professionals remind us to “Put on your own oxygen mask first.” From a wealth planning perspective, this advice is of equal importance. When Gen X has a clear plan for their own retirement and estate decisions, it becomes far easier to support both parents and children without feeling overwhelmed.

Engineering Better Retirement Outcomes for Gen X

Many financial plans focus primarily on achieving a target retirement balance. While establishing that number is essential, it is only one component of a sound strategy. For high earning Gen X families who consistently maximize retirement contributions, the more critical question is not whether retirement is funded, but how future income will be generated and whether the plan creates unnecessary tax concentration risk.

We frequently observe that Gen X households are heavily weighted toward tax-deferred accounts. Under the SECURE Act, the Required Minimum Distributions

(RMD) age is now 73 for individuals born before 1960 and 75 for those born in 1960 or later, and most non-spouse beneficiaries must fully distribute inherited retirement accounts within 10 years. Large tax-deferred balances in conjunction with the new SECURE Act rules can create elevated RMDs and accelerated taxation for heirs.

To enhance tax efficiency and long-term flexibility, we advocate intentional tax diversification across three account types:

- 1. Tax-deferred Accounts (during peak earning years):** Contributions to 401(k) and Traditional or SEP IRAs reduce current taxable income; however, withdrawals after age 59½ are taxed as ordinary income.
- 2. Tax-free Accounts (for Tax Rate Hedging & Legacy Efficiency):** Qualified distributions from Roth IRAs and Roth 401(k)s are tax-free, subject to the five-year holding requirement and age 59½ rule.
- 3. Taxable Accounts (for Liquidity & Flexibility):** Funded with after-tax dollars, these accounts are not subject to age-based withdrawal restrictions and may receive favorable long-term capital gains treatment when assets are held for more than one year. Funding taxable accounts after capturing full employer plan matching contributions can improve financial flexibility.

GOELZER
INVESTMENT MANAGEMENT



David S. Alexander
CFP®, ChFC®

Senior Wealth Advisor
dalexander@goelzerinc.com
(317) 264-2691



This diversified account structure reduces reliance on any single tax regime and supports more efficient retirement income planning. When coordinated with thoughtful withdrawal strategies, beneficiary designations, and charitable planning, this approach can lower lifetime tax exposure and help avoid a “tax time bomb”¹ for heirs under the SECURE Act’s 10-year distribution rule.

Leveraging Roth Contributions & Conversions

Roth contributions and conversions represent a strategic prepayment of taxes that can hedge against higher future marginal tax rates, reduce RMDs from pretax accounts, and lessen the impact of the SECURE Act’s 10-year rule on inherited IRAs.

Beginning in 2026, individuals age 50 or older with prior-year wages exceeding \$150,000 will be required to direct 401(k) catch-up contributions to a Roth 401(k). For high-income Gen X households, this change should be viewed as an opportunity to increase tax diversification and gain Roth account exposure despite the Roth IRA contribution limits (Single filers with MAGI over \$153,000 and married couples over \$242,000 in 2026).² Taxpayers under age 50 may continue to use backdoor Roth conversions, though a coordinated approach that balances pretax and Roth contributions within employer plans may provide greater long-term flexibility.

Individuals aged 55-60 with substantial tax-deferred balances should also evaluate Roth conversions during lower-income years in retirement. Partial Roth conversions can reduce future RMDs, improve after-tax income flexibility, and help lower the tax burden on heirs subject to the 10-year rule. Roth conversions may help manage future Medicare premium surcharges once RMDs begin.

Integrating tax-diversified accounts and Roth conversions into your plan allows you to intentionally structure your income in retirement, so you can choose which dollars to draw first.

Design Your Estate for Clarity & Control

According to Trust & Will, 55% of Americans have no estate plan.³ If you do not yet have one—or if

yours has not been reviewed recently—consider the following core planning priorities:

- **Establish & Maintain Essential Documents.** Wills, revocable trusts (when appropriate), durable financial powers of attorney, and health care proxies or advance directives form the foundation of an effective estate plan. These documents should be reviewed every 3-5 years or following significant life events. Ensure emergency contacts are updated, original documents are accessible, and designated agents know where to find critical information.
- **Coordinate Retirement Accounts with Trusts.** Trusts drafted prior to the SECURE Act may no longer function as intended when named as beneficiaries of retirement accounts. Conduit and accumulation trusts can now trigger accelerated taxation or elevated fiduciary income tax exposure under the 10-year rule. Update IRA to trust language as needed.
- **Implement Charitable Strategies Efficiently.** Donor advised funds (DAFs) allow you to bunch or front load tax deductions in high-income years, enjoy tax-free growth of contributed assets, and provide flexible charitable giving over time. DAFs also provide an opportunity to teach children about philanthropy. Naming a DAF as beneficiary of tax-deferred retirement assets is often a tax-efficient way to fulfill charitable goals.

Supporting Parents of Gen X

With their own oxygen mask firmly in place, Gen X can support parents through these steps:

- **Update Health Care & Financial Authority Documents.** Encourage parents to establish or refresh health care directives, advance care plans, and durable financial powers of attorney. The National Institute on Aging stresses that documents alone are not enough and conversations with your agents/proxies and family members are what make plans work in real life.⁴



- **Review Beneficiary Designations.** As discussed above, estate plans drafted before the SECURE Act may rely on trust strategies that no longer achieve their original objectives. For parents with significant IRA balances and philanthropic intent, directing tax-deferred IRA assets to charity, while preserving Roth and taxable assets for heirs can improve after-tax outcomes.
- **Coordinate Estate Planning.** Collaborative planning may optimize gift, estate, and income tax efficiency when a parent's estate materially affects your own.

Gen X's Kids: Prepare the Next Generation

For high earning Gen X families, planning for children is less about funding education and more about preparing capable stewards of capital.

Design an Intentional Learning Capital Stack

Purpose-built pools of capital can help children build understanding of financial concepts and goal planning. Each pool answers a different question and therefore should be governed accordingly.

- **Learn:** 529 plans for core education funding, with the SECURE Act 2.0 Roth rollover provisions serving as a flexibility backstop. States may treat the 529 plan to Roth IRA rollover differently from federal law;⁵ so, consult your CPA or tax advisor.
- **Explore/Build:** Uniform Transfers to Minors Act (UTMA)/Uniform Gifts to Minors Act (UGMA) accounts earmarked for developmental experiences, research projects, travel, and seed capital.
- **Give:** Philanthropy through a family DAF to teach charitable decision-making and values.

Family Governance before Wealth Transfer

Most wealth transfer challenges stem from unclear expectations and avoided conversations, not poor investment results. Honest conversations about values, independence, and responsibility can significantly reduce friction. Research consistently shows that parents, not schools or advisors, are the primary drivers of financial literacy.⁶

Align Family Support with Your Own Financial Resilience

As children begin earning income, encourage saving and early use of Roth IRA or taxable investment accounts. Gradually shifting decision-making responsibility builds competence before significant wealth transfers occur.

Support for education, early careers, and housing should be intentional and clearly defined—not reactive. Thoughtful boundaries help liquidity, avoid premature retirement withdrawals, and reduce long-term dependence. This reinforces the oxygen mask principle: you cannot sustain others if that support undermines your own security.

Conclusion: Leading at Altitude

Gen X holds a pivotal role in the family wealth journey. By securing retirement flexibility, estate clarity, and liquidity first, you can support your parents and prepare your children without losing altitude.

Putting on your oxygen mask first is essential. When Gen X plans proactively, complexity becomes continuity, preserving the past and strengthening what comes next.

¹ Kate Dore, CFP®, EA, "Your inherited individual retirement account could trigger a 'tax bomb' advisor says. How to Avoid it," CNBC, Sept. 17, 2024, [cnbc.com/2024/09/17/reduce-taxes-inherited-individual-retirement-accounts.html](https://www.cnbc.com/2024/09/17/reduce-taxes-inherited-individual-retirement-accounts.html).

² "401(k) limit increases to \$24,500 for 2026, IRA limit increases to \$7,500," Internal Revenue Service, Nov. 13, 2025, [irs.gov/newsroom/401k-limit-increases-to-24500-for-2026-ira-limit-increases-to-7500](https://www.irs.gov/newsroom/401k-limit-increases-to-24500-for-2026-ira-limit-increases-to-7500).

³ "Who Has an Estate Plan? A Demographic Breakdown," Trust and Will, Mar. 21, 2025, trustandwill.com/learn/2025-report-estate-planning-demographic-breakdown.

⁴ "Advance Care Planning: Advance Directive for Health Care," National Institute on Aging, [nia.nih.gov/health/advance-care-planning/advance-care-planning-advance-directives-health-care](https://www.nia.nih.gov/health/advance-care-planning/advance-care-planning-advance-directives-health-care).

⁵ "529-to-Roth IRA Rollovers: Taking Advantage of the New Option to Move Education Savings to Retirement Savings," Kitces, June 26, 2024, [kitces.com/blog/529-to-roth-ira-rollover-retirement-saving-education-planning-secure-2-0-backdoor-roth](https://www.kitces.com/blog/529-to-roth-ira-rollover-retirement-saving-education-planning-secure-2-0-backdoor-roth).

⁶ Brittany Rogers, "Money Talks: Teaching Kids Financial Fluency," Marriott Alumni Magazine, Summer 2024, marriott.byu.edu/magazine/feature/money-talks-teaching-kids-financial-fluency.

DISCLAIMER: The information provided in this piece should not be considered as a recommendation to buy, sell or hold any particular security. This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions, or forecasts will prove to be correct. Actual results may differ materially from those we anticipate. The views and strategies described in the piece may not be suitable to all readers and are subject to change without notice. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. The information is not intended to provide and should not be relied on for accounting, legal, and tax advice or investment recommendations. Investing in stocks involves risk, including loss of principal. Past performance is not a guarantee of future results.

