The Physician's Retirement Stack: Building Tax-Advantaged Space at Attending Income

At a 32–35% marginal rate, every pre-tax dollar you shelter is worth more than it ever was in residency. The tools stack — but only if you use them in the right order, and only if you start before the deadlines close.

Most physicians arrive at attending income with a single retirement account — the hospital 401(k) or 403(b) — and treat it as the whole plan. It isn't. At attending compensation, several tax-advantaged vehicles can be layered on top of one another, each with its own limit, its own deadline, and its own interaction with the others. Used together, they can shelter far more than the headline 401(k) number suggests. Used in isolation, most of that space goes unclaimed — and unlike a deduction you can catch next year, contribution room does not carry forward. The year you don't fill it, it is gone.

This is a map of the stack: what each layer is, how much it holds for 2026, and the order in which they generally go on. The figures are the actual 2026 limits; the sequencing is the part that turns a pile of accounts into a plan.

Layer one: the workplace plan — 401(k) or 403(b)

This is the foundation, and for most employed physicians it is the largest single layer. For 2026, you can defer up to **$24,500** of your own salary into a workplace 401(k) or 403(b). If you are 50 or older, an $8,000 catch-up raises your personal deferral to **$32,500**; if you turn 60, 61, 62, or 63 during the year, a larger "super catch-up" of $11,250 raises it to **$35,750**. Beyond your own deferral, employer contributions and any after-tax additions count toward a combined ceiling — the §415(c) limit — of **$72,000** for 2026 ($80,000 once the age-50 catch-up is layered on).

> THE 2026 ROTH CATCH-UP RULE THAT CATCHES ATTENDINGS
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> Beginning in 2026, if your prior-year FICA wages from the employer sponsoring your plan exceeded $150,000, every catch-up dollar must go in as a designated **Roth** (after-tax) contribution — you lose the up-front deduction on the catch-up, but the money grows and comes out tax-free. For nearly every attending 50 or older, this is not optional. It is a wage test, not an income test, and it looks only at last year's wages from that one employer.

Layer two: the 457(b) — the physician's second deferral

Here is the layer most physicians don't know they have. If your employer — often a hospital, university, or non-profit health system — offers a **457(b)** plan alongside the 401(k) or 403(b), it carries its *own separate* $24,500 elective-deferral limit for 2026. Because the 457(b) limit does not share the 402(g) ceiling that binds the 401(k) and 403(b) together, a physician with access to both can defer up to **$49,000** of salary in a single year before any employer contribution — effectively doubling the workplace deferral.

The 457(b) carries a distinction worth understanding: a *governmental* 457(b) (public hospital, state university) holds your money in trust for you, much like a 401(k). A *non-governmental* 457(b) (many private non-profit systems) remains a general asset of the employer until paid out, which introduces creditor risk and less flexible distribution rules. The tax advantage is real either way; the account is worth reading carefully before you rely on it.

Layer three: the HSA — the most tax-efficient dollar you can save

If you are enrolled in a qualifying high-deductible health plan, the Health Savings Account is the only vehicle in the code that is triple tax-advantaged: contributions go in pre-tax, growth is untaxed, and withdrawals for qualified medical expenses are never taxed. For 2026 the limit is **$4,400** for self-only coverage and **$8,750** for family coverage, with an additional $1,000 catch-up at age 55 or older.

> WHY PHYSICIANS UNDERUSE IT
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> The HSA is widely treated as a healthcare account and spent down each year. Used instead as a stealth retirement account — paid for out of pocket now, invested, and left to grow — it becomes the most efficient dollar in the stack. After 65 it functions like a traditional IRA for non-medical withdrawals, and stays tax-free for medical ones. Contributing through payroll also skips FICA; contributing directly does not.

Layer four: the backdoor Roth — for you and a spouse

Attending income almost always exceeds the Roth IRA direct-contribution phase-out, which closes above roughly $168,000 (single) or $252,000 (married filing jointly) for 2026. The direct door is shut — but the "backdoor" remains open: a non-deductible contribution to a traditional IRA, converted to Roth. Done for both you and a non-working or lower-earning spouse, it adds up to $7,500 each of Roth space per year ($8,600 at 50 or older).

The one trap is the **pro-rata rule**: if you hold any pre-tax IRA balances — a rollover from a prior employer, a SEP, a SIMPLE — the conversion is taxed proportionally across all your IRA money, not just the new contribution. Clearing those balances first (often by rolling them into a current 401(k) that accepts roll-ins) is what makes the backdoor clean. This is a sequencing decision, not a form-filing one.

Layer five: the solo 401(k) — if you have 1099 income

If you earn independent income — moonlighting on a 1099, locums shifts, expert-witness work, telehealth, or a side practice — you can open a **solo 401(k)** for that business and stack it on top of your employer plan. Your $24,500 employee deferral is shared across all 401(k)/403(b) plans, so if you've maxed it at the hospital, the solo 401(k)'s value comes from the *employer* side: you can contribute up to 20% of net self-employment earnings as the "employer," up to the same $72,000 §415(c) ceiling — a separate ceiling for the unrelated solo business.

For a physician with substantial 1099 income, this is frequently the largest incremental layer available, and it is the layer most often left on the table because it requires deliberately opening and funding a plan by year-end. If the independent income is large and stable, a **defined benefit or cash balance plan** can layer on top of even the solo 401(k), sheltering six figures more — the subject of its own analysis, but worth flagging as the ceiling of the stack.

The order the layers go on

> SEQUENCING BEATS MAXIMIZING
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> The stack has a natural priority. Capture the full employer **match** first — it is an immediate return no other layer offers. Then fund the **HSA**, the most tax-efficient dollar available. Then finish the **401(k)/403(b)** deferral, add the **457(b)** if offered, and run the **backdoor Roth** for both spouses. Layer the **solo 401(k)** — and any defined benefit plan — on top only after the 1099 side is quantified. Getting the order right matters more than getting any single layer to its maximum, because the early layers carry the highest return per dollar and the tightest deadlines.

How I work with physicians on the stack

The retirement stack rewards a plan built at the start of the year, not a scramble in December. I work with physicians to inventory every layer they actually have access to — including the 457(b) and solo 401(k) that often go unnoticed — set the contribution order against their cash flow, clear the pre-tax IRA balances that would otherwise foul a backdoor Roth, and coordinate the whole stack with the year's tax projection so the deferrals land where they do the most good.

The goal is simple: turn a scattered set of accounts into a single, sequenced plan that fills the space your income unlocks — before the deadlines, not after, and in the order that keeps the most of each dollar.

> **THE BOTTOM LINE**
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> At attending income the tax-advantaged accounts stack far higher than the single workplace 401(k) most physicians rely on — a 457(b) can double the workplace deferral, an HSA is the most efficient dollar in the code, a backdoor Roth adds space for both spouses, and 1099 income can open a solo 401(k) or even a cash balance plan on top. But contribution room does not carry forward, several layers have hard year-end deadlines, and the order the layers go on determines how much of each dollar you keep. Filled early and in sequence, the stack is one of the largest levers a high earner has; left to December, most of it quietly expires.

Discuss your situation with Natalie C. Papagni, CPA

If you'd like your full retirement stack inventoried and sequenced — the 457(b) and solo 401(k) that often go unnoticed, the backdoor Roth cleared of pro-rata traps, and the whole thing coordinated with your year's tax projection — a complimentary initial consultation is the natural first step.

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This article is educational and reflects federal rules for the 2026 tax year, including the $24,500 elective-deferral limit, the $72,000 §415(c) annual-additions limit, the $8,000 age-50 and $11,250 age-60–63 catch-up amounts, and the SECURE 2.0 mandatory Roth catch-up rule under IRS Notice 2025-67, and the $4,400 self-only / $8,750 family HSA limits under Rev. Proc. 2025-19. Figures are general and not tailored to any individual; plan availability, the 457(b) governmental/non-governmental distinction, and the pro-rata rule depend on your specific facts. Nothing here is tax advice for your situation. Please consult a qualified CPA before acting.