

Getting Ready to Retire

A Quick Look at the Basics



Important Ages for Retirement Planning

Keep track of these milestones to help optimize your retirement benefits

50

You are eligible to make “**catch-up**” **contributions** to your 401(k) and your IRA. Disabled widow/widowers are also eligible for Social Security benefits. Use this opportunity to boost your savings rate and enhance your retirement nest egg.

55

If you have a **Health Savings Account**, you can start making catch-up contributions at age 55.

If you are 55 or older and you lose or leave your job, you may be able to take a **penalty-free 401(k) distribution**, which means you don't have to pay the 10% early withdrawal penalty. The distribution is still taxable as income, so consider getting some tax advice from a CPA and discuss early distributions with a financial advisor – you may have better options.

62

Social Security benefits are now available, but remember, collecting at this age will permanently reduce your monthly benefit by as much as 30%. In addition, if you are still working, then any benefits received prior to reaching full retirement age are further reduced by any earnings above an inflation-adjusted amount. Check the Social Security website for details. If you are still working and don't need the income, consider delaying Social Security until you need it.

59½

Withdrawals from any retirement accounts are now **penalty-free**. If contributions were tax-deferred, withdrawals will be subject to ordinary income tax. Roth contributions can be withdrawn tax-free if you have had the account for five years or more. If you are continuing to work and don't need the money, consider letting your retirement account continue to grow. At age 60, widow/widowers are eligible for Social Security survivor benefits at a reduced rate.

65

You are now eligible for Medicare. If you are already collecting Social Security, you will be automatically enrolled in Medicare Parts A and B. If you have not yet started Social Security, you will need to apply. The initial enrollment period for **Medicare begins at 64 and 9 months**. You are also eligible for non-medical withdrawals from your HSA account without penalty. If you are still working and getting health insurance through employment, talk to your employer about how your current plan coordinates with Medicare.

66/67

People born in or before 1954 become **eligible for full Social Security benefits** the month they turn 66. For those born after 1954, full retirement age gradually increases before reaching age 67 if born in 1960 or later. Check the Social Security website for details. You can choose to delay your benefit, and if you do, your benefit will increase by up to 8% per year for each year you delay, for a maximum increase of between 24% to 32% depending on your full retirement age. **There is no increase for delaying a spousal benefit**, and so if your spousal benefit exceeds your own maximum delayed benefit you may as well start taking benefits.

70

At age 70, the 8% annual increase in Social Security benefits stops accruing, so **you should start taking benefits by no later than this age**. Enrollment in Social Security is not automatic and no retroactive benefits will be paid if you forget to enroll.

70½

Beginning at this age, **Qualified Charitable Distributions (QCDs)** can be made from Traditional IRAs directly to eligible charities. The QCD amount consisting of IRA contributions made prior to 70 ½ is excluded from taxable income, however, any IRA contributions made after age 70 ½ are considered to be taken out first for QCD purposes and will be included in taxable income. **You should discuss with your CPA.**

73

Contributions can still be made if working, however, **required minimum distributions (RMDs) from your retirement accounts must begin at age 73** (age 75 for those born after 1959). RMDs must be taken from your Roth 401(k) until 2024 and you never have to take withdrawals from Roth IRAs owned in your name, including those funded by a rollover from a Roth 401(k) or from a deceased spouse's Roth retirement account. **You can delay taking any 401(k) RMDs if you are still employed.** Distribution rules differ following the death of the retirement account owner and can be complex and the tax consequences significant, so talk to an advisor about your own and your beneficiaries' situations.

Frequently Asked Retirement Questions

How much can I save?

2023 Limits For 401(k) & Other Qualified Plans

Annual Limit
\$22,500

“Catch-up”
\$7,500

What should I know about withdrawing my money?

Generally, if no longer employed, you can take withdrawals as early as age 55 (age 59½ if still employed or if rolled into an IRA) and you are required to begin withdrawing by April 1st of the year after you reach 72.

Options for what to do with your account balance

Leave money where it is (if allowed)

A direct rollover to an IRA

Take a cash distribution

What should I know about Social Security?

Ages to Consider When Claiming Your Benefit

Age
62

Reduced Benefit

Age
66-67

Full Retirement Age

Age
70

Highest Possible Benefit

What do I need to know about Medicare?

Enrollment Details

Once your Part A benefits begin, you will be automatically enrolled in Part B unless you opt out. There is generally a 7 month window to sign up for Part B at the stated costs. It might be worthwhile to look into supplemental Medigap policies.

How do I get started?

Additional Resources

Review your statement
www.ssa.gov/onlineservices

Speak with a Social Security representative:
1-800-772-1213

Find additional Medicare information
www.medicare.gov

Speak with a Medicare representative:
1-800-MEDICARE

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