



## Transitional Birthdays Beginning at 50

### 50 – Happy Birthday!

- You can now make catch-up contributions to your qualified retirement plans like IRAs, 401Ks, etc.

### 55 – Happy Birthday!

- You can take early retirement withdrawals from your 401K and avoid the 10% early withdrawal penalty (penalties still apply to withdrawals made from an IRA prior to 59 ½). However, all federal and applicable state taxes are due upon distribution of your pre-tax assets.
- You can now make catch-up contributions to your Health Savings Account (HSA) provided that you are eligible to make contributions to an HSA.

### 59 ½ - Happy Birthday!

- 1) The IRS permits in-service rollovers. You are now allowed to roll over the eligible portion of your employer-sponsored retirement plan – like a 401K – to a self-directed IRA. This opens up the world of investment options giving you nearly unlimited choices regarding how you plan for retirement. (Note: your plan sponsor may place restrictions on the age at which you can conduct an in-service rollover. Obtain a copy of the summary plan document governing your workplace retirement plan).
- 2) As a result of in-service rollover eligibility, it is now possible to convert your 401K assets to a Roth IRA
- 3) You can make withdrawals from your IRAs without incurring a 10% early withdrawal penalty. However, all federal and applicable state taxes are due upon distribution of your pre-tax assets.

### 62 – Happy Birthday!

- You are now permitted to file for your eligible Social Security retirement benefits. However, claiming prior to your full retirement age will result in permanent forfeiture of benefits, as well as the cost-of-living adjustment that you would have otherwise received on the forfeited benefits. You could likely increase your cumulative lifetime Social Security benefits by tens of thousands of dollars just by delaying your Full Retirement Age (FRA).
- You are also subject to the Earnings Limit. If you are still working and making an income that exceeds the earnings limit, Social Security will withhold 1 dollar for every 2 dollars you make in excess of the earnings limit. This may result in a situation where you receive fewer benefit checks per year or no benefit checks at all.

### 63 – Happy Birthday!

- Your Medicare premiums at age 65 will be based on your modified adjusted gross income (AGI) from this calendar year. Make sure that you are taking precautions to minimize your AGI this year to avoid paying an unnecessary surcharge on your Medicare premiums, known as the Income Related Monthly Adjustment Amount, or IRMAA.



## 65 – Happy Birthday!

- You are now eligible for Medicare. You may enroll in Medicare during a seven-month initial enrollment period. The initial enrollment period includes the three months prior to your birth month, your actual birth month, and the three months following your birth month.
- Once you are enrolled in Medicare, you are no longer allowed to contribute to your HSA.
- If you are currently receiving Social Security benefits when you turn age 65, you will be automatically enrolled in Medicare Part A and no longer eligible to contribute to your HSA.
- You may not be required to enroll in Medicare when you turn 65 if you are still working for an employer with 20 employees or more and eligible for a qualified health insurance plan through work. However, failure to enroll in Medicare at the appropriate time may result in penalties. We'd recommend that you begin consulting with our qualified Medicare Expert at least six months prior to your 65th birthday.

## 66-67 – Happy Birthday!

- You have reached your Social Security Full Retirement Age (FRA) and are now eligible to receive 100% of your entitled benefit. For those born between 1943 and 1954, your FRA is 66. For those born between 1955 and 1959, your FRA is increased by two months every year (ex. 1956 birthday – FRA is 66 and 4 months). The FRA for everyone born after 1960 is 67 under current law. That means someone born in 2010 has the same FRA as someone born in 1967. Congress will likely increase the FRA for younger Americans as one of the strategies to fix the program's long-term solvency issues.
- For every year that you delay claiming your Social Security benefit beyond your Full Retirement Age (FRA), you receive an 8% delayed credit. In other words, your Social Security benefits increase by 8% (ex. Your FRA is 67, and you claim at 68 you are entitled to 108% of your FRA benefit).
- Once you've reached your FRA, there's no longer an earnings limit if you continue to work and elect to receive Social Security benefits. However, doing so may result in a large percentage (up to 85%) of your Social Security benefit is subject to federal and applicable state income taxes. We recommend consulting a financial advisor specializing in Social Security claiming strategies before making an irrevocable claiming decision.

## 70 – Happy Birthday!

- There is no delayed credit awarded beyond age 70. We advise everyone should have filed for Social Security benefits by his/her 70th birthday.

## 70 ½ – Happy Birthday!

- You are now eligible to receive a tax deduction by making Qualified Charitable Distributions directly from a pre-tax account (Ex. IRA) to a qualifying charitable organization thus reducing your future RMDs

## 72 – Happy Birthday!

- You are now required to start taking Required Minimum Distributions (RMDs) from your traditional pre-tax IRAs and likely from other pre-tax retirement accounts like 401k's. Failure to begin taking your RMDs will result in steep penalties equal to 50% of the RMD itself.



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