

Points of Interest

Use this retirement timeline to help determine the ages you may want to pay special attention to. It's a helpful tool to use as we work together and develop your retirement income strategy.

Age 50: Increase Retirement Savings

Starting in 2015, pre-retirees age 50 and over can contribute up to \$18,000 PLUS up to \$6,000 in catch-up contributions (if allowed by employer) to their 401(k) plan.¹

Age 55: Penalty-Free 401(k) Zone

If you retire at age 55 or older, you can potentially take distributions from your 401(k) or other employer-sponsored retirement plan without incurring penalties. You can avoid the usual 10% federal tax penalty on early withdrawals, but note that you'll still owe income taxes on these distributions.²

Age 59 1/2: Penalty-Free IRA Zone

Once you hit this half birthday, you may take IRA withdrawals without getting penalized. Traditional IRA withdrawals are taxed as income. Roth IRA distributions are tax-free and penalty-free if the Roth IRA has been held for at least five years.

Age 62: Social Security Eligibility Begins

At age 62, you may be eligible to receive Social Security benefits. Keep in mind, however, that if you start taking benefits at this age, your benefits are reduced by a fraction of a percent for each month before your full retirement age (which varies depending on your birth year).

¹ <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits>

² <https://www.irs.gov/taxtopics/tc558.html>

Age 65: Medicare Eligibility Begins

As you may know, Medicare is federal health insurance for people 65 or older and for those under 65 with certain disabilities. Starting three months before your 65th birthday until three months after you turn 65, you can sign up for Medicare benefits. Or, if you're already receiving Social Security benefits, in most cases you'll be automatically enrolled in Medicare. You can learn more by visiting: www.medicare.gov/eligibilitypremiumcalc/.

Age 70: Maximum Social Security Benefits Begin

If you delay claiming Social Security benefits, you may be eligible for increased payments. After age 70, however, there is no additional incentive for delaying benefits.

Age 70 1/2: Required Minimum Distributions

At this age, you must start taking your annual required minimum distributions (RMDs) from retirement accounts, such as a traditional IRA. Take note that RMDs are taxed as ordinary income.



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Retirement Roadmap

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