Critical Retirement Planning Age **ROADMAP**

Taking a foot off the accelerator to coast into retirement can release a host of emotions – excitement, empowerment, enlightenment, disbelief, and even a bit of uncertainty. That's why having a roadmap to success helps smooth out the twists and turns along the way. No two journeys are alike, but we have provided some important mile markers along the way that may help you arrive at a more comfortable and perhaps extended retirement. Enjoy the ride. You've earned it!

AGE 50

- If you are 50 or will be by the end of the year and you contribute to a:
  - 401(k), 403(b), or 457 plan, you can make a $7,500 catch-up contribution on top of the standard $23,500 limit.
  - Traditional or Roth IRA, you can make an additional $1,000 contribution in addition to the standard $7,000 contribution.
  - SIMPLE IRA or SIMPLE 401(k), you can make an additional $3,500 catch-up contribution on top of the standard $16,500 limit.[1]
- **If you're a public safety employee who is 50 or older and retired**, quit, or got laid off, you can avoid the 10% early withdrawal penalty provided you take the distribution directly from your employer's retirement plan.[2] Talk with your financial professional for more information.
- **If you are a widow or widower who was disabled within seven years of your spouse's death**, you may be eligible to draw Social Security survivor benefits as early as age 50.[3] If you are still working, your benefits may be reduced or eliminated until you reduce your earnings, retire, or reach full retirement age (FRA).

AGE 55

- If you separate from service in the same year that you are at least 55 or older by December 31, you may take a distribution directly from that employer's qualified retirement plan without paying the 10% early withdrawal tax.[4] Any pre-tax distributions will be taxable and may be subject to a 20% mandatory federal income tax withholding requirement. If the monies are first rolled to an IRA, the age 55 exception will no longer apply. This exception does not apply to IRAs, SEPs, or SIMPLE IRA plans.

AGE 59½

- A withdrawal from an IRA, 401(k), 403(b), or other employer-sponsored plans are no longer subject to the 10% early withdrawal penalty. If you are still an active employee, the employer's plan must permit an in-service distribution. Pre-tax distributions are still taxable as ordinary income.

AGE 60

- **If you are a widow or widower**(and not disabled), age 60 is the earliest age at which you may be able to file for reduced survivor benefits. If you continue to work, your benefits may be reduced or withheld depending on the amount of your earned income. Talk with your financial professional for more information.

- Starting January 1, 2025, employees age 60 to 63 by December 31 of the year will be eligible to make enhanced catch-up contributions to their retirement plans after reaching the maximum deferral limit. For 2025, participants in 401(k), 403(b), and 457(b) plans can contribute an additional $11,250—150% of the standard age-50 catch-up contribution—on top of the $23,500 standard deferral limit. For SIMPLE IRA and SIMPLE 401(k) plans, the additional catch-up contribution limit for 2025 is $5,250, above the $16,500 standard deferral limit. These "super-charged" contributions provide a valuable opportunity for you to boost your retirement savings before retirement.

AGE 62

- This is the earliest age you can claim Social Security retirement or spousal benefits. Filing for benefits at age 62 could reduce your monthly retirement or spousal benefit by 30 to 35% of your benefit at your normal retirement age.[5] You may file online up to four months before your 62nd birthday by visiting ssa.gov. Talk with your financial professional for more information.

AGE 63

- If you plan to enroll in Medicare Parts B and D at age 65, your income in this year determines what your Medicare premiums will be at age 65.
- Your Medicare premiums and potential surcharges referred to as income-related monthly adjusted amount (IRMAA) for the current year are based upon your modified gross adjusted income(MAGI) as reported on your IRS tax return two years before the current year. This process repeats annually. For example, your 2025 Part B and D premiums are based on your MAGI in 2023.[7] Certain qualifying life-changing events such as retirement permit you to request a redetermination of your premiums using a more recent tax year. Consult your tax and financial professionals to ensure that your income does not cause you to pay higher premiums than anticipated.

AGE 65

- Age 65 is the age at which you generally are eligible for Medicare unless you are disabled. Your seven-month initial enrollment period includes the three months before your 65th birthday, the month you turn 65, and ends three months after your birthday.[6]
- Unless a special enrollment period applies to you (for example, if you or your spouse are actively employed and are covered under your or your spouse's workplace health plan with 20 or more employees), failure to enroll in time could cause a lifelong monthly penalty to your Medicare Part B and Part D prescription drug plan premiums.

AGE 67

- When you reach your full retirement age (FRA), you'll be able to collect 100% of your Social Security benefit. Why is this important? Because you could receive as much as a 30% higher lifelong benefit than if you decide to file at age 62 that could also positively impact the income of your surviving spouse.[7]
- If you were born between 1943 and 1954, your FRA is 66. If you were born between 1955 and 1959, your FRA falls somewhere between 66 and 67. And if you were born in 1960 or later, 67 is the year you are entitled to 100% of your retirement benefit.

AGE 70

- At 70, you stop earning monthly delayed retirement credits (which accrue monthly, up to 8% annually, if you delay your claim between your FRA up to age 70) on your Social Security retirement benefit.[8] If you have not yet filed for benefits, do so now. Waiting provides no additional credits.
- If you haven't filed for benefits by age 70, it's important to do so immediately. When filing, you can request the Social Security Administration (SSA) to issue retroactive payments in a lump sum back to your 70th birth month or up to six months prior, whichever is shorter. Consult your tax advisor, as receiving a large lump-sum payment could affect your tax situation.

AGE 70½

- If you were 70 ½ by December 31, 2019, you should already be collecting required minimum distributions (RMDs) from your traditional IRA or workplace retirement plan. If you're still working and participating in your company's retirement plan, you may be able to delay RMDs from your current employer's plan until you retire, if later. Check with your employer.
- Beginning at age 70 1/2, you may direct tax-free charitable donations from your IRA through qualified charitable distributions (QCDs).[9] A properly executed QCD requires the donation to be paid directly from the IRA to an eligible charitable organization, with an annual maximum of $108,000 (2025) per IRA owner.
- A one-time election to direct a maximum of $54,000 (2025) to a charitable gift annuity or a charitable remainder trust will offset the higher limit.
- Beginning in 2020, the amount of QCDs that you may exclude from income is reduced by the aggregate amount of deductible IRA contributions you made at 70 1/2 or older.
- The IRA owner is not required to itemize deductions to take advantage of a QCD, and the amount of the QCD, up to a maximum of $108,000 (2025) is tax-free. Furthermore, once you are subject to required minimum distributions (RMDs), Qualified Charitable Distributions (QCDs) can be used to partially or fully satisfy your RMDs for the same year. When properly executed, QCDs reduce your taxable income for that year, offering a tax-efficient way to meet your philanthropic goals while managing your taxable retirement income. Speak to your tax advisor before using the strategy for additional details.

AGE 72-75

- If you were born between July 1, 1949 - December 31, 1950, you should have started taking RMDs from your Traditional IRAs or workplace plans the year you turned 72. If you were born between 1951-1959, you should begin taking RMDs in the year you reach age 73. Those born in 1960 or later begin RMDs at age 75.[10] However, if you continue to work past your applicable RMD age and participate in a qualified plan, your employer's plan may allow you to delay RMDs until the year you retire.
- Your required beginning date is April 1 of the year following the year you reach the applicable age. However, if you wait until April 1st to take your first RMD, you must also take a second RMD by December 31st of the same calendar year. Each subsequent RMD is due by 12/31 of the calendar year.
- Qualified Charitable Distributions (QCDs)(discussed previously) may be used to offset your annual RMD up to the QCD amount or $108,000 (2025), whichever is less. Any remaining RMD due must still be satisfied, and ordinary income taxes paid.

1. www.irs.gov/pub/irs-drop/n-24-80.pdf
2. IRC Section 72(t)(10) – Eligible federal employees include federal law enforcement officers, custom and border protection officers, federal firefighters, and air traffic controllers
3. www.ssa.gov/pubs/EN-05-10084.pdf
4. www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-tax-on-early-distributions
5. www.ssa.gov/benefits/retirement/planner/agereduction.html
6. www.ssa.gov/pubs/EN-05-10043.pdf
7. www.ssa.gov/pubs/EN-05-10147.pdf
8. www.ssa.gov/benefits/retirement/planner/delayret.html
9. www.irs.gov/pub/irs-pdf/p590b.pdf Qualified Charitable Distributions, March 2024
10. www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds

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