



AEGIS FINANCIAL

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## Key Retirement Age Milestones

### AGE 50

- If you have a 401(k), 403(b), TSP, or 457 plan, and you'll be 50 by the end of the year, you can make a \$6,500 catch-up contribution on top of the standard \$19,500 limit.
- If you're 50 (or will be by the end of the year) you can make an additional \$1,000 catch-up contribution to a Traditional or Roth IRA.
- If you're a public safety employee that's 50 or older and retired, quit, or got laid off, you can avoid the 10% early withdrawal tax on your employer's retirement plan. Talk with your financial professional for more information and if this would be an option for you.
- 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. If you are still working, your benefits may be reduced or eliminated until you either reduce your earnings, retire, or reach survivor's full retirement age (FRA).

### AGE 55

- If you retire, quit, or get laid off in the year that you are age 55 or older by December 31 of the same year, you may take a distribution directly from that employer's retirement plan without paying the 10% early withdrawal tax. Any pre-tax distributions will be taxable. If the monies are first rolled to an IRA, the age 55 exception will no longer apply.

## AGE 59<sup>1/2</sup>

- You may take a withdrawal from an IRA, 401(k), 403(b), or other employer-sponsored plan without a 10% early withdrawal tax. If you are still an active employee, the employer's plan must permit an in-service non-hardship withdrawal. Pre-tax distributions are still taxable as ordinary income.

## AGE 60

- If you are a widow or widower (and not disabled), this is the earliest age at which you may be able to file for survivor benefits. Talk with your financial professional for more information.

## 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 benefit by 25% to 30% of your benefit at normal retirement age. You may file online up to four months prior to your 62nd birthday by visiting [www.ssa.gov](http://www.ssa.gov). Talk with your financial professional for more information.

## AGE 65

- Age 65 is the age at which you generally are eligible for Medicare. Your seven-month initial enrollment period includes the three months prior to your 65th birthday, the month you turn 65, and ends three months after your birthday.
- Unless a special enrollment period applies to you (for example, if you are covered under a workplace health plan), failure to enroll in time could cause a lifelong monthly penalty to your Medicare Part B and Part D prescription drug plan.

## AGE 66-67

- When you reach your full retirement age, you'll be able to collect 100% of your Social Security benefit. Why is this important? Because you could receive a 30% higher benefit than if you decide to file at age 62.
- 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 that you are entitled to 100% of your retirement benefit.

## AGE 70

- At 70, you stop earning monthly delayed retirement credits (up to 8% per 12 months beyond your FRA, accrued monthly) on your Social Security retirement benefit. If you have not yet filed for benefits, do so now. Waiting provides no additional credits.

## AGE 70<sup>1/2</sup>

- 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. If you're still working and participate in the 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.

## AGE 72

- If your 70th birthday was July 1, 2019, or later, you must begin required minimum distributions from Traditional IRAs and workplace retirement plans (unless you are still working and have a qualified plan), by April 1 of the year following the year you reach age 72. If you wait to take your first RMD the year following your 72nd birthday, you must also take a second RMD distribution by December 31 of the same calendar year.

<sup>1</sup> [www.irs.gov](http://www.irs.gov) Retirement Topics – Catch-Up Contributions, January 2020

<sup>2</sup> [www.irs.gov/newsroom/401k-contribution-limit-increases-to-19500-for-2020-catch-up-limit-rises-to-6500](http://www.irs.gov/newsroom/401k-contribution-limit-increases-to-19500-for-2020-catch-up-limit-rises-to-6500)

<sup>3</sup> IRC Section 72(t)(10) – Eligible federal employees include federal law enforcement officers, custom and border protection officers, federal firefighters, and air traffic controllers

<sup>4</sup> [www.ssa.gov/benefits/survivors/ifyou.html](http://www.ssa.gov/benefits/survivors/ifyou.html)

<sup>5</sup> [www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-tax-on-early-distributions](http://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-tax-on-early-distributions)

<sup>6</sup> [www.ssa.gov/benefits/retirement/planner/agereduction.html](http://www.ssa.gov/benefits/retirement/planner/agereduction.html)

<sup>7</sup> [www.ssa.gov/benefits/medicare/](http://www.ssa.gov/benefits/medicare/)

<sup>8</sup> [www.medicare.gov/your-medicare-costs/part-b-costs](http://www.medicare.gov/your-medicare-costs/part-b-costs)

<sup>9</sup> [www.ssa.gov/pubs/EN-05-10147.pdf](http://www.ssa.gov/pubs/EN-05-10147.pdf)

<sup>10</sup> [www.ssa.gov/benefits/retirement/planner/delayret.html](http://www.ssa.gov/benefits/retirement/planner/delayret.html)

<sup>11</sup> [www.irs.gov](http://www.irs.gov) Retirement Topics – Required Minimum Distributions, September 2020



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