

A retirement timeline

Many people think that major retirement decisions are all made at age 65. In reality, there are a number of important dates, and many begin as early as age 50. It is important to start looking at the series of decision dates, and work with your financial professional to be sure you make the choices that are right for you.

Your retirement timeline



During the year in which you will turn age 50: You can begin to make catch-up contributions to 401(k) and many other retirement arrangements. A catch-up contribution is an amount beyond the normal contribution limits.

During the year in which you will turn age 55: If you separate from service with your employer during or after this year, you can receive amounts from that employer's retirement arrangement without the 10% federal additional tax for early withdrawals.

At age 59½: If you are eligible to take withdrawals from retirement arrangements, you can now take withdrawals without the 10% federal additional tax for early withdrawals. Of course, the more you leave in the arrangements, the more they can grow tax-deferred.

At age 62: You can now begin to receive Social Security benefits. By waiting longer, though, you could receive a larger monthly benefit.

At age 65: You are eligible for Medicare on the first day of the month that you turn 65. You might want to consider enrolling, because if you do not enroll during the month you turn 65 and wish to enroll later, you may be required to pay a higher premium for Medicare Part B. Discuss with your tax advisor what is right for your situation.

At age 66: If you were born between 1943 and 1954, you are now eligible for full Social Security benefits. By waiting longer, though, you could receive a larger monthly benefit.

At age 67: If you were born in 1960 or later, you are now eligible for full Social Security benefits. By waiting longer, though, you could receive a larger monthly benefit.

At age 70: If you have not started receiving Social Security benefits, waiting longer will not increase your benefit.

At age 70½: You need to start taking required minimum distributions (RMDs) from most retirement arrangements by this age. If you don't, you could incur significant excise taxes.

As you can see, there are a number of important decision points. Your choices can affect your retirement strategy. Call your financial professional or your tax advisor to discuss your retirement timeline and to discuss what may be appropriate for your situation.

For all that's ahead.SM

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