



Age-specific
retirement
to-dos,
privileges,
deadlines and
limitations

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There are a number of dates to be aware of on the way to – and through – retirement.

Be sure you mark each of these milestones along the way.

Age 50 – You can start using “catch-up” contributions to maximize your IRA, 401k and SIMPLE contributions.

Age 55 – Several special-situation rules apply to distributions from retirement plans starting at this age. If you are fortunate enough to have sufficient assets to begin retirement at age 55, there are several ways to avoid penalties for early withdrawals.

Age 55 – Start catch-up contributions to your Healthcare Savings Account (HSA) (if eligible)

Age 59.5 – You can access your retirement plans without a penalty (taxes may apply).

Age 59.5 – Depending on your 401k plan design, you may be able to do an “in service” withdrawal to roll money to an IRA while you’re still working. This can be used to start building an income-oriented IRA. Income is key in retirement.

Age 62 – This is the first year you are eligible to take Social Security. Benefits are reduced when you start this early, and be careful if you’re still working. Benefits will be withheld (or be required to be paid back) if you earn more than a minimum amount.

Age 65 – You are Medicare eligible. You *must* sign up for Medicare if you are not currently covered by employer-sponsored group medical insurance to avoid a permanently higher Medicare premium.

Age-specific retirement to-dos, privileges, deadlines and limitations

Age 65 – You can start taking penalty-free distributions from a Health Savings Account (HSA) for expenses other than medical (taxes will apply)

Age 66 – if you were born before 1960, this is the first year that benefits aren't reduced for earning income above a certain level while taking Social Security. Prior to age 66, it may not make sense to take Social Security while you are working.

Age 66 – Spousal benefits from Social Security are as big as they're going to get (if you were born before 1960). Married couples should look at Social Security strategies by age 66, even if they plan on waiting until age 70 to claim.

Age 67 – If you were born in 1960 or later, this is earliest you can work and not be penalized for working and taking Social Security. This is also the year for maximum spousal benefits.

Age 70 – Social Security benefits on your own earnings get bigger every year you defer taking them, to a maximum benefit at age 70. After age 70, there is no benefit for waiting.

Age 70.5 – You are no longer eligible to make a tax-deductible IRA contribution, it's time for distributions.

Age 70.5 – Required Minimum Distributions (RMDs) begin from IRAs. If you are still working you may be able to defer RMDs from your 401k as long as you are not the business owner. However, if you own more than 5% of the business, you must start taking RMDs from your 401k at age 70.5, even if you're still contributing.