

IMPORTANT BIRTHDAYS OVER 50



MOST CHILDREN STOP BEING “AND-A-HALF” SOMEWHERE AROUND AGE 12. KIDS ADD “AND-A-HALF” TO MAKE SURE EVERYONE KNOWS THEY’RE CLOSER TO THE NEXT AGE THAN THE LAST.

WHEN YOU ARE OLDER, “AND-A-HALF” BIRTHDAYS START MAKING A COMEBACK. IN FACT, STARTING AT AGE 50, SEVERAL BIRTHDAYS AND “HALF-BIRTHDAYS” ARE CRITICAL TO UNDERSTAND BECAUSE THEY HAVE IMPLICATIONS REGARDING YOUR RETIREMENT INCOME.

AGE 50

At age 50, workers in certain qualified retirement plans are able to begin making annual catch-up contributions in addition to their normal contributions. Those who participate in 401(k), 403(b), and 457 plans can contribute an additional \$7,500 per year in 2023. Those who participate in Simple Individual Retirement Account (IRA) or Simple 401(k) plans can make a catch-up contribution of up to \$3,500 in 2023. And those who participate in traditional or Roth IRAs can set aside an additional \$1,000 a year.^{1,2}

AGE 59 1/2

At age 59½, workers are able to start making withdrawals from qualified retirement plans without incurring a 10% federal income-tax penalty. This applies to workers who have

AGE 59 1/2 - Cont'd

contributed to IRAs and employer-sponsored plans, such as 401(k) and 403(b) plans (457 plans are never subject to the 10% penalty). Keep in mind that distributions from traditional IRAs, 401(k) plans, and other employer-sponsored retirement plans are taxed as ordinary income.

AGE 62

At age 62 workers are first able to draw Social Security retirement benefits. However, if a person continues to work, those benefits will be reduced. The Social Security Administration will deduct \$1 in benefits for each \$3 an individual earns above an annual limit. In 2023, the income limit is \$21,240.3

AGE 65

At age 65, individuals can qualify for Medicare. The Social Security Administration recommends applying three months before reaching age 65. It's important to note that if you are already receiving Social Security benefits, you will automatically be enrolled in Medicare Part A (hospitalization) and Part B (medical insurance) without an additional application.4

AGE 65 to 67

Between ages 65 and 67, individuals become eligible to receive 100% of their Social Security benefit, which are determined by your lifetime earnings. The age varies, depending on birth year. Individuals born in 1955, for example, become eligible to receive 100% of their benefits when they reach age 66 years and 2 months. Those born in 1960 or later need to reach age 67 before they'll become eligible to receive full benefits.5

AGE 73

In most circumstances, once you reach age 73, you must begin taking required minimum distributions from a traditional Individual Retirement Account and other defined contribution plans. You may continue to contribute to a traditional IRA past age 70½ as long as you meet the earned-income requirement.

Understanding key birthdays may help you better prepare for certain retirement income and benefits. But perhaps more importantly, knowing key birthdays can help you avoid penalties that may be imposed if you miss the date.

1. *If you reach the age of 50 before the end of the calendar year.*
2. *IRS.gov, 2023*
3. *SSA.gov, 2023*
4. *SSA.gov, 2023. Individuals can decline Part B coverage because it requires an additional premium payment.*
5. *SSA.gov, 2023*

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