WealthCharter
RETIREMENT PLANNING + TAX

✦ *Simplifying Wealth*

## AGE OF OPPORTUNITY

# FINANCIAL PLANNING TIMELINE: KEY AGES & MILESTONES

### RETIREMENT PLAN EARLY WITHDRAWAL PENALTY EXCEPTION

**WHAT IT IS:** If you leave your job at or after age 55, you can withdraw from that employer's 401(k) or 403(b) without the 10% early withdrawal penalty (though income tax applies). Known as the "Rule of 55."

**WHY IT MATTERS:** Offers flexibility if retiring early; plan ahead to avoid tapping other penalized accounts like IRAs.

### SOCIAL SECURITY ELIGIBILITY BEGINS

**WHAT IT IS:** Earliest age to claim Social Security retirement benefits, though at a reduced amount (e.g., ~70% of full benefit if your Full Retirement Age is 67).

**WHY IT MATTERS:** Weigh claiming early (lower lifetime income) vs. waiting for a larger benefit; impacts cash flow and spousal planning.

### FULL RETIREMENT AGE (FRA) FOR SOCIAL SECURITY

**WHAT IT IS:** For those born 1960 or later, age 67 is when you get 100% of your Social Security benefit without reductions or earnings limits if still working.

**WHY IT MATTERS:** Maximizes monthly income; delaying past FRA (up to 70) boosts it further (8% per year)—key for longevity planning.

AGE 50 → AGE 55 → AGE 59½ → AGE 62 → AGE 65 → AGE 67 → AGE 73/75

### CATCHUP CONTRIBUTIONS – 401K, IRAS, HSA

### PENALTY-FREE RETIREMENT ACCOUNT WITHDRAWALS

**WHAT IT IS:** You can withdraw from IRAs, 401(k)s, or other qualified plans without the 10% penalty (taxes still apply).

**WHY IT MATTERS:** Marks a key point for accessing retirement savings; consider timing withdrawals to manage tax brackets.

### MEDICARE ENROLLMENT BEGINS

**WHAT IT IS:** Eligible for Medicare; initial enrollment period spans 7 months (3 months before to 3 after your 65th birthday). Missing it may mean penalties or gaps.

**WHY IT MATTERS:** Healthcare costs rise with age; enrolling on time saves money and ensures coverage—pair with Medigap or Part D plans.

### REQUIRED MINIMUM DISTRIBUTIONS (RMD) BEGIN

**WHAT IT IS:** Must start withdrawing from traditional IRAs, 401(k)s, etc., by age 73 (for those born 1951-1959) or 75 (born 1960 or later), per SECURE 2.0 Act. Taxable as income; penalties apply if missed (25%, or 10% if corrected timely).

**WHY IT MATTERS:** Forces taxable withdrawals, impacting tax planning; consider Roth conversions earlier or charitable giving to manage RMDs.