

# THE MILESTONES OF RETIREMENT

KEY BIRTHDAYS TO KEEP IN MIND



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A vibrant photograph of a family celebrating a retirement party. In the foreground, an elderly man with glasses and a mustache, wearing a pink shirt and blue jeans, sits in a black chair, smiling broadly. He is reaching out with his right hand towards a young girl sitting next to him. The girl, wearing a white cardigan, is laughing joyfully with her mouth wide open and her right hand raised. Seated next to her is an elderly woman with white hair, wearing a light blue top, who is also laughing heartily, looking up at the man. In the background, other guests are seated at tables, and a large white balloon is visible. The setting is an outdoor patio with a brick wall and a tiled floor.

**LIVE YOUR BEST  
RETIREMENT**

## CELEBRATE EVERY MOMENT

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You can count more than candles each year — there are a number of important financial opportunities on the journey to and through retirement.



# THE PERKS OF GROWING OLDER

Reaching a certain age means new financial opportunities as people prepare and save for retirement.

## 50 years old

- Starting in the year in which someone turns 50 years old, certain retirement accounts allow for a “catch-up” contribution.
- For most individuals age 50 and over, the annual contribution limit for a Traditional or Roth IRA increases from \$7,000 to \$8,000 for 2024. (\$6,500 and \$7,500 for 2023).
- Contribution limits for certain employer-sponsored plans increase. The salary deferral limit for 401(k)s and 403(b)s increases to \$30,500 for those age 50 and older in 2024. Anyone participating in a SIMPLE IRA can defer an additional \$3,500 of salary, increasing the annual salary deferral limit from \$16,000 to \$19,500.

**Talking to the plan administrator or employer will help determine how these additional deferral amounts can be accommodated.**

## 55 years old

- Those participating in a Health Savings Account (HSA) at work can make a “catch-up” contribution to their HSA, starting in the year in which they turn 55. For single individuals, annual contribution limits increase from \$4,150 to \$5,150. For families, the limit increases from \$8,300 to \$9,300.
- There’s a special exception for penalty-free distributions from qualified plans at age 55 (e.g., 401(k), 403(b), profit-sharing plans). Those who separate from service in the year they attain age 55 or any year after can withdraw funds from the plan without a 10% additional tax penalty.

**IRAs do not have a pre-59½ exception for separation from service. Keep this in mind when considering an IRA rollover.**

# 59<sup>1/2</sup> years old

- Age 59½ is the milestone when most retirement accounts can be accessed for any reason without a 10% additional tax penalty. These accounts include IRAs, 401(k)s, 403(b)s, profit-sharing plans, other qualified plans, and nonqualified annuities.
- Most qualified plans, such as 401(k)s, 403(b)s, and profit-sharing plans, allow for an in-service non-hardship withdrawal at age 59½.

**Those who are still working and looking to diversify by rolling funds from their qualified plan to an IRA may now be able to do so.**



# 60 years old

- For those who have lost a spouse, age 60 is when they become eligible to collect a Social Security survivor's benefit (assuming the deceased was eligible and the survivor did not remarry prior to age 60).
- Survivor's benefits collected prior to Full Retirement Age will be reduced; however, there is no impact on individual benefits. An individual can continue growing his or her own benefit and can switch to it at a later date if it is higher. Keep in mind, any benefits collected prior to Full Retirement Age are subject to the earnings limit and earned income may reduce benefits.

**It's important to evaluate survivor's benefits, individual benefits, and work status when deciding the best claiming strategy.**

A vertical photograph on the left side of the page shows a woman with short, wavy white hair. She is smiling broadly, showing her teeth, and looking slightly upwards and to the right. She is holding a large ice cream cone with a swirl of light-colored ice cream on a waffle cone. She is wearing a colorful, multi-colored top and a brown, textured hat. The background is a blurred outdoor setting with buildings.

## SOCIAL SECURITY, MEDICARE, & RMD

### What to expect from age 62 to 75

# 62

years old

- The month following someone's 62<sup>nd</sup> birthday is the month in which he or she first becomes eligible to collect Social Security retirement (individual and/or spousal) benefits. Unless disabled, the individual benefit at age 62 will be 70-75% of the full retirement benefit, depending on year of birth. If eligible, a reduced spousal benefit may also be available. Social Security generally recommends applying for benefits three months prior to the month in which an individual would like them to start.

**Keep in mind, any benefits collected prior to Full Retirement Age are subject to the earnings limit and earned income may reduce benefits.**

# 65

years old

- The month in which someone turns 65 is the month he or she becomes eligible for Medicare. Anyone not collecting Social Security should enroll in Part A three months prior to his or her 65<sup>th</sup> birthday to avoid a gap in health insurance coverage. Most people will be eligible for premium-free Part A coverage.
- Unless covered by an employer-sponsored health plan, an individual must also enroll in Medicare Part B to avoid future penalties.

**Those who continue to work should check with their employer's plan to see how it integrates with Medicare and whether or not they're eligible to opt out of Part B.**

# 66-67

years old

- Full Retirement Age (FRA) for Social Security is based on the year in which someone was born (see chart on right). Assuming they've not received a retirement or disability benefit yet, in the month following their attainment of FRA, they're eligible to collect their full retirement benefit. If eligible, a full spousal benefit may be available in place of the individual's benefit if it's a greater amount.

**The Social Security Administration generally recommends applying for benefits three months before the month an individual would like them to start.**

FRA BY YEAR OF BIRTH	
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960+	67

# 72-75

years old

- The year in which someone reaches the required beginning date is referred to as the "first distribution year" and required minimum distributions (RMDs) from qualified accounts must begin.\* The IRS allows the first RMD to be postponed until April 1 of the year following the "first distribution year." Subsequent RMDs are due by year-end of each year.

**Postponing the first RMD results in the need to take both the first and second RMDs in the same tax year.**

* REQUIRED BEGINNING DATE BY YEAR OF BIRTH	
1950	72
1951-1959	73
1960+	75



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