

CLOSE TO RETIREMENT? DON'T MISS THESE DATES AND DEADLINES

Although a lot of us may try to forget our age as the years go by, when it comes to reaping the financial rewards of getting older, you're wise to keep certain age-related milestones top of mind. But as might be expected for the rules and regulations surrounding retirement withdrawals and government benefits, it can get complicated. Therefore, it's important to understand what you need to do and when to help ensure that you don't make a costly mistake and that you get all the economic benefits you're entitled to. Here's a checklist of basic ages to keep in mind and the significance of each.

Age 55: If you have assets in an employer-sponsored qualified retirement plan, such as a 401(k), and leave your job (called separation of service), you can take a distribution without paying the 10 percent penalty for early withdrawal. You will, however, pay income taxes on the money.

Age 59 1/2: At this age, you can take distributions from your qualified retirement plan or traditional individual retirement account without penalty. Once again, you will pay income taxes on the earnings or any contributions that were tax-deductible. If you have a Roth IRA and have held it for five years, you can withdraw these earnings both penalty- and tax-free.

Age 62: This is the earliest time you can begin taking Social Security benefits (unless you are disabled). But realize that if you do, your payout will be permanently reduced by approximately 25 percent. (And if you are still working and earn beyond a certain limit, benefits are further reduced on a temporary basis.) So before you decide to take Social Security at this age, consider how much more you could make over time by waiting.

Age 65: At 65, you're eligible for Medicare a very significant milestone, considering the high cost of health insurance and medical care. If you're already receiving Social Security, you're automatically enrolled in Part A and Part B. There's nothing you need to do. If not, you can apply for both Social Security and Medicare at the same time. However, if you prefer to delay Social Security, you can apply for Medicare alone ideally three months before the month you turn 65. You can enroll for Medicare online (<http://www.socialsecurity.gov/medicare/apply.html>), in person or by phone. (Note: You can choose to delay Part B coverage if you are covered by an employer plan.) Also note that once you are on Medicare, you are no longer able to make contributions to a health savings account.

Ages 66 and 67: This is when you reach what the Social Security Administration calls your "full retirement age," or the time when you can begin receiving "full" benefits. For anyone born in 1943 or later, FRA ranges from 66 to 67, depending on the year you were born. It's important to note, however, that if you delay receiving Social Security beyond your FRA, your benefits will continue to increase until you reach age 70. When you're ready to apply, there's an online application at <http://www.ssa.gov>.

Age 70: As mentioned above, Social Security benefits don't increase beyond this age. So if you haven't already, file for your benefits now.

Age 70 1/2: This is the age when you're required to begin taking money from tax-advantaged retirement plans, such as traditional IRAs, 401(k) accounts, Roth 401(k) accounts, Roth 403(b) accounts, SEP IRAs, SIMPLE plans and 457 plans. The minimum you must withdraw your required minimum distribution, or RMD is determined by a formula based on life expectancy and the amount you have in tax-advantaged accounts. Your tax professional can help you determine your RMD. You absolutely must take your first RMD by April 1 of the year after you turn 70 1/2, or else you face a hefty 50 percent penalty. And if you wait until that time, you must then take your second RMD by Dec. 31 of that same year. So it's really important to pay attention to this deadline. On the plus side, you don't have to take an RMD from a 401(k) if you're still working, and you never have to take one from a Roth IRA.

Being mindful of age-related dates and deadlines is only part of the picture. You also need to sit down and review your own financial picture retirement accounts, Social Security benefits, other sources of income and create a retirement budget and withdrawal strategy. It's about not only not missing something but also taking every opportunity to secure your financial future.