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RETIREMENT DATES YOU NEED TO REMEMBER

As kids, we all looked forward to birthdays with great anticipation and excitement. And why not? These annual celebrations brought attention, parties, cakes and presents. As you approach and navigate retirement, you may find yourself once again looking forward to certain birthdays and the "presents" those celebrations prompt from your Uncle Sam.

You see, 65 isn't the only important retirement-related birthday. The government's retirement programs and rules take effect at various ages, beginning at the half-century mark. Here are some consequential birthdays that you should be anticipating:

- 50: Fifty is indeed nifty. Starting at 50, you can contribute an additional $6,000 per year to your 401(k) and an extra $1,000 to your IRA. These higher limits are appropriately called "catch-up" provisions. This sweet little benefit is almost enough to offset the annoyance of receiving your first invitation-to-join from AARP.
- 55: Leave your job in the calendar year you turn double nickels and you can start taking withdrawals from that particular employer's 401(k) without paying the 10 percent early withdrawal penalty. Pro tip: Weigh your options before rolling this money into an IRA as that will make it subject to early withdrawal penalties for another four and a half years.
- 59 ½: You are now free to take money out of your 401(k) or traditional IRA without penalty. Remember, those withdrawals are subject to income tax. Why? Because you were not originally taxed on this money when you put it into a "tax-deferred" 401(k) or IRA account 20 or 30 years ago. Now, the government wants its cut of that action. Conversely, Roth IRA withdrawals are not taxed because you took that hit before you put the money in that account.
- 62: You can start taking Social Security. But think very carefully about doing so. Starting now will permanently reduce your benefits by as much as 30 percent. If you take a part-time job or continue to work a full-time job while getting Social Security at this age, your benefits might be reduced or suspended, depending on how much you earn at work. If you really need the money or you suspect you might not draw Social Security for many years, by all means start taking your benefits. Otherwise, hold off as long as possible.
- 65: The Big One. You can sign up for Medicare as early as three months before you hit the big 6-5 with coverage starting as soon as your 65th birthday. Make sure you take care of this one. If you don't sign up on time, your premiums will be subject to additional late "penalties."
  If you retire before 65, you will likely need to get health insurance via the state insurance exchanges created by the Affordable Care Act. If so, hold onto your wallet. The cost of coverage is ridiculously high and almost certainly headed higher in 2017. You can expect to pay about $800 per month for modest, high-deductible coverage for you and your

spouse.

- 66: Baby boomers will reach their "full retirement age" at some point in this year of their lives. The oldest boomers hit that mark at age 66 and 2 months. Those born in 1959 will have to wait until they are 66 and 10 months. But it's worth the wait as this is the age when you can start to receive your full Social Security payments. And those benefits will no longer be reduced if you work.
- 67: Full retirement age begins for those born in 1960 or later.
- 70: Your Social Security benefits will increase about 8 percent every year that you delay taking them up to age 70. If you haven't started taking Social Security, start now.
- 70 ½: The end of the tax-deferred road. This is when you are forced to begin withdrawing funds from your retirement accounts or else pay a penalty. RMD stands for required minimum distribution. Once RMDs begin, you will need to pull an IRS-determined percentage per year out of your retirement accounts. This money will be taxed at your prevailing tax rate. Exception: If you are still working past the age of 70 ½ and participating in a 401(k) plan, you may be exempt from having to pull funds from that plan.

Wes Moss has been the host of "Money Matters" on News 95.5 and AM 750 WSB in Atlanta for more than seven years now, and he does a live show from 9-11 a.m. Sundays. He is the chief investment strategist for Atlanta-based Capital Investment Advisors. For more information, go to wesmoss.com.

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