participant help center

BIRTHDAYS TO REMEMBER

Birthdays may seem less important as you grow older. They may not offer the impact of watershed moments such as getting a driver's license at 16 and voting at 18. But beginning at age 50, there are several key birthdays that can affect your tax situation, health-care eligibility, and retirement benefits.

50

Taxable distributions from IRAs and qualified employer retirement plans before age 59½ are generally subject to a 10% early distribution penalty (20% for certain SIMPLE plan distributions) on top of any federal income taxes due. But if you are a qualified public safety employee you can take penalty-free withdrawals from your qualified retirement plan after leaving your job if your employment ends during or after the year you reach age 50.

55

If you're not a qualified public safety employee, you can take penalty-free withdrawals from your qualified retirement plan after leaving your job if your employment ends during or after the year you reach age 55.

59 ½

And all withdrawals from qualified retirement plans and IRAs are penalty-free after you reach age 59½, whether or not you're still employed. Ordinary income taxes generally apply to these distributions. (Withdrawals taken prior to age 59½ may be subject to a 10% federal income tax penalty.)

62

You are eligible to start collecting Social Security benefits, although your benefit will be reduced by up to 30%. To receive full benefits, you must wait until "full retirement age," which ranges from 66 to 67 depending on the year you were born.

65

You are eligible to enroll in Medicare. Medicare Part A hospital insurance benefits are automatic for those eligible for Social Security. Part B medical insurance benefits are voluntary and have a monthly premium. To obtain coverage at the earliest possible date, you should generally enroll about two to three months before turning 65.[1]

70 ½

You must start taking minimum distributions from most tax-deferred retirement plans or face a 50% penalty on the amount that should have been withdrawn. Annual required minimum distributions are calculated according to life expectancies determined by the federal government.

Source: 1) *Medicare & You 2017*, U.S. Department of Health and Human Services.

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