Life Income Management™

Creating income for life.

Critical Retirement Planning Age ROADMAP

- If you are 50 or will be by the end of the year and you contribute to a:
- 401(k), 403(b), or 457 plan, you can make a $7,500 catchh-up contribution on top of the standard $23,000 limit.
- Traditional or Roth IRA, you can make an additional $1,000 contribution in addition to the standard $6,000 contribution.
- SIMPLE IRA or SIMPLE 401(k), you can make an additional $3,500 catch-up contribtion on top of the standard $16,000 limit.
- **If you are a public safety employee** that's 50 or older and retired, quit, or got laid off, you can avoid the 10% early withdrawal tax on a distribution taken directly fromm your employer's retirement plan. Talk with your financial professional for more information.
- **If you are a widow or widower who was disabled within seven years of your spouse's death**, you may be eligible to draw Social Security survivor benefits. If you are still working, your benefits may be reduced or eliminated until you reduce your earnings, retire, or reach full retirement age (FRA).

- **If you terminate service** in the year that you are age 55 or older by December 31 of the same year, you may take a disribution directly from that employer's qualified retirement plan without paying the 10% early withdrawal tax. Any pre-tax distributions will be taxable and may be subject to a 20% mandatory federal income tax withholding requirement. If the monies are first rolled to an IRA, the age 55 exception will no longer apply. This exception does not apply to IRAs, SEPs, or SIMPLE IRA plans.

AGE 59 1/2

- **You may take a withdrawal from an IRA, 401(k), 403(b), or other employer-sponsored plans without a 10% early withdrawal tax.** If you are still an active empoloyee, the employer's plan must permit an in-service withdrawal. Pre-tax distributions are still taxable as ordinary income.

AGE 60

- **If you are a widow or widower** (and not disabled), this is the earliest age at which you may be able to file for reduced **survivor benefits.** If you continue to work, your benefits may be reduced or withheld depending on the amount of your earned income. Talk with your financial professional for more information.

AGE 62

- This is the earliest age **you can claim Social Security retirement or spousal benefits.** Filing for benefits at age 62 could reduce your monthly retirement benefit by 30 to 35% of your benefit at your normal retirement age. You may file online up to four months before your 62nd birthday by visiting ssa.gov. Talk with your financial professional for more information.

- If you plan to enroll in Medicare Parts B and D at age 65, your income in this year determines what your Medicare premiums will be at age 65.
- Your Medicare premiums and potential income-related monthly adjusted amount (IRMAA) for the current year are **based upon your modified gross adjusted income** as reported on your IRS tax return two years before the current year. Consult your tax and financial professional to ensure that your income does not cause you to pay higher premiums than anticipated.

- Age 65 is the age at which you generally are **eligible for Medicare.** Your seven-month initial enrollment period includes the three months before your 65th birthday, the month you turn 65, and ends three months after your birthday.
- Unless a special enrollment period applies to you (for example, if you are covered under a workplace health plan with 20 or more employees for you or your spouse), failure to enroll in time could cause a **lifelong monthly penalty** to your Medicare Part B and Part D prescription drug plan premiums

- When you reach your full retirement age, you'll be able to collect 100% of your Social Security benefit. Why is this important? Because **you could receive a 30% higher lifelong benefit** than if you decide to file at age 62.

- If you were born between 1943 and 1954, your FRA is 66. If you were born between 1955 and 1959, your FRA falls somewhere between 66 and 67. And if you were born in 1960 or later, 67 is the year you are entitled to **100% of your retirement benefit.**

- At 70, you stop earning monthly delayed retirement credits (up to 8% per 12 months beyond your FRA, accrued monthly) on your Social Security retirement benefit. If you have not yet filed for benefits, do so now. Waiting provides no additional credits.

- If you failed to file for benefits at age 70, you may ask SSA for a maximum of 6 months of retroactive benefits.

AGE 70 1/2

- If you were 70 ½ by December 31, 2019, you should already be collecting required minimum distributions (RMDs) from your traditional IRA or workplace retirement plan. If you're still working and participating in your company's retirement plan, you may be able to delay RMDs from your current employer's plan until you retire, if later. Check with your employer.
- Beginning at age 70 1/2, you may make charitable contributions using a strategy known as a qualified charitable distribution (QCD). A QCD may only be used from an IRA directly to a qualified charity, with an annual maximum of $105,000 (2024) per IRA owner.
- A one-time election to direct a maximum of $53,000 (2024) to a QCD to a split-interest entity will offset the higher limit.
- The strategy permits the donor to use a QCD without itemizing deductions, and the amount of the QCD, up to a maximum of $105,000 (2024) is tax-free. Speak to your tax advisor before using the strategy for additional details.

AGE 72-75

- If you were born between July 1, 1949 - December 31, 1950, you should have already started taking RMDs from Traditional IRAs and workplace retirement plans (unless you are still working and have a qualified plan) by April 1 of the year following the year you reached age 72. If you were born between 1951-1959, you should begin taking RMDs in the year you reach age 73. Those born in 1960 or later begin RMDs in age 75.
- Your required beginning date is April 1 of the year following the year you reach age 72, 73, or 75. However, if you wait until April 1st to take your first RMD, you must also take a second RMD by December 31st of the same calendar year.
- The QCD strategy (refer above under age 70 1/2) may also be used to satisfy the RMD requirement up to the amount contributed as a QCD, or $105,000 (2024), whichever is less. Any remaining RMD due must still be satisfied, and ordinary income taxes paid on the remaining RMD due.

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Melody is Founder of Life Income Management™, a fee based financial services investment group specializing in creative planning and management of retirement income. Her accomplishments as an industry thought leader include being a content writer for various retirement publications as well as being counted as a contributing writer for the online subscriber publication; Retirement Weekly published by MarketWatch. Her selected articles have been featured on Next Avenue PBS, Retirement News, Society of Financial Professionals newsletter, Yahoo News and Producers-Web. In addition, she has been quoted in; Time Magazine, FOX Business, Barron's, The Wall Street Journal, Forbes, Retirement News Today, CNBC, New York Post, U.S. News and World Report, MSN Money, Next Avenue PBS, Newsmax, Insurance News Network, Now It Counts, Bankrate and the Chicago Tribune.

Melody's commitment to financial literacy and her approach to adult learning have made her a sought-after speaker on preparing for retirement and retirement lifestyle issues.

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Samuel S. Young is West Coast Regional Director for Life Income Management™. With an MBA in finance and a BS in theoretical computer science, Sam is able to easily execute an analytical but simplified client friendly, proprietary Life Income Management™ approach, to the complicated subject of creating income for life.

The Life Income Management™ planning process is both detailed and easy to understand. The process includes; thorough assessment of retirement lifestyle issues, evaluation of specific retirement income requirements, adherence to the retirement-risk tolerance selection, the use of age-specific planning techniques, thorough analysis of current assets, and consideration of the appropriate suitability of various investment strategies, prior to implementation.

Sam is a member in good standing of the Estate Planning Council of Southern California.

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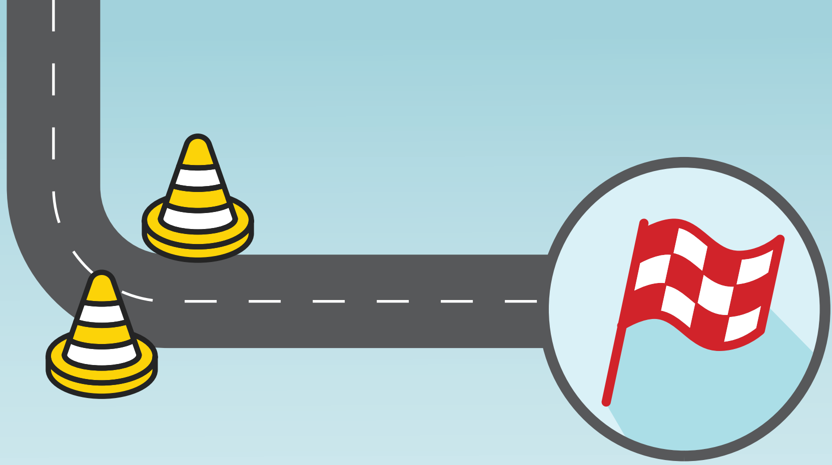

1. www.irs.gov Retirement Topics – Catch-Up Contributions, www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-catch-up-contributions
2. www.irs.gov/pub/irs-drop/n-23-75.pdf
3. IRC Section 72(t)(10) – Eligible federal employees include federal law enforcement officers, custom and border protection officers, federal firefighters, and air traffic controllers
4. www.ssa.gov/benefits/survivors/ifyou.html
5. www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-tax-on-early-distributions
6. www.ssa.gov/benefits/retirement/planner/agereduction.html
7. www.ssa.gov/benefits/medicare/
8. www.medicare.gov/your-medicare-costs/part-b-costs
9. www.ssa.gov/pubs/EN-05-10147.pdf
10. www.ssa.gov/benefits/retirement/planner/delayret.html
11. https://www.irs.gov/retirement-plans/plan-participant-employee /retirement-topics-required-minimum-distributions-rmds

Taking a foot off the accelerator to coast into retirement can release a host of emotions – excitement, empowerment, enlightenment, disbelief, and even a bit of uncertainty. That's why having a roadmap to success helps smooth out the twists and turns along the way. No two journeys are alike, but we have provided some important mile markers along the way that may help you arrive at a more comfortable and perhaps extended retirement. Enjoy the ride. You've earned it!

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