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WEALTH PARTNERS

RETIREMENT PLANNING

Important Birthdays Over 50

Happy Birthday! The Big "Five-O."

Now the real fun begins! Before you begin planning your retirement, be sure to mark these important dates in your calendar.

Starting at age 50, several birthdays – including "half-birthdays" – are critical to strategize for as they have crucial implications for your retirement future.

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Age 50

At age 50, workers who participate in certain retirement plans may be eligible to make annual "catch-up" contributions in addition to their regular contributions.

In 2026, you can contribute up to $7,500 to a traditional or Roth IRA if you are under age 50 and up to $8,600 if you are age 50 or older.[1]

For most 401(k), 403(b) and governmental 457 plans, as well as the federal government's Thrift Savings Plan, the 2026 employee contribution limit is $24,500. Participants age 50 or older can generally make an additional $8,000 catch-up contribution, bringing their total potential contribution to $32,500.[2]

For SIMPLE IRA and SIMPLE 401(k) plans, the general employee contribution limit is $17,000 in 2026, with an additional catch-up contribution of up to $4,000 for participants age 50 or older, for a total of $21,000. Certain SIMPLE plans may permit higher contribution limits under SECURE 2.0.[3]

SECURE 2.0 also provides a higher catch-up contribution limit for employees who turn age 60, 61, 62 or 63 during the calendar year. In 2026, eligible participants in most 401(k), 403(b) and governmental 457 plans, as well as the Thrift Savings Plan, can make catch-up contributions of up to $11,250, bringing the total potential employee contribution to $35,750. For SIMPLE IRA and SIMPLE 401(k) plans, the higher catch-up contribution limit for participants ages 60 through 63 is $5,250.[4]

Beginning in 2026, certain higher-earning participants may also be required to make catch-up contributions on a Roth basis, depending on their prior-year wages and the features of their retirement plan.[4]

What is SECURE 2.0?

The SECURE 2.0 Act is a federal law enacted in 2022 that made a number of changes to retirement savings rules, including required minimum distributions, catch-up contributions and certain employer-sponsored retirement plan provisions. Many of its provisions took effect gradually between 2023 and 2026.

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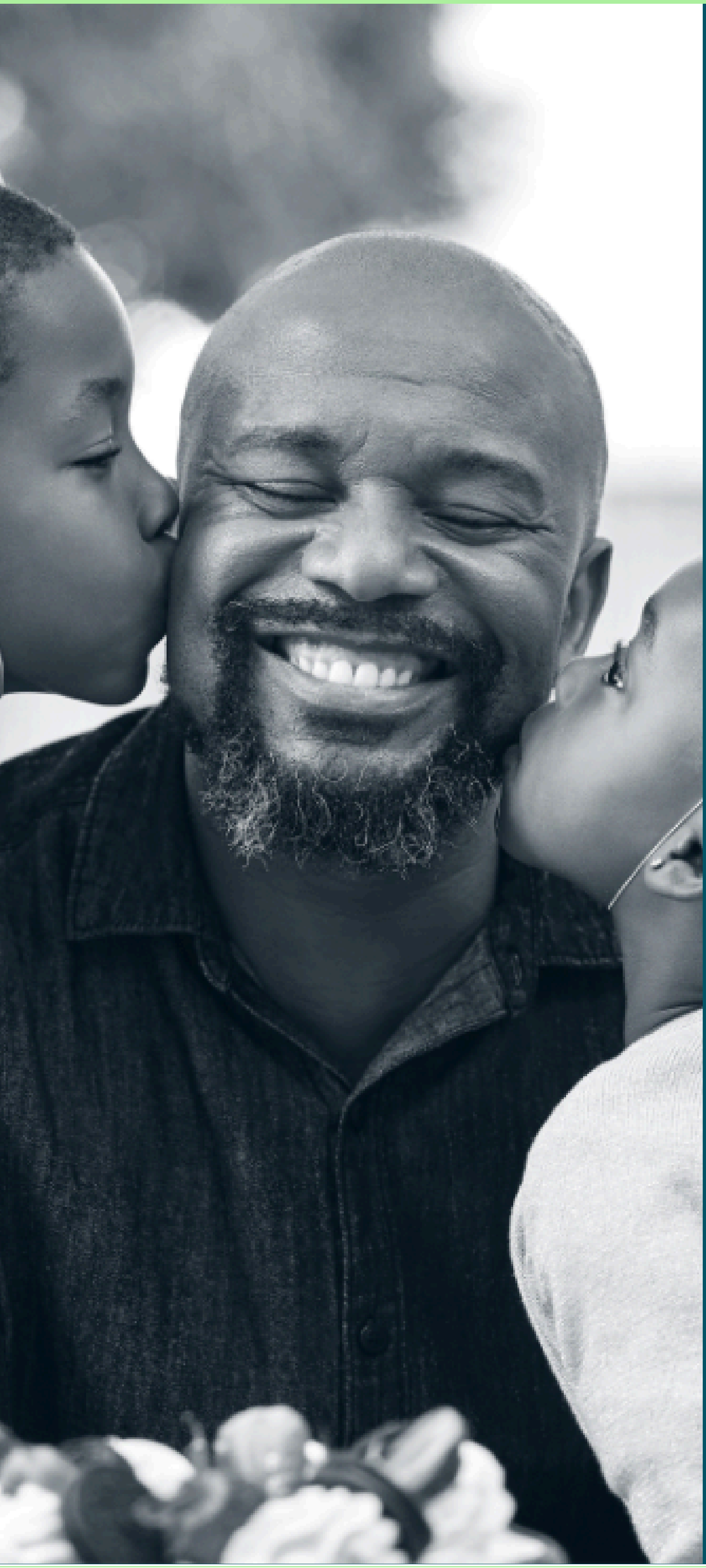

Age 55

Many people aren't aware that they may be able to access certain employer-sponsored retirement plan assets starting at age 55. If you separate from service with your employer during or after the calendar year in which you turn 55, distributions from that employer's qualifying retirement plan may be exempt from the 10% additional tax on early distributions.[5] This exception generally does not apply to IRAs or to retirement plans from employers you left before the year you turned 55, and ordinary income taxes may still apply to taxable distributions.[6]

Age 59½

Once you reach age 59½, distributions from IRAs, 401(k)s and many other retirement accounts are generally no longer subject to the 10% additional tax on early distributions, although ordinary income taxes may still apply to taxable withdrawals.[6]

You can take distributions from an IRA regardless of your employment status, but access to funds in an employer-sponsored retirement plan while you are still working may depend on the plan's rules.[7]

Check with your plan administrator to see whether your plan permits an "in-service" distribution at age 59½. Some plans allow these distributions, while others do not.[8]

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The earliest you can generally claim Social Security retirement benefits is age 62. However, claiming before your full retirement age will result in a permanently reduced monthly benefit. If you delay claiming past your full retirement age, delayed retirement credits can increase your benefit by up to 8% per year until age 70.[9]

If you plan to work while receiving Social Security, keep in mind that some benefits may be withheld based on your earnings. In 2026, beneficiaries who are under full retirement age for the entire year can earn up to $24,480 before benefits are withheld at a rate of $1 for every $2 earned above the limit. In the year you reach full retirement age, the earnings limit is $65,160 for the months before you reach full retirement age, with $1 withheld for every $3 earned above the limit. Beginning with the month you reach full retirement age, there is no earnings limit for Social Security retirement benefits.[10]

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Age 65

Whether you're new to Medicare, getting ready to turn 65, or preparing to retire, you'll need to make several important decisions about your health coverage. Delaying enrollment when you are first eligible may result in late-enrollment penalties or a gap in coverage, depending on your circumstances and whether you qualify for a Special Enrollment Period.[11] Your first opportunity to enroll is generally called your Initial Enrollment Period. If you're eligible for Medicare when you turn 65, this 7-month period:[12]

- Begins 3 months before the month you turn 65
- Includes the month you turn 65
- Ends 3 months after the month you turn 65

Most people can enroll in Medicare Part A (hospital insurance) when they turn 65, and most pay no monthly Part A premium because they or a spouse paid Medicare taxes long enough while working.[13] If you are already receiving Social Security benefits when you become eligible for Medicare, you are generally enrolled automatically in Part A and Part B.[14] Part B (medical insurance) requires a monthly premium, and you may be able to delay it without penalty if you have qualifying group health coverage based on current employment. If you delay Part B without qualifying coverage or a Special Enrollment Period, you may have to pay a late-enrollment penalty for as long as you have Part B.[15]

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Age 65-67

Full retirement age is between 66 and 67, depending on when you were born, and is age 67 for anyone born in 1960 or later.[16] In 2026, Social Security beneficiaries received a 2.8% Cost-of-Living Adjustment (COLA).[17] The maximum monthly retirement benefit for a worker claiming at full retirement age in 2026 is $4,152, although actual benefits depend on an individual's earnings history and claiming age.[18]

Although not everyone will qualify for the maximum benefit, you can evaluate when to claim Social Security based on your individual circumstances. Reviewing your Social Security Statement regularly can help you confirm that your earnings history is accurate and see estimates of the benefits you may receive at different claiming ages.[19]

Your Social Security Statement is available online through a personal my Social Security account. Workers age 60 and older who do not receive benefits and do not have an online account are generally mailed a Statement before their birthday.[19]

Fast Fact:
If you change your mind about receiving Social Security benefits, you may be able to withdraw your claim within 12 months of first becoming entitled to benefits. You generally must repay benefits received and meet other Social Security requirements.[20]

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Age 73

SECURE 2.0 increased the age at which Required Minimum Distributions, or RMDs, generally begin. For many individuals, RMDs begin at age 73, with the applicable age increasing to 75 for certain individuals beginning in 2033.[21] RMD rules apply to traditional IRAs, SEP and SIMPLE IRAs, and many employer-sponsored retirement plans, including 401(k), 403(b) and 457(b) plans. Roth IRAs and designated Roth accounts in employer plans generally are not subject to RMDs during the original account owner's lifetime.[22] These rules may give some retirees more time for certain retirement savings to grow tax-deferred.

RMDs are minimum amounts that must be withdrawn each year once the rules apply, although you can generally withdraw more than the required amount. RMDs from traditional retirement accounts are typically taxable as ordinary income, so larger withdrawals may increase taxable income and reduce the amount remaining in the account to continue growing tax-deferred.[23]

Failing to take the full RMD may result in an excise tax of 25% of the amount not withdrawn. Under SECURE 2.0, that rate may be reduced to 10% if the shortfall is corrected within the applicable correction period and other requirements are met.[24] RMDs generally are calculated separately for each retirement account using the account balance as of December 31 of the previous year and an applicable IRS life-expectancy factor. Certain IRA RMDs may be aggregated, while RMDs from many employer-sponsored plans generally must be taken separately.[25] Your financial advisor or a tax professional can help you understand how the rules apply to your accounts and overall retirement income strategy.

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Be Prepared for Your Important Birthdays

If you have questions about how to make sure your retirement timeline incorporates these important, pivotal dates for your financial situation, contact us at VestGen Wealth Partners at **vestgen.com.**

Understanding key birthdays may help you better prepare for certain retirement income and benefits. But perhaps more importantly, knowing key birthdays can help you avoid penalties that may be imposed if you miss the date.

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