

2019 Age Related Milestones Affecting Your Retirement Plan Contributions and Distributions

Age 50: If you're age 50 or older as of the end of the year, you can make an additional catch-up contribution to your 401(k) plan (up to \$6,000 for 2019), Section 403(b) plan (up to \$6,000 for 2019), Section 457 plan (up to \$6,000 for 2019), or SIMPLE plan (up to \$3,000 for 2019), assuming the plan permits catch-up contributions. You can also make an additional catch-up contribution (up to \$1,000 for 2019) to your traditional or Roth IRA (the deadline for making IRA catch-up contributions for the 2019 tax year is 4/15/2020).

Age 55: If you permanently leave your job for any reason, you can receive distributions from the former employer's qualified retirement plan(s) without being hit with the 10% premature withdrawal penalty tax. This is an exception to the general rule that the taxable portion of qualified retirement plan distributions received before age 59½ are hit with the 10% penalty tax.

Age 59½: You can receive distributions from all types of tax-favored retirement plans and accounts (IRAs, 401(k) accounts, pensions, and the like) and from tax-deferred annuities without being hit with the 10% premature withdrawal penalty tax. Before age 59½, the 10% penalty tax will hit the taxable portion of distributions unless an exception to the penalty tax applies.

Age 62: You can choose to start receiving Social Security retirement benefits. However, your benefits will be lower than if you wait until reaching full retirement age, which is age 66 for those born between 1943 and 1954. If you also work before reaching full retirement age, your 2019 Social Security retirement benefits will be further reduced if your income from working exceeds \$17,640 for 2019.

Age 66: You can start receiving full Social Security retirement benefits at age 66 if you were born before 1960. You won't lose any benefits if you work in years after the year you reach full retirement age, regardless of how much money you make in those years.

Age 70: You can choose to postpone receiving Social Security retirement benefits until you reach age 70. If you make this choice, your benefits will be higher than if you start earlier.

Age 70½: You generally must begin taking annual Required Minimum Distributions (RMDs) from tax-favored retirement accounts (traditional IRAs, SEP accounts, 401(k) accounts, and the like) and pay the resulting income taxes. However, you need not take any RMDs from Roth IRAs set up in your name. The initial RMD is for the year you turn 70½, but you can postpone taking that one until as late as April 1 of the following year. If you chose that option, however, you must take two RMDs in that year: one by the April 1 deadline (the RMD for the previous year) plus another by December 31 (the RMD for the current year). For each subsequent year, you must take another RMD by December 31. There's one more exception: If you're still working after reaching age 70½ and you don't own over 5% of the employer, you can postpone taking any RMDs from the employer's plan(s) until after you've actually retired.

Feel free to call Gregory J. Spadea at 610-521-0604, if you have any questions.