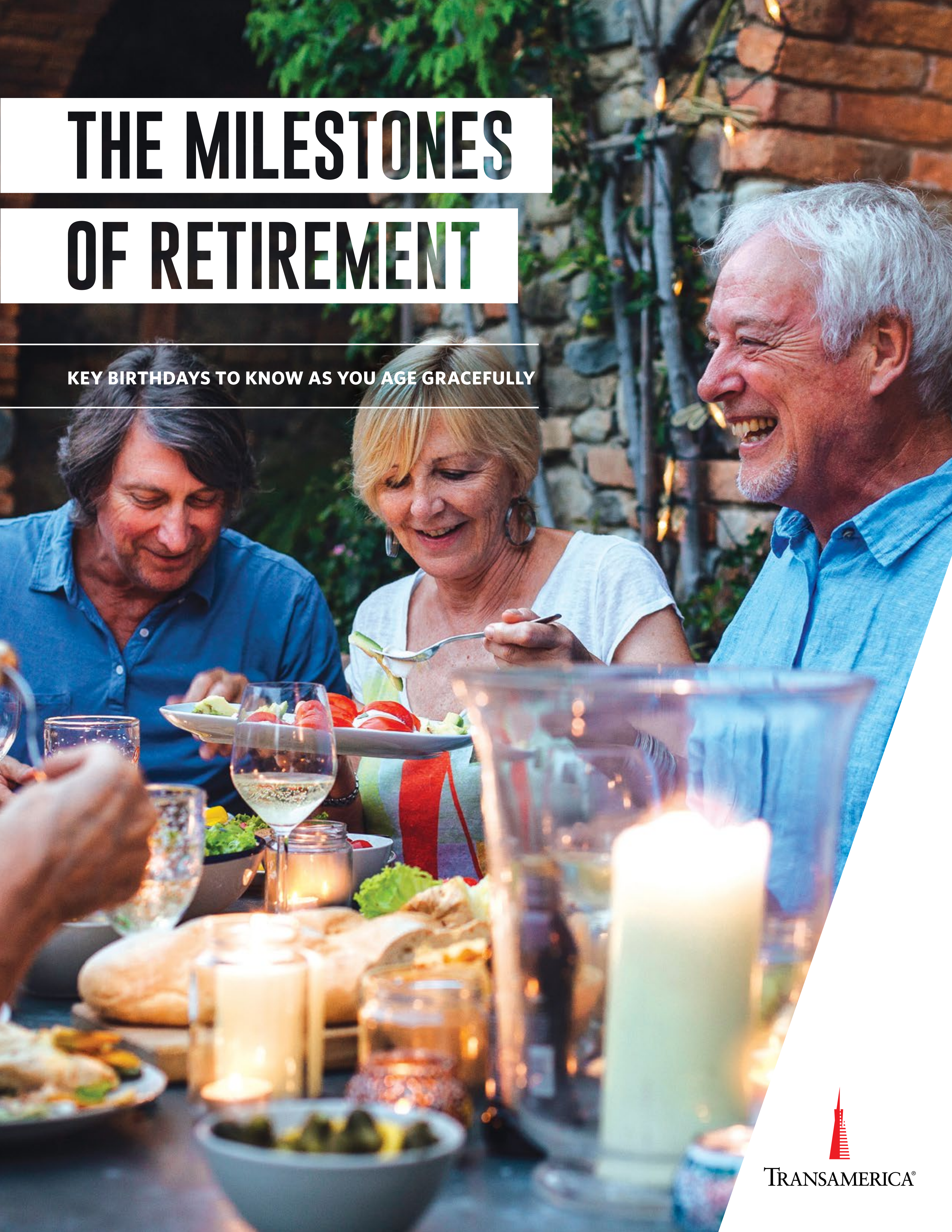
THE MILESTONES OF RETIREMENT

KEY BIRTHDAYS TO KNOW AS YOU AGE GRACEFULLY



TRANSAMERICA®

HERE'S TO WEALTH + HEALTH℠ ON THE ROAD AHEAD

You can count more than candles this year — there are a number of important financial opportunities coming your way.

THE PERKS OF GROWING OLDER

Reaching a certain age means new financial opportunities as you prepare and save for retirement.

50 years old

- Starting in the year in which you turn 50, certain retirement accounts allow for a "catch-up" contribution.
- If you are eligible to make a traditional or Roth IRA contribution, the annual limit increases from $6,000 to $7,000.
- Contribution limits for certain employer-sponsored plans increase. The salary deferral limit for 401(k)s and 403(b)s increases from $19,500 to $26,000 for 2020. If you participate in a SIMPLE IRA you can defer an additional $3,000 of your salary, increasing your annual salary deferral limit from $13,500 to $16,500.

Consulting with your plan administrator or employer will help determine how these additional deferral amounts can be accommodated.

55 years old

- If you participate in a health savings account (HSA) at work, you are allowed a "catch-up" contribution to your HSA, starting in the year in which you turn 55. For single individuals, annual contribution limits increase from $3,550 to $4,550. For families, the limit increases from $7,100 to $8,100.
- There is a special exception for penalty-free distributions from qualified plans at age 55 (e.g. 401(k), 403(b), profit-sharing plans). If you separate from service in the year you turn 55 or any year after, you can withdraw funds from the plan without a 10% early withdrawal tax penalty.

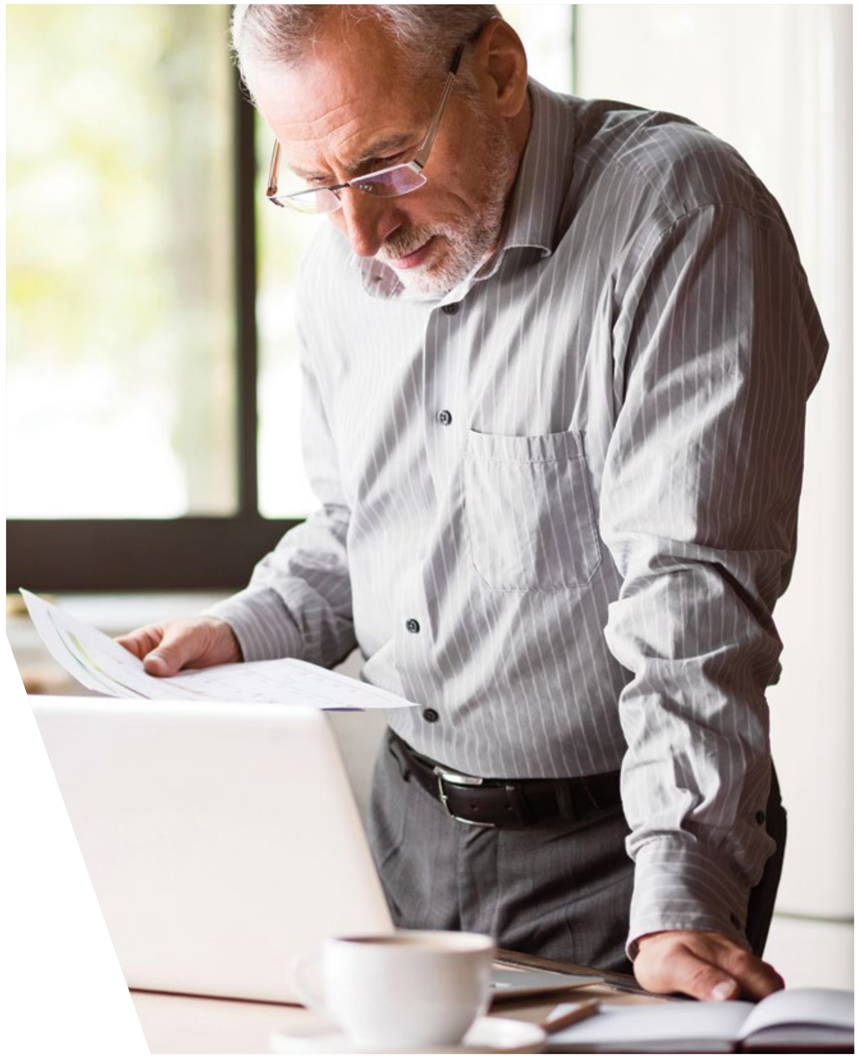
IRAs do not have a pre-59½ exception for separation from service. Keep this in mind when considering an IRA rollover.

Source: "Health Savings Account Limits for 2020," Kiplinger.com, September 30, 2019

59½
years old

- Age 59½ is the milestone when most retirement accounts can be accessed for any reason without a 10% additional tax penalty. These accounts include IRAs, 401(k)s, 403(b)s, profit-sharing plans, other qualified plans, and nonqualified annuities.
- Most qualified plans, such as 401(k)s, 403(b)s, and profit-sharing plans, allow for an in-service non-hardship withdrawal at age 59½.

If you are still working and looking to diversify by rolling funds from your qualified plan to an IRA, you may now be able to do so.



60
years old

- If you have lost a spouse, age 60 is when you become eligible to collect a Social Security survivor's benefit (assuming the deceased was eligible and you did not remarry prior to age 60).
- Survivor's benefits collected prior to full retirement age (FRA) will be reduced; however, there is no impact on individual benefits. You can continue growing your own benefit and can switch to it at a later date if it is higher. Keep in mind, any benefits collected prior to FRA are subject to the earnings limit and earned income may reduce benefits.

It is important to evaluate survivor's benefits, individual benefits, and work status in determining the best claiming strategy.

SOCIAL SECURITY, MEDICARE, & RMDs

What to expect from age 62 to 72

62
years old

- The month following your 62nd birthday is the month in which you first become eligible to collect Social Security retirement (individual and/or spousal) benefits. Unless you're disabled, the individual benefit at age 62 will be about 75% of the full retirement benefit. If eligible, a reduced spousal benefit may also be available. The Social Security Administration generally recommends applying for benefits three months prior to the month in which you would like them to start.

Keep in mind, any benefits collected prior to full retirement age are subject to the earnings limit and earned income may reduce benefits.

65
years old

- The month in which you turn 65 is the month you become eligible for Medicare. Anyone not collecting Social Security should enroll in Part A three months prior to your 65th birthday to avoid a gap in health insurance coverage. Most people will be eligible for premium-free Part A coverage.

- Unless covered by an employer-sponsored health plan, you must also enroll in Medicare Part B to avoid future penalties.

If you continue to work, you can check with your employer's plan to see how it integrates with Medicare and whether or not you are eligible to opt-out of Part B.

66
years old

- For those turning 66 before January 1, 2021, Full Retirement Age for Social Security is your 66th birthday.
- Assuming you've not received a retirement or disability benefit yet, in the month following your 66th birthday, you are eligible to collect your full retirement benefit. If eligible, a full spousal benefit may be available in place of your benefit if it is a greater amount.

The Social Security Administration generally recommends applying for benefits three months prior to the month you would like them to start.

72*
years old

- The year in which you turn 72 is referred to as the "first distribution year" and required minimum distributions (RMDs) from qualified accounts must begin. The IRS allows the first RMD to be postponed until April 1 of the year following the "first distribution year." Subsequent RMDs are due by December 31 each year.

Postponing the first RMD results in the need to take both the first and second RMDs in the same calendar year.

*If you reached age 70½ during the 2019 calendar year, you must begin distributions by April 1, 2020. Subsequent distributions must be taken by December 31 of each calendar year.

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When rolling over or transferring from an employer plan, be sure to consider whether the asset transfer changes any of the features and benefits that may be important to you including: the range of investment options available; investment-related fees or plan expenses that may be incurred; service levels available; availability and circumstances of penalty-free withdrawals; timing of required minimum distributions; federal protection of assets from creditors and judgments; and tax consequences of rolling employer stock into a new plan.

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