

Financial Decision Points – Ages 50 to 75

Quote: *“It is all too common: After the spouse who was managing the household finances dies, the survivor is left with no idea of how to manage money.”* Just like the household cook might have a collection of recipes, the household finance manager should have a binder, file, or electronic folder listing accounts, bills and adviser contact information, so the other can step in when they need to.

Class Agenda

- Introduction
- Opening quiz
- Dates, dates, and more dates
- Social Security
- Medicare
- Investments
- Taxes
- Final tips & takeaways

Opening Quiz of TLAs (with one exception)

TLA	Three-Letter Abbreviation (Acronym)
IRS	Internal Revenue Service
IRA	Individual Retirement Account
DOB	Date of Birth
AGI	Adjusted Gross Income
SA	Social Security Administration (also SS)
FRA	Full Retirement Age
PIA	Primary Insurance Amount (@ FRA)
SSI	Supplemental Security Income
HSA	Health Savings Account
HDHP	High-Deductible Health Plan
FSA	Flexible Spending Account
HMO	Health Maintenance Organization
PPO	Preferred Provider Organization
PCP	Primary Care Physician

Dates, dates, and more dates

Age 50

- You can join OLLI 😊
- Increase IRA contributions by \$1,000 per year (from \$7,000 for 2024) (indexed for inflation in future years)
- Increase 401K and 403b contributions by \$7,500 per year (from \$23,000 for 2024)
- Start SS Widow(er) benefits if disabled and married more than 1 year

Age 59½

- No more early withdrawal penalty (10%) from IRAs and 401ks

Age 60

- Earliest possible age to collect SS widow(er) benefits if not disabled and no qualifying children (natural, step-, adopted, or legal guardian grand-children)
-

Age 62

- Earliest possible retirement age to collect SS reduced retirement benefits or SS reduced spousal benefits (only if spouse collecting SS)
- If you keep working, you are limited to \$22,320 for 2024 before losing \$1 in benefits for each \$2 earned.

Age 65

- Need to sign up for Medicare part A (+/- 3 months)
- Optional sign up for part B & Part D & Medigap
- HSA contributions cease (you must stop them, I believe)
- Submit OV65 exemption with county appraisal district at beginning of year

Age 66 & 6 months, 8 months, 10 months, or 67

- Earliest possible retirement age to collect Social Security full benefits

Ret. Age	66+6	66+8	66+10	67
Birth	1957	1958	1959	1960
Jan	Jul-23	Sep-24	Nov-25	Jan-27
Feb	Aug-23	Oct-24	Dec-25	Feb-27
Mar	Sep-23	Nov-24	Jan-26	Mar-27
Apr	Oct-23	Dec-24	Feb-26	Apr-27
May	Nov-23	Jan-25	Mar-26	May-27
Jun	Dec-23	Feb-25	Apr-26	Jun-27
Jul	Jan-24	Mar-25	May-26	Jul-27
Aug	Feb-24	Apr-25	Jun-26	Aug-27
Sep	Mar-24	May-25	Jul-26	Sep-27
Oct	Apr-24	Jun-25	Aug-26	Oct-27
Nov	May-24	Jul-25	Sep-26	Nov-27
Dec	Jun-24	Aug-25	Oct-26	Dec-27

- If you keep working, you are limited to \$59,520 for 2024 before losing \$1 in benefits for each \$3 earned. Only earnings up to the month before you reach FRA are counted.

- If planning to retire at FRA, consider doing so in January if birthday is early in the year and you don't expect to hit the limit in the prior bullet.

Age 70

- File for maximum Social Security benefits (24% to 32% bonus); **Don't wait any longer**

Age 73

- RMD (Required Minimum Distribution) begins for folks with DOB (1950-1959)

Age 75

- RMD begins for folks with DOB 1960 or later

Notes

- RMDs for Roth IRAs are not required during life of owner
- First RMD must be taken by April 1st of the year following age 73 (or 75)
- Second and later RMDs must be taken by 12/31 each year (possible double-up in first year, don't recommend)
- 25% penalty if not taken by deadline
-

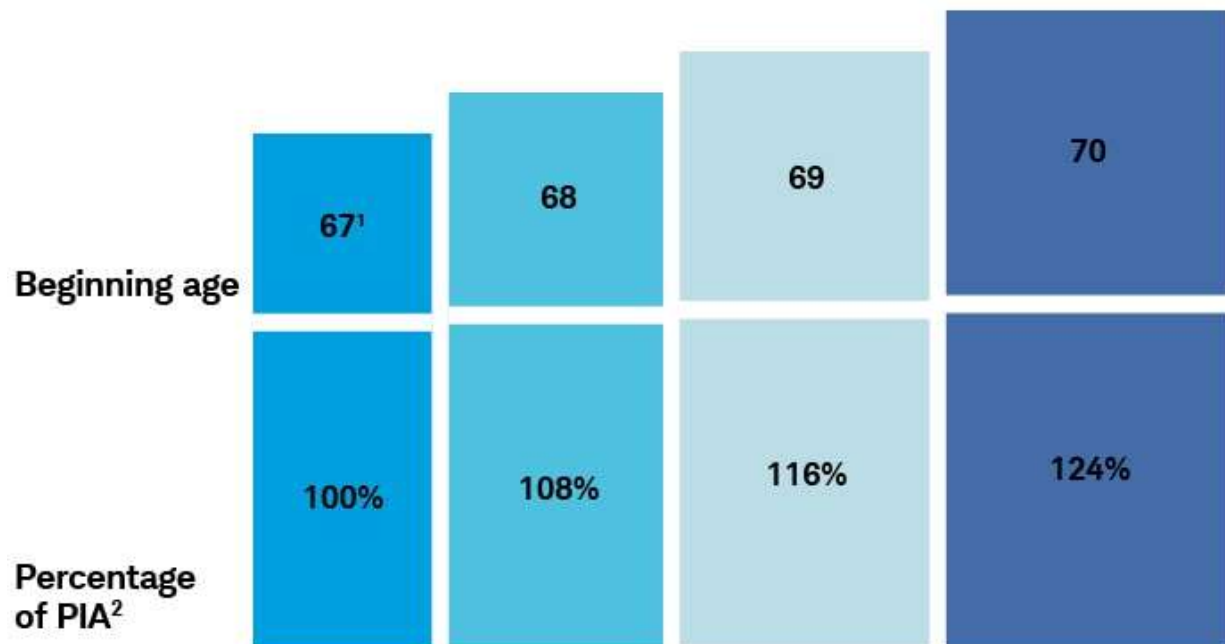
Social Security

- **1935:** Social Security enacted for retired workers age 65 or older
- **1939:** Added benefits for dependent wife, age 65 or older and minor children
Survivor's benefits for dependent widow age 65
Minor children of deceased worker
Widowed mother of any age caring for those children
Dependent parents of deceased worker
- **1940:** First monthly benefits paid to any of the above
- **1950:** Sexism eliminated with benefits for dependent husband age 65 or older, and dependent widower
Dependent wife caring for minor children of retiree
Divorced widowed mother caring for the minor child of deceased if married at least 20 years
- **1956:** Disability benefits for those over age 50, later amended to all ages
Disabled adult children of retired, disabled and deceased workers
Reduced retirement benefits to women, spouses, dependent wives & widows beginning at age 62
- **1961:** Reduced retirement benefits to men and widowers
- **1965:** Benefits for divorced wives at least age 62 and married for 20 years
- **1972:** Delayed retirement benefit to age 70
- **1977:** Retirement pensions for teachers and government employees treated same as SS pensions
Time of marriage for divorcees reduced to 10 years
- **1983:** Retirement age increased from age 65 to 67
Benefits to children over age 18 eliminated
SS benefits became taxable
- **1996:** Earnings penalty provisions eliminated for anyone over Full Retirement Age

Effect of delaying retirement benefits (DOB: January 2, 1960)



Effect of delaying retirement benefits (DOB: January 2, 1960)



Source: SSA.gov

For illustrative purposes only.

¹Represents full retirement age based on DOB January 2, 1960

²PIA = The primary insurance amount is the basis for benefits that are paid to an individual.

Other Social Security benefits:

- Retiree Benefit Notes: PIA is the monthly average of highest 35 years of inflation-adjusted earnings
- Spousal benefits: Once primary earner has retired, spouse can receive benefits starting at age 62 (32.5%) up to FRA (50%)
- Divorcee benefits: Starting anywhere from age 62, currently unmarried, but previously married to ex-spouse 10+ years, ex-spouse does not need to be retired, doesn't matter if ex-spouse remarried: 32.5% - 50% of PIA
- Widow(er) benefits: Starting anytime if qualified dependents, and again at age 60, or 50 if disabled)
- Dependent benefits: Unmarried child <age 18 or <age 19 if in K-12, or any age if disabled <22, 50%, spouse 50%, family maximum: 150-188% of PIA)
- Disability benefits: Any age if worked 5 of last 10 years