

BUILDING BLOCKS FOR RETIREMENT

Distribution Planning

Save the Date

At what age are you planning to retire? No matter when you choose to stop working, there are advantages and disadvantages. Here are some age-related considerations.

Before age 59½. If you take plan distributions before age 59½, a 10% early withdrawal penalty generally applies. You should check to find out if you can qualify for certain penalty exceptions before taking money out of your plan early. *



Age 59½. If you are age 59½ or older, distributions from your retirement savings plan will not be subject to the early withdrawal penalty. However, plan distributions are generally subject to income taxes in the year received (unless the amounts have already been taxed or are qualified distributions from a Roth account).

Age 62. You can start receiving Social Security benefits as early as age 62. But if you start receiving benefits early, they are reduced a fraction of a percent for each month before your full retirement age.

Age 65. Generally, you are eligible for Medicare Parts A and B at age 65, and individuals already receiving Social Security at least four months before age 65 will be automatically enrolled in both Part A and B. Other individuals should contact Social Security to learn how to avoid potential penalties for late enrollment.

Ages 66 and 67. Your full retirement age depends on when you were born. If you were born before 1955, your full retirement age is 66 and you will be eligible to collect full Social Security benefits at that age. If you were born between 1955 and 1959, the full retirement age gradually increases from 66 and two months to 66 and 10 months. If you were born in 1960 or later, your full retirement age is 67.

Age 70. If you don't start taking Social Security benefits at your full retirement age, your benefit is increased by a certain percentage each year until you reach age 70. The benefit increase no longer applies after age 70, even if you continue to delay taking benefits.



** Examples of early distributions that may be excepted from the 10% penalty include distributions from a qualified plan after an employee's separation from service in or after the year the employee attains age 55 and distributions attributable to disability. Consult your tax advisor for details regarding the penalty exceptions.*

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