ASSET ADVISORS

Ten Important Financial Birthdays

Here's a quick look at the most important ages in financial planning, whether your retirement is still years away or just around the corner. Celebrate each birthday with the knowledge that we are with you each step of the way.

Age 21 –
An account registered as a Uniform Transfers to Minors Act (UTMA) is one in which a trust is created by the donor for the benefit of the minor child. The donor retains his status as trustee until the child reaches the age of majority. Although legal adulthood is 18 in most states, **the age of majority for UTMA** is 21.

This milestone is also an opportune time for you and your child to think about creating a healthcare power of attorney.

Age 50 –
You can now make **catch-up contributions**: $7,500 more per year to your 401K at work and $1000 more per year to your IRA accounts.

Age 55 –
You can now make **HSA catch-up contributions** of an extra $1000 per year.

You should also note that some 401k plans allow for penalty-free withdrawal at age 55.

Age 59 ½ -
You can now receive distributions from IRAs and all Qualified plans with **no early withdrawal penalties**.

Age 62 –
You now qualify for **early Social Security retirement benefits.** This is a reduced benefit; your full benefit won't be paid to you unless you wait to reach your full retirement age, between ages 66 and 67. The ssa.gov website has a helpful chart to see how your benefits increase monthly from age 62 to full retirement age.

Age 65 –
If you are eligible for Social Security benefits, you now qualify for **Medicare**, a national healthcare program. Your sign-up window actually begins 3 months before your birthday. You can sign up for Part A with no charge (your payroll taxes have funded this); but Part B has a premium. If you're still working and covered by an employer's health plan, you can delay Part B enrollment up to 8 months following your termination of coverage. You would then have immediate coverage and no increase in premium if this is the case.

Also at age 65, you get an **extra standard deduction**.
Everyone is entitled to a standard deduction of $14,600 (single) or twice that, $29,200 for married filing jointly. Once you hit age 65, you get an additional $1550 per spouse when filing jointly. Single filers and those filing Head of Household get an additional $1950.

Ages 66 - 67 –
The **full retirement age** (FRA) is being phased up from 66 to age 67. From this point on, you can earn all you want and still receive your full Social Security Retirement benefit.

Age 70 –
Maximize your Social Security Retirement Benefit by delaying taking your Social Security at your full retirement age. Benefits increase 8% per year up until age 70. There are no increases past age 70, other than the annual cost of living. So once you hit 70, take your benefit.

Age 70.5 –
This used to be the time of life when you had to take money from your retirement accounts. Now the only notable aspect of this age is that you can make **qualified charitable distributions** (QCDs). This is a fantastic way to donate money to your favorite charities if you are so inclined.

Age 73 –
Required Minimum Distributions (RMDs) begin. The IRS has let you contribute money to a retirement plan without taxation and let it grow without taxation, but age 73 forces you to make distributions and begin exposing the account to taxation. This is calculated through life-expectancy tables found at irs.gov.