Important Birthdays Over 50

Most children stop being "and-a-half" somewhere around age 12. Kids add "and-a-half" to make sure everyone knows they're closer to the next age than the last.

When you are older, "and-a-half" birthdays start making a comeback. In fact, starting at age 50, several birthdays and "half-birthdays" are critical to understand because they have implications regarding your retirement income.

Age 50

At age 50, workers in certain qualified retirement plans are able to begin making annual catch-up contributions in addition to their normal contributions. Those who participate in 401(k), 403(b), and 457 plans can contribute an additional $7,500 per year in 2024. Those who participate in Simple Individual Retirement Account (IRA) or Simple 401(k) plans can make a catch-up contribution of up to $3,500 in 2024. And those who participate in traditional or Roth IRAs can set aside an additional $1,000 a year.[1,2]

Age 59½

At age 59½, workers are able to start making withdrawals from qualified retirement plans without incurring a 10% federal income tax penalty. This applies to workers who have contributed to IRAs and employer-sponsored plans, such as 401(k) and 403(b) plans (457 plans are never subject to the 10% penalty). Keep in mind that distributions from traditional IRAs, 401(k) plans, and other employer-sponsored retirement plans are taxed as ordinary income.

Age 62

At age 62 workers are first able to draw Social Security retirement benefits. However, if a person continues to work, those benefits will be reduced. The Social Security Administration will deduct $1 in benefits for each $2 an individual earns above an annual limit. In 2024, the income limit is $22,320.[3]

Age 65

At age 65, individuals can qualify for Medicare. The Social Security Administration recommends applying three months before reaching age 65. It's important to note that if you are already receiving Social Security benefits, you will automatically be enrolled in Medicare Part A (hospitalization) and Part B (medical insurance) without an additional application.[4]

Age 65 to 67

Between ages 65 and 67, individuals become eligible to receive 100% of their Social Security benefit. The age varies, depending on birth year. Individuals born in 1955, for example, become eligible to receive 100% of their benefits when they reach age 66 years and 2 months. Those born in 1960 or later need to reach age 67 before they'll become eligible to receive full benefits.[5]

Age 73

In most circumstances, once you reach age 73, you must begin taking required minimum distributions from a traditional Individual Retirement Account and other defined contribution plans. You may continue to contribute to a traditional IRA past age 70½ as long as you meet the earned-income requirement.

Understanding key birthdays may help you better prepare for certain retirement income and benefits. But perhaps more importantly, knowing key birthdays can help you avoid penalties that may be imposed if you miss the date.

1. If you reach the age of 50 before the end of the calendar year.
2. IRS.gov, 2023
3. SSA.gov, 2023
4. SSA.gov, 2023. Individuals can decline Part B coverage because it requires an additional premium payment.
5. SSA.gov, 2023

Women and Wealth: A Pivot Towards Retirement

Retirement is a significant transition, and it can bring both challenges and opportunities for women who have spent many years focused on their careers. For women approaching retirement age, it is crucial to consider various tips and strategies to ensure a smooth and fulfilling transition. An elegant pivot from work life to a life of one's own requires careful consideration.

A woman retiring at 65 may live another two decades or more. That's not only a long time to finance, it's also a long time to figure out how to fill your life with meaningful activities.[1]

A Change of Identity

Retirement can change a woman's identity, especially those who have worked in the same profession for many years. Exploring new interests and finding a new sense of purpose could involve taking on a new job title, pursuing a passion, or simply embracing new hobbies and activities. But you'll enjoy your retirement more if you start thinking about establishing the new "you" independent of your career.

Addressing Your Finances

One of the first steps to take when preparing for retirement is to address financial matters. This includes reviewing your estate strategy, getting all necessary documents in order, and having contingency plans in place for the emergencies and the unexpected. Consider meeting with a financial professional before and after retiring to help establish that the appropriate steps are being taken.

Pivot to a New Career

For women concerned about their savings or Social Security benefits, considering part-time work, working from home, or starting a small business can provide income and social interaction. You have the choice here to ease into retirement while still keeping active and engaged. The Department of Labor says that women are more likely to work part time in retirement. Many part-time jobs may not have retirement plans, making it necessary to plan accordingly.[1]

Another option for women is volunteering. Many miss the engagement and challenge of the workforce, and volunteering allows them to dedicate their time to helping others while gaining personal fulfillment. Volunteering can be a way to stay connected to the community while making a difference.

Now that you have the time, why not try something new? Taking classes is also a way for women to continue learning and growing in retirement. Many courses covering various topics are available online or in person, allowing you to explore new interests and stay mentally active.

Focus on Your Health

Beyond addressing financial matters and finding ways to stay engaged, women must prioritize their health in retirement. This includes eating a balanced diet, exercising regularly, and getting the right amount of sleep. But your overall health includes more than just your physical body. Social engagement is also essential for happiness and health. Even for natural homebodies, spending time with others can have a positive impact.

It's essential to remember that adjusting to retirement takes time. Transitioning into retirement can be a significant change for women who have dedicated many years to their careers. However, with careful preparation and consideration, women can make the most of this new phase of life. By addressing financial matters, finding ways to stay engaged, prioritizing health, and exploring new interests, women can embrace retirement as a new beginning and enjoy a fulfilling and rewarding experience. It is normal to experience a range of emotions after retirement, but these feelings will likely change over time. Being patient with yourself and understanding that it is a process may help alleviate frustration.

1. Dol.gov, September 14, 2023

Volunteering in Retirement

“This generation got no destination to hold...
We are volunteers of America”
“Volunteers**”** by Jefferson Airplane

Those of a certain age will recall these Jefferson Airplane lyrics as a call to action, though for a different period and place. Even with the passage of time and through a lifetime of changes, the desire of baby boomers to make an impact on the world has not diminished.

Retirement is no longer about the hammock or unending hours of golf. It is a period of rejuvenation, second chances, and renewed growth. For many, this new phase includes contributing their time and talents to an organization in need.

Before You Start

An important first step is to engage in honest self-assessment. Inventory your skill set and interests. This will help identify what sort of volunteering opportunities are the best match for you.

Determine the commitment you are willing to make. Is this something that you want to devote 5-10 hours a week to, or are you willing to commit to more time? Is this something you want to do locally, around the nation, or even the globe? Will this volunteering be done individually, as a couple, or as a group?

Survey the Waters

There are plenty of resources to get a good view of the opportunities that exist. One place to start is by asking friends, family, and colleagues. Another option is to use one or more of the many tools created to help identify volunteering ideas that may deserve your consideration. For instance, the AmeriCorps website is one such tool run by the federal government. You may also want to take a look at the VolunteerMatch website.

Another approach may be to pick charities that you support and check out their volunteer opportunities. Don't be afraid to call them since some opportunities may not be advertised.

If you do choose to volunteer during retirement, you may find that you will receive as much as you give.

Texting Bettendorf Financial Team Members

In today's world of rules and regulations, we have one we must pass on to you, our valued clients. In accordance with regulatory requirements, correspondence between you and our team must be supervised and archived. For this purpose, correspondence is defined as any securities-related communications with clients, support staff, supervisors, other financial professionals, wholesalers and other parties. This correspondence includes not only incoming/outgoing mail, but emails and text messages.

In order to comply, Smarsh is used archive electronic communications. For this to work for texting, all Bettendorf Financial team members have a direct text number for you to use. If you have their cell phone number, we ask that you do not use that for texting. We ask that you use the below numbers to text. You may continue to email or call the office as you have done, if you do not want to text. If you have questions, please do not hesitate to call Dawn at 563-441-9903.

Doug Wier 563-230-6964

Dawn Wales 563-230-6957

John Harrington 563-239-6190

Patrick Larkin 563-200-7394

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Shannon Domski 563-227-9771

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