

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.

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 a 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}

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.

At age 62 workers are first able to draw Social Security retirement benefits. However, if a person (continue on page 2)



Caring for Aging Parents

Thanks to healthier lifestyles and advances in modern medicine, the worldwide population over age 65 is growing. In the past decade, the population of Americans aged 65 and older has grown 38% and is expected to reach 82 million in 2050. As our nation ages, many Americans are turning their attention to caring for aging parents.^{1,2}

For many people, one of the most difficult conversations to have involves talking with an aging parent about extended medical care. The shifting of roles can be challenging, and emotions often prevent important information from being exchanged and critical decisions from being made.

When talking to a parent about future care, it's best to have a strategy for structuring the conversation. Here are some key concepts to consider.

Cover the Basics—Knowing ahead of time what information you need to find out may help keep the conversation on track. Here

is a checklist that can be a good starting point:

- Primary physician
- Specialists
- Medications and supplements
- Allergies to medication

It is also important to know the location of medical and estate management paperwork, including:³

- Medicare card
- Insurance information
- Durable power of attorney for healthcare
- Will, living will, trusts, other documents

Be Thorough—Remember that if you can collect all the critical information, you may be able to save your family time and avoid future emotional discussions. While checklists and scripts may help prepare you, remember that this conversation could signal a major change in your parent's life. The transition from provider to (continue on page 2)

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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

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

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

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 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.

Citations

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

Caring for Aging Parents *(continued from page 1)*

dependent can be difficult for any parent and has the potential to unearth old issues. Be prepared for emotions and the unexpected. Be kind, but do your best to get all the information you need.

Keep the Lines of Communication Open—This conversation is probably not the only one you will have with your parent about their future healthcare needs. It may be the beginning of an ongoing dialogue. Consider involving other siblings in the discussions. Often one sibling takes a lead role when caring for parents, but all family members should be honest about their feelings, situations, and needs.

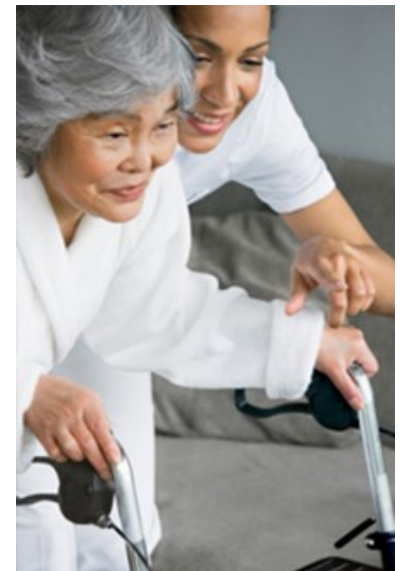
Don't Procrastinate—The earlier you begin to communicate about important issues, the more likely you will be to

have all the information you need when a crisis arises. How will you know when a parent needs your help? Look for indicators like fluctuations in weight, failure to take medication, new health concerns, and diminished social interaction. These can all be warning signs that additional care may soon become necessary. Don't avoid the topic of care just because you are uncomfortable. Chances are that waiting will only make you more so.

Remember, whatever your relationship with your parent has been, this new phase of life will present challenges for both parties. By treating your parent with love and respect—and taking the necessary steps toward open communication—you will be able to provide the help needed during this new phase of life.

Citations

1. WashingtonPost.com, February 14, 2023
2. PRB.org, January 9, 2024
3. Note: Power of attorney laws can vary from state to state. An estate strategy that includes trusts may involve a complex web of tax rules and regulations. Consider working with a knowledgeable estate management professional before implementing such strategies.



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