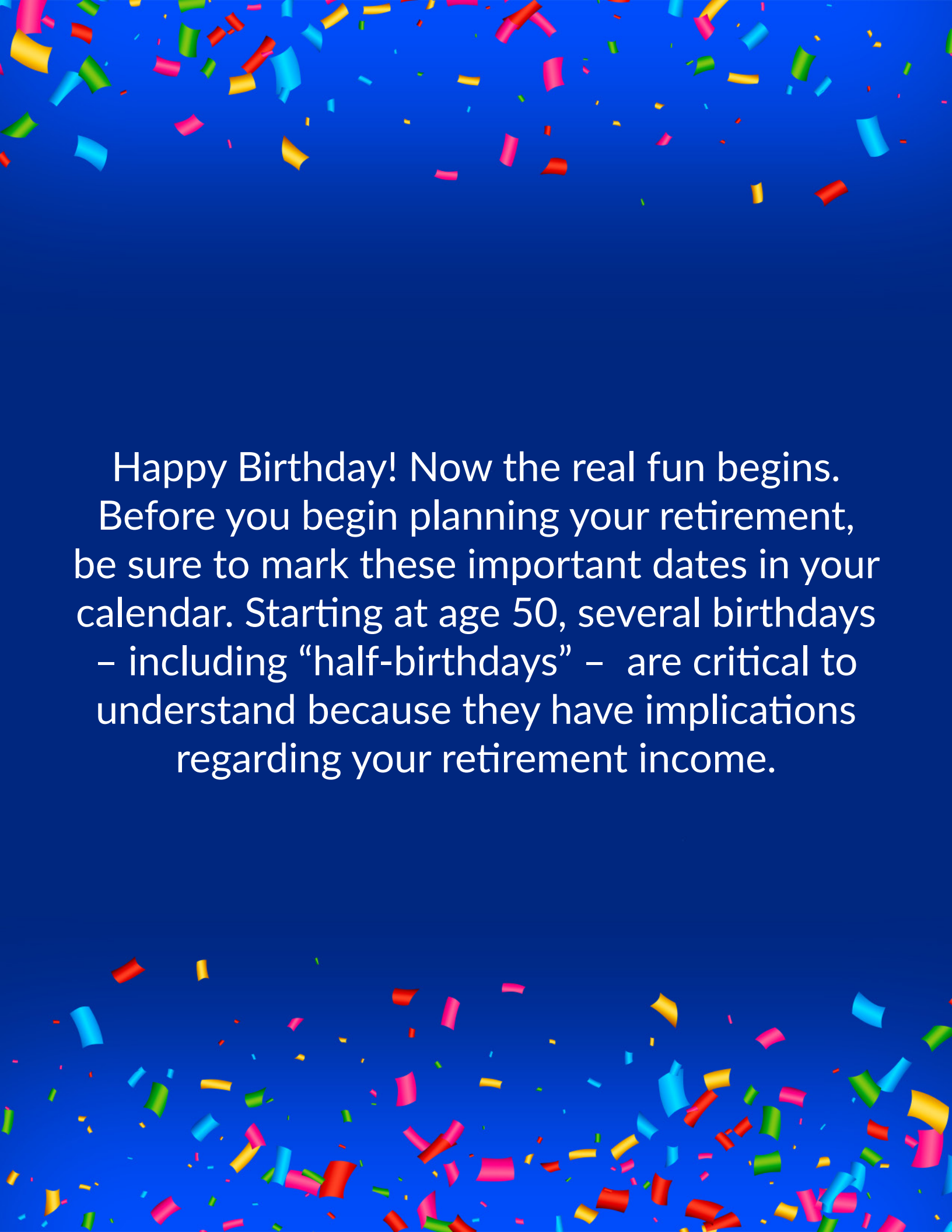


IMPORTANT BIRTHDAYS OVER

50



Hilltop
WEALTH & TAX SOLUTIONS



Happy Birthday! Now the real fun begins. Before you begin planning your retirement, be sure to mark these important dates in your calendar. Starting at age 50, several birthdays – including “half-birthdays” – are critical to understand because they have implications regarding your retirement income.



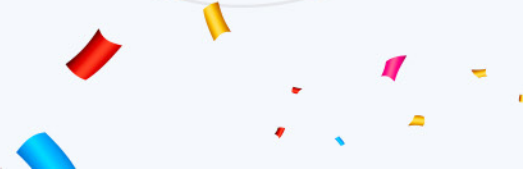
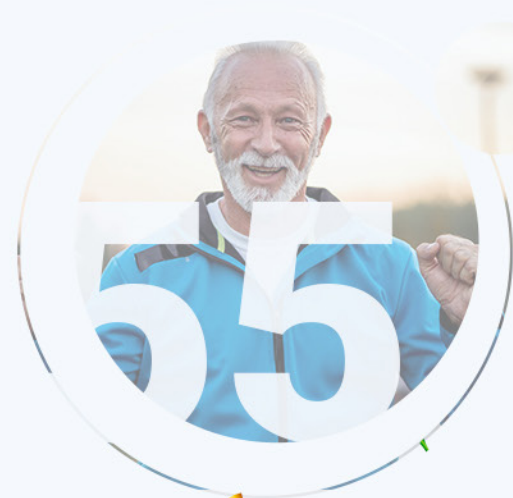
AGE 50



At age 50, workers with certain qualified retirement plans can make annual “catch-up” contributions in addition to their normal contributions. In 2023, you can contribute up to \$6,500 to an IRA if you are under 50 and an additional \$1,000 if you are 50 or older.¹ If you are 50 or older, you can contribute a total of \$30,000 to your 401(k), 403(b), Thrift Savings Plan, and 457(b) in 2023.² Those who are 50 or older and participate in a SIMPLE 401(k) or SIMPLE IRA can contribute \$19,000 in 2023.³

AGE 55

Many people aren't aware that they might be able to withdraw from their 401(k) or other employer-sponsored retirement plan starting at age 55. If you leave your job for any reason in or after the year you turn age 55, you can withdraw from the retirement plan at the job you left, penalty free. Keep in mind that this does not apply to money rolled into an IRA.⁴



AGE 59 ½

Age comes with benefits. Once you reach 59 ½, you can withdraw from your IRA or old 401(k)s without penalty.⁵

If you are retired or have terminated employment and still have funds in your 401(k) plan, you can access them at age 59 ½ and pay no early withdrawal penalty tax. If you have rolled your 401(k) funds into an IRA, the rules are the same. Age 59 ½ is the earliest you can withdraw funds from an IRA account and pay no early withdrawal penalty tax.

If you are still working, you can access funds from an old 401(k) plan once you reach age 59 ½, but you may not have the same access to funds inside the 401(k) plan at the company for which you currently work. Check with your 401(k) plan administrator to see if your plan allows what is called an “in-service” distribution at age 59 ½. Some 401(k) plans allow this and others do not.

AGE 62

The earliest you can claim Social Security benefits is age 62. However, claiming benefits before your full retirement age will result in a permanently smaller benefit. If you want to claim past your full retirement age, your benefit will increase by about 8% per year you defer until age 70.⁶

If you're planning on working while receiving Social Security, keep in mind that your benefit can be reduced. Social Security beneficiaries under their full retirement age who earn more than \$21,240 in 2023 will have \$1 withheld for every \$2 they earn above this limit. This earnings limit jumps to \$56,520 for the year recipients reach their full retirement age and the penalty decreases to \$1 withheld for every \$3 earned above the limit. After beneficiaries reach their full retirement age, no benefits are withheld if they continue working.⁷








AGE 65



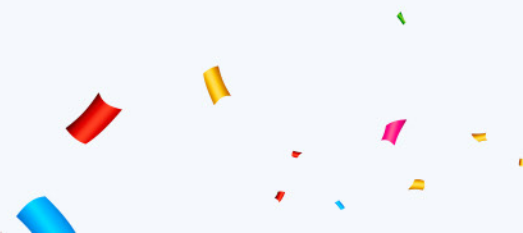
Whether you're new to Medicare, getting ready to turn 65, or preparing to retire, you'll need to make several important decisions about your health coverage. If you wait to enroll, you may have to pay a penalty and you may have a gap in coverage. The first time you can enroll is called your Initial Enrollment Period. If you're eligible for Medicare when you turn 65, you can sign up during the 7-month period that:

-  *Begins 3 months before the month you turn 65*
-  *Includes the month you turn 65*
-  *Ends 3 months after the month you turn 65⁸*

You can enroll in Part A (hospital insurance) when you turn 65, even if you still have health insurance through an employer. Keep in mind that since most people paid Medicare taxes while they worked, they won't have to pay a monthly premium for Part A. If you are already receiving Social Security benefits, you will automatically be enrolled in Medicare Part A and Part B. You can decline Part B (medical insurance) coverage because it requires an additional premium payment, but if you aren't covered by an employer's health plan and decide to enroll later, you may have to pay a penalty for as long as you're enrolled.⁹

- FAST FACT -

THE TYPICAL HOUSEHOLD LOSES OUT ON ABOUT \$111,000 IN LIFETIME BENEFITS, ACCORDING TO A STUDY FROM UNITED INCOME.¹⁰ DON'T LOSE OUT ON YOUR OPTIMAL BENEFIT!





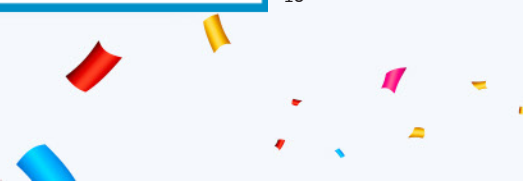
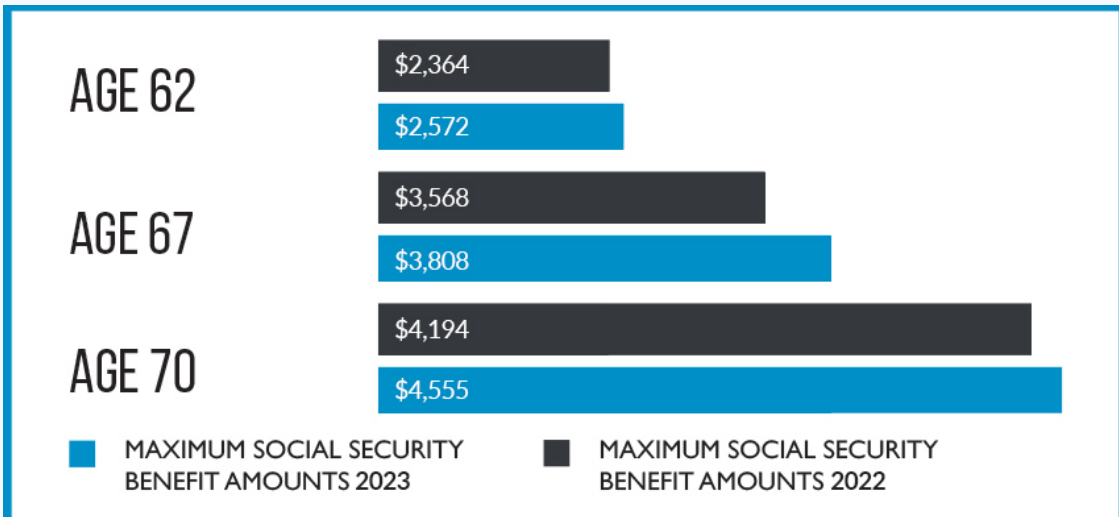
AGE 65 to 67



Between ages 65 and 67, individuals become eligible to receive 100% of their Social Security benefit. In 2023, recipients got a 8.7% Cost of Living Adjustment (COLA) to their Social Security benefits – the largest in nearly 40 years!¹¹ Thanks to this increase, the maximum benefit for retirees claiming at the age of 67 in 2023 increases to \$3,808 per month.¹²

Although the chances of qualifying for that much in Social Security benefits are slim, everyone can strategize to maximize their benefit. You can start by reviewing your benefit statements regularly to make sure you are getting credit for the taxes you’re paying into the system. Reviewing your statements will also make it easier to decide when to claim by showing you what you are owed.

Note that only Americans 60 and over who have not claimed their benefits and did not set up an online account will still receive a statement by mail. To make an online account, either look for a letter with an activation code, or go to the Social Security administration’s website.



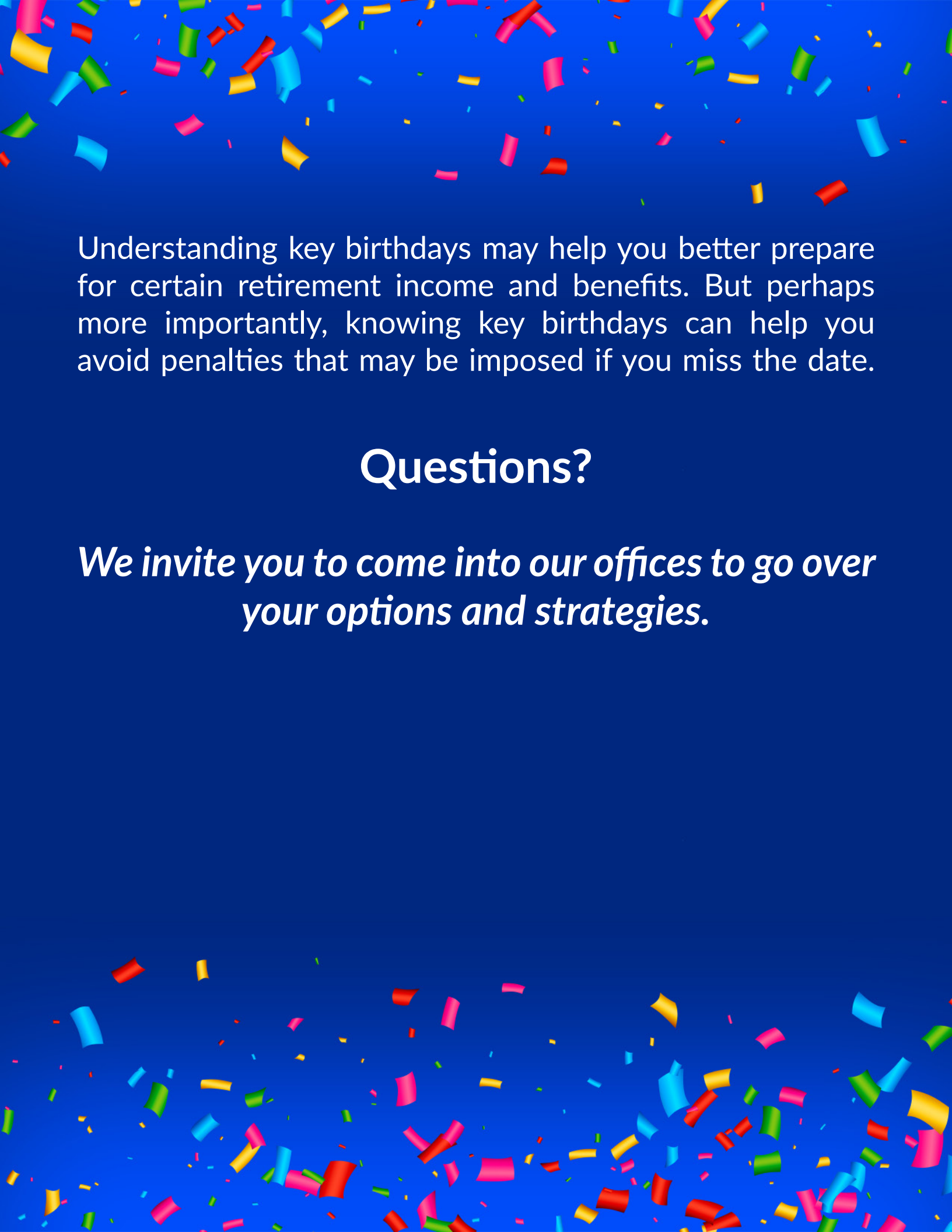


AGE 73

As of 2022, the SECURE Act 2.0 changed the age at which Required Minimum Distributions begin from 72 to 73 in 2023, and to 75 after 2032. RMDs apply to qualified retirement plans such as 401(k)s, 403(b)s, Profit Sharing plans, Money Purchase Pensions, IRAs, Simple IRAs, and SEP IRAs; so now many retirees have more time to let their retirement savings grow tax free.¹⁴

RMDs are the minimum you are required to withdraw each year, and you can always withdraw more than that amount. However, some retirees would prefer to withdraw less than they are required to. Withdrawing more from a traditional retirement account could mean a higher tax burden, and an end to tax-free growth for the withdrawn funds.

If you forget to take an RMD, it's going to cost you. In 2023, there is a 25% penalty based on the RMD you were supposed to take. RMDs are based on the total balance of all your IRAs, 401(k)s, and other traditional retirement plans as of December 31st of the previous year. You can visit your financial advisor to make sure you are in compliance, and develop a long-term tax minimization plan.

A blue background with colorful confetti (red, yellow, green, cyan) scattered throughout, primarily concentrated at the top and bottom edges.

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.

Questions?

We invite you to come into our offices to go over your options and strategies.



CITE SOURCES:

- ¹ <https://www.nerdwallet.com/article/investing/ira-contribution-limits>
- ² <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-catch-up-contributions>
- ³ <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-catch-up-contributions>
- ⁴ <https://www.irs.gov/taxtopics/tc558>
- ⁵ <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-iras-distributions-withdrawals>
- ⁶ <https://www.ssa.gov/benefits/retirement/planner/delayret.html>
- ⁷ <https://www.ssa.gov/benefits/retirement/planner/whileworking.html>
- ⁸ <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods>
- ⁹ <https://www.ssa.gov/benefits/medicare/>
- ¹⁰ <https://www.usatoday.com/story/money/2020/09/29/social-security-took-checks-early-because-covid-you-get-do-over/3567304001/>
- ¹¹ <https://www.pbs.org/newshour/economy/why-your-social-security-check-will-get-a-big-boost-next-year>
- ¹² <https://www.ssa.gov/oact/cola/examplemax.html>
- ¹³ <https://www.ssa.gov/oact/cola/examplemax.html>
- ¹⁴ <https://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs>

DISCLOSURE STATEMENT(S):

Hilltop Wealth Solutions (“Hilltop”) is a registered investment advisor with the Securities and Exchange Commission (“SEC”) and only transacts business in states where it is properly registered or is excluded or exempted from registration requirements. SEC registration does not imply a certain level of skill or training. Please refer to our Form ADV Part 2A disclosure for additional information regarding the qualifications and business practices of Hilltop. Hilltop Wealth Solutions, LLC is an SEC Registered Investment Adviser firm. Hilltop Tax Solutions, LLC, is an affiliate of Hilltop. Wealth Solutions that provides tax and bookkeeping services.



www.hilltopwealthsolutions.com

Mishawaka Office: 527 Park Place Court, Suite 100 Mishawaka, IN 46545
Bremen Office: 105 W. Plymouth St., Bremen, IN 46506
Chesterton Office: 830 East Sidewalk Road, Chesterton, Indiana 46304
Indiana Private Meeting Rooms: 102 E. Main Street, Peru, IN 46970
Fort Myers Office: 13420 Parker Commons Blvd., Suite 106, Fort Myers, FL 339124
Royal Oak: 333 W. 7th Street, Suite 250, Royal Oak, MI 48067

Wealth Solutions
(574) 889-7526

Tax Solutions
(574) 208-5001

