2013. And those who participate in traditional IRAs can set aside an additional $1,000 a year.[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), 403(b), and 457 plans. 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 2014, the income limit is $15,480 (up from $15,120 in 2013).

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.[3]

What's So Great About a Rollover?

An IRA rollover may make sense whether you're leaving one job for another or retiring altogether.

Changing jobs can be a tumultuous experience. Even under the best of circumstances, making a career move requires a series of tough decisions, not the least of which is what to do with the funds in your old employer-sponsored retirement plan.

Some people choose to roll over these funds into an Individual Retirement Account, and for good reason. More than 25% of all retirement assets in the U.S. are held in IRAs, and more than 50% of traditional IRA owners funded all or part of their IRAs with a rollover.[1,2]

Generally, you have three choices when it comes to handling the money in a former employer's retirement account.

First, you can cash out of the account. However, if you choose to cash out, you will be required to pay ordinary income tax on the balance plus a 10% early withdrawal penalty if you are under age 59½.

Second, you may be able to leave the funds in your old plan. But some plans have rules and restrictions regarding the money in the account.

Or third, you can roll the money into an IRA. Why do so many people choose an IRA rollover? Here are a few of the major benefits:

Rollovers may preserve the tax-favored status of your retirement money. As long as your money is moved through a direct "trustee-to trustee" transfer, you can avoid a taxable event.[3] In a traditional IRA, your retirement savings will have the opportunity to grow tax-deferred until you begin taking distributions in retirement.

> *"By rolling these various accounts into a single IRA, you might make the process of managing the funds, rebalancing your portfolio and adjusting your asset allocation easier."*

Fast Fact: 69% of U.S. households have some type of tax-advantaged retirement account.
2012 Investment Company Factbook

An IRA rollover may open up your investment choices. When you stick with your former employer's retirement plan, you are typically limited to the investments offered by the plan. With an IRA, you may have a much broader range of choices, giving you greater control over how your assets are allocated.

Rollovers can make it easier to stay organized and main-ain contol. Some people change jobs several times during the course of their careers, leaving a trail of employer-sponsored retirement plans in their wake.

By rolling these various accounts into a single IRA, you might make the process of managing the funds, rebalancing your portfolio, and adjusting your asset allocation easier.

An IRA rollover may make sense whether you're leaving one job for another or retiring altogether. But how your assets should be allocated within the IRA will depend on your time horizon, risk tolerance and financial goals.

2014 Reminders:

- April 15, 2014 is the deadline for 2013 IRA contributions
- IRA contributions up to April 15, 2014 may be designated for 2013 or 2014
- The max IRA contribution for 2013 and 2014 is $5,500, or $6,500 if you are over 50
- We can set up auto contributions directly from your bank account for both retirement and non-retirement accounts

Points to Remember

1. A distribution is a payout of realized savings and earnings from a retirement plan. In general, you must begin taking distributions from your account by April 1 of the year following the year in which you turn 70½, unless you are still working for your employer.

2. Your distribution options include keeping your money in your plan; enacting a direct rollover; or taking a cash distribution.

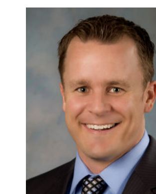
3. If you keep your money in your plan you will no longer be able to make contributions, but you still maintain control over the investments and any growth continues to be tax deferred.

4. In a direct rollover, you have your money moved directly to a qualified plan or IRA without physically receiving a cent. If you are under age 55 at the time of separation from service, a direct roll-over may be a good option, as it avoids the hefty taxes and penalties associated with a cash distribution.

5. Although a cash distribution is perhaps the most enticing option available, consider that you must pay taxes on the money you receive at then-current rates. And if you are under age 55 when you leave your employer, you may have to pay Uncle Sam 10% of your savings in penalties.

Whatever option you choose, you should think carefully before making any decisions and speak with a tax advisor before picking a distribution election.

- Shawn



1. 2012 Investment Company Factbook
2. Distributions from traditional IRA and most other employer-sponsored retirement plans are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 70½, you must begin taking required minimum distributions.
The information in this material is not intended as tax advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult a tax professional for specific information regarding your individual situation.

Fast Fact

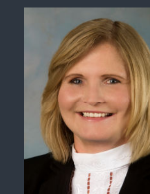
The chance of being audited rises with income level. In 2012, only 0.9% of those with incomes under $200,000 were audited; 3.7% of those with incomes between $200,000 and $1 million were audited; and 12.1% of those with income over $1 million were audited. (Internal Revenue Service, 2013).

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.

Age 70½
At age 70½, participants must begin taking required minimum distributions (RMDs) from traditional IRAs and qualified retirement plans, such as 401(k), 403(b), and 457 plans. RMDs are based on your account balance and life expectancy.

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.

- Barbie



1. The catch-up limit is adjusted in $500 increments.
2. If you reach the age of 50 before the end of the calendar year.
3. Individuals can decline Part B coverage because it requires an additional premium payment.

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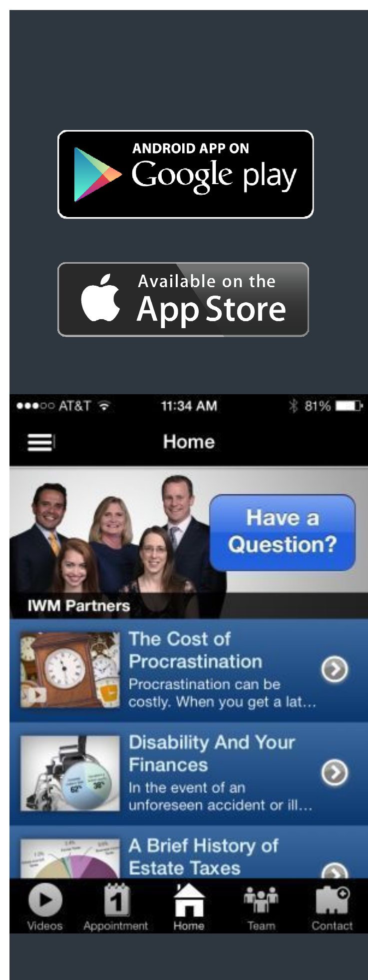

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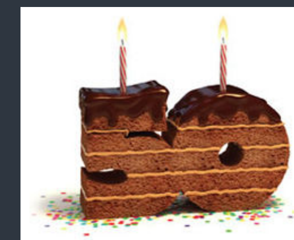
Important Birthdays Over 50

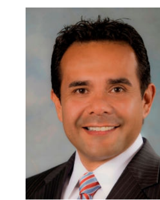
Most children stop being "and-a-half" somewhere around age 12. Kids add "and-a-half" to make sure everyone knows they're closer to the next age than the last.

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 $5,500 per year in 2013.[1] Those who participate in Simple IRA or Simple 401(k) plans can make a catch-up contribution of up to $2,500 in

How to Make the Tax Code Work for You



When you take the time to learn more about how it works, you may be able to put the tax code to work for you. A good place to start is with two important tax concepts: credits and deductions.[1]

Credits
As tax credits are usually subtracted dollar for dollar from the actual tax liability, they potentially have greater leverage in reducing your tax burden than deductions. Tax credits (and deductions) typically have phase-out limits, so consider consulting a legal or tax professionals for specific information regarding your individual situation.

Here are a few tax credits that you may be eligible for:
- The Child Tax Credit is a federal tax credit for families with dependent children under age 17. The maximum credit is $1,000 per qualifying child.[2]
- The American Opportunity Credit provides a tax credit of up to $2,500 per eligible student for tuition costs for four years of post-high-school education.[3]
- The Energy-Efficient Home Improvement Tax Credit grants qualifying taxpayers 10% of the cost of certain energy-efficient building materials — up to a $500 lifetime credit.[4]
- Those who have to pay someone to care for a child (under 13) or other dependent may be able to claim a tax credit for those qualifying expenses. The Child and Dependent Care Credit provides up to $3,000 for one qualifying individual, or up to $6,000 for two or more qualifying individuals.[5]

Deductions
Deductions are subtracted from your income before your taxes are calculated, and thus may reduce the amount of money on which you are taxed and, by extension, your eventual tax liability.

Here are a few examples of deductions:
- Under certain limitations, contributions made to qualifying charitable organizations are deductible.
- If certain qualifications are met, you may be able to deduct the mortgage interest you pay on a loan secured for your primary residence.
- Amounts set aside for retirement through a qualified retirement plan, such as an IRA, may be deducted. The contribution limit is $5,500 in 2013, and if you are age 50 or older, the limit is $6,500.[6]
-You may be able to deduct the amount of your medical and dental expenses that exceeds 7½% of your adjusted gross income.[7]

- Mico

1. The information in this material is not intended as tax or legal advice.
2, 3, 4, 5, 7. Internal Revenue Service, 2013
6. Withdrawals from traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 70½, you must begin taking required minimum distributions.

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