It's never too early - or too late - to begin saving for your retirement. No matter where you are in life, there are steps you can take toward helping create a more secure retirement. Consider the seven key ages of retirement planning and speak to a Financial Advisor to review your unique situation and establish, implement, and execute a retirement plan customized for your age and stage.

Pre-age 50

- **Making contributions to your qualified employer-sponsored retirement plan (QRP) [such as 401(k), 403(b), or governmental 457(b)] is an easy way to save for retirement.** If your employer offers a matching contribution program, consider contributing at least as much as your employer match, otherwise you are leaving money on the table.

- **Think about contributing the maximum amount each year to an IRA.** You are eligible to contribute to an IRA whether you fund a QRP or not. By maximizing your annual IRA contribution, you can supplement your savings and gain access to a potentially wider range of investment choices than with your QRP.

Even if your contribution is not deductible, funding an IRA is still a great way to potentially grow retirement savings.

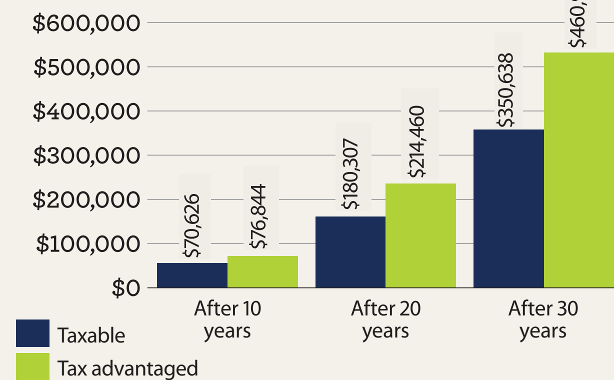
- **Evaluate options for retirement assets left at former employers.** These assets may provide a substantial part of your income in retirement. Whether you're starting a new job, have been displaced, or are retiring, you should learn the options for these assets. Each of these options has advantages and disadvantages, and the one that is most appropriate depends on your individual circumstances. You should consider each option's features, such as investment choices, fees and expenses, and services offered.

- **Avoid taking loans or cashing in retirement savings to pay for other expenses.** In addition to losing the tax-advantaged status, distributions may be subject to ordinary income taxes as well as potential early distribution penalties.

Tax advantages increase earning potential

IRAs offer the potential for growth in a tax-advantaged account. Over time, that can make a significant difference in your retirement savings.

Hypothetical value of $5,500 annual contributions over 30 years



This hypothetical example assumes an annual fixed rate of return of 6% and a 25% cumulative tax rate with $5,500 annual contributions and taxes in the taxable account paid annually. This example does not consider the advantage of deductible contributions. The growth of the tax-deferred account is before-tax, and distributions are subject to ordinary income tax and may be subject to a 10% IRS penalty if taken prior to age 59½. This hypothetical example does not represent the returns of any particular investment and should not be used to predict or project performance. There is no guarantee you will earn 6% on investments and your account value may fluctuate over time. Investing involves risk, including the possible loss of principal. It assumes all earnings are reinvested and does not include transaction costs, fees, or expenses associated with the account or any individual investment made in the account. If the potential expenses of the hypothetical investment had been reflected, the ending value of the tax-deferred investment could be lower.

Lower tax rates on capital gains and dividends could make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown.

Changes in tax rates and tax treatment of investment earnings may impact the comparative results. You should consider your personal investment horizon and income tax bracket, both current and anticipated, when making an investment decision as these may further impact the results of the comparison. Wells Fargo Advisors does not provide tax or legal advice. Please see your tax and legal advisors for guidance.

- **Periodically review your asset allocations and rebalance investments, if necessary.** Through market fluctuations, your overall investment portfolio may become out of alignment with your retirement goals —too conservative or too aggressive.

- **Remember, a non-working spouse may establish and contribute to an IRA.** If you don't have earned income but your spouse does and you file jointly, you can contribute up to the maximum amount to your IRA, provided your IRA contributions do not exceed earned income. For details visit irs.gov.

Age 50

- **Build additional retirement assets by taking advantage of "catch-up" contributions.** Individuals who turn 50 or older within a particular calendar year have the opportunity to make an additional $1,000 contribution to their IRA. You are also able to contribute an additional "catch up" contribution in your QRP.

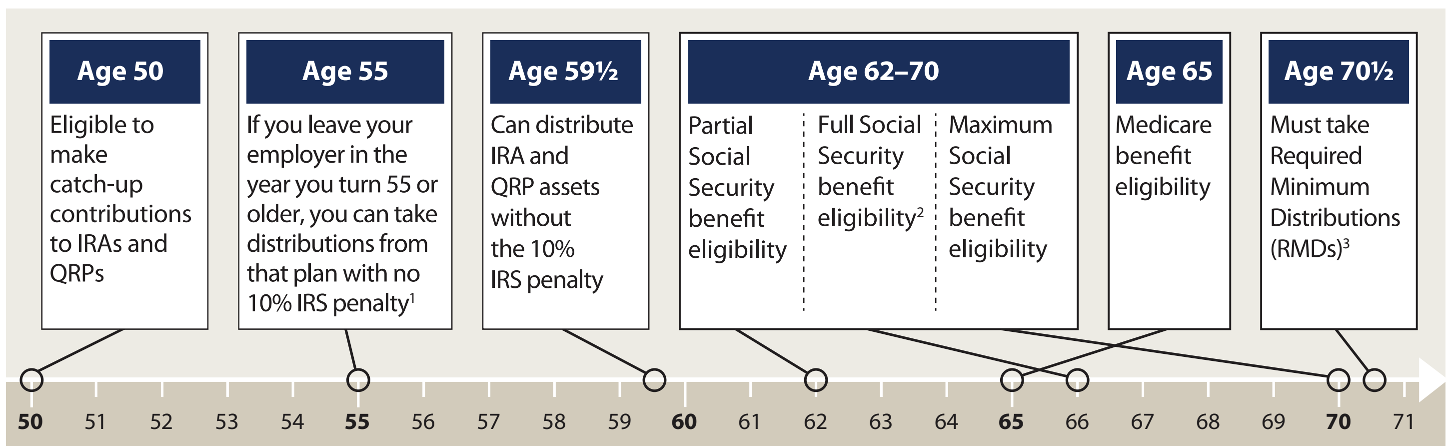
- **Consider purchasing long-term care insurance.** Healthcare costs continue to rise, and so does the impact of healthcare on retirement planning. The U.S. Department of Health and Human Services states that about 70% of people age 65 and over will need some type of long-term care services eventually.

Age 55

- **You may be able to take penalty-free distributions from your QRP.** IThe "Rule of 55" allows you to distribute funds from your QRP without incurring the 10% IRS tax penalty if you leave your employer in the year you turn age 55 or older (age 50 or older for certain public safety employees). You will generally owe federal and perhaps state tax on distributions. From age 55 to 59½, you may benefit from leaving the funds in your former employer's QRP to have access to the assets if needed, while avoiding the 10% penalty. This is a key difference between distributions from QRPs and IRAs before age 59½.

Age 59½

- **At 59½ you can take penalty-free distributions.** Once you are age 59½ or older, you will not incur the 10% IRS penalty tax on distributions from your IRA (Traditional, Roth, SEP, and SIMPLE) and QRP. Keep in mind, you generally owe federal and perhaps state tax on distributions. If you have after-tax amounts in your Traditional, SEP, and/or SIMPLE IRAs, the distributions from any of those IRAs will be taken on a pro-rata basis—some from before-tax assets and some from after-tax assets. With a Roth IRA, the distributions are tax- and penalty-free as long as the Roth IRA has been funded for more than five years, and you are at least age 59½, or as a result of your death, disability, or using the first-time homebuyer exception.



1A similar rule applies to distributions from certain government defined benefit plans made to public safety workers age 50 or older.
2Full Social Security benefits begin at age 66 for those born from 1943-1954. For those born 1955-1959 they begin at age 66 plus a varying number of months. For those born in 1960 or later they begin at age 67.
3Traditional, SEP, and SIMPLE IRAs as well as former QRPs including employer plan designated Roth accounts. You may be able to delay RMDs from your current QRP if you are still working and the plan allows, unless you are a 5% or more owner of the company.

Social Security and Medicare age

- **Social Security benefits can begin from age 62–70.**[4] When considering your individual situation and timing of taking Social Security benefits, keep in mind that Social Security benefits may be taxable at any age. While you can work and receive Social Security any income can have an impact on your benefits. If you are younger than Full Retirement Age (FRA) and earn more than the allowable limit, your benefits will be reduced. Once you reach FRA, the earning limits go away. Visit the website ssa.gov for helpful resources to assist you in making your individual decision.

Year of birth	FRA
1943–1954	66
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 or later	67

- **Age 62 -** Minimum age to receive Social Security benefits. Benefits are permanently reduced if you begin taking distributions prior to FRA.

- **Age 65-67 -** You will meet your FRA during the two year period. See the chart below to calculate your FRA.

- **Age 70 -** For each month past FRA you delay taking your Social Security benefit, you will receive Delayed Retirement Credits (DRC) that will permanently increase your Social Security benefit. After age 70, it is no longer beneficial to continue delaying your benefit.

Medicare

It's recommended you sign up for Medicare three months before reaching age 65. Otherwise, your Medicare medical insurance, as well as prescription drug coverage, could be delayed, and you could be charged higher premiums. You may postpone signing up for Medicare Part B (doctor coverage) until up to eight months after leaving your employer. If you delay past the eight month deadline, you may incur a 10% penalty assessed on all future premiums for life. Keep in mind, Medicare is not a free service. To avoid high out-of-pocket expenses beyond the standard coverage of Medicare Part A and Part B, you may consider supplemental Medicare coverage. For more information, visit medicare.gov or contact a Medicare specialist at 1-800-MEDICARE (1-800-633-4227).

Until you are eligible for Medicare, you may want to review the Health Insurance Marketplace where you can comparison shop for a variety of affordable plans that may best meet your health care needs. Learn more at healthcare.gov.

When and how you choose to take your Social Security benefits can have a significant impact on the total benefits you receive over time. Your Financial Advisor has access to robust software that can help analyze the Social Security benefit scenarios available to you and help you evaluate which one best fits your personal circumstances.

Pre-age 72

- **RMDs begin by your required beginning date (RBD), which is generally, April 1 following the year you turn age 72.** You will take RMDs from any Traditional, SEP, and SIMPLE IRAs that you have, as well as from any QRPs left at former employers. If you delay your first year's distribution until April 1 of the following year, you should note that you will have two distributions taxable in the same year—your first RMD and your second RMD, which must be taken by December 31. After the first year, you will need to satisfy your RMD by December 31 of each year.
  If you are completing a rollover to an IRA or a Roth conversion, you will need to satisfy the current year RMD prior to starting the rollover or conversion. RMDs are not required from Roth IRAs.
  Failure to take your RMDs on time or in the right amount may subject you to a 50% IRS penalty tax on the difference between the RMD and the amount that you actually took.

After the first year, RMDs must be taken by December 31 of each year.

- **Traditional IRA contributions cannot be made in the year you turn age 70½ or subsequent years.** and your modified adjusted gross income (MAGI) is within or under the income limits, you are still able to make annual contributions to a Roth IRA. If you are still working, contributions can be made to a SEP or SIMPLE IRA.

Post-age 70

- **Make sure your retirement assets have up-to-date primary and contingent beneficiaries to ensure your legacy plans are in place.**

Beneficiaries named in retirement accounts take precedence over instructions in a will or trust.

Beneficiary designations are established with each retirement account and at each financial institution and should be updated at major life events such as a birth of a child or grandchild, a marriage or divorce, or the death of a beneficiary. It is generally better to name individuals as your IRA beneficiary, instead of an entity such as your Estate or trust. By naming individuals, you are assured that your IRA will be paid directly to the person you want to receive these assets. Before taking any action that could have legal or tax consequences, please consult with your tax and legal advisors to find out what is most suitable for your specific situation.

- **IRAs can be an important vehicle for passing along wealth.** Understanding the rules regarding QRP and IRA beneficiaries can ensure your wishes about who inherits your assets will be fulfilled. These rules impact who inherits the assets and how quickly they may have to be distributed, generally triggering taxes. As you examine your long-term estate plans, remember to consider any retirement account assets you've accumulated over the years.

Organize your finances

Consider streamlining your finances by consolidating your retirement accounts with one provider.

Financial Advisors can help you plan for your retirement

Everyone has a different vision of retirement. A Financial Advisor can support you in your retirement planning process by providing information to help you make informed choices.

Be sure to speak with your tax and legal professionals as well as your Financial Advisor for help regarding your specific situation.

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