



## Key Retirement Plan Ages

AGE	COMMENT
50	Earliest age a surviving spouse can receive a Social Security widow/widower benefit if disabled. Benefit will typically be 71.5% of deceased spouse's full retirement age benefit.
55	Age at which the 10% premature distribution penalty no longer applies for qualified employer-sponsored retirement plans if there is a separation from service in the year of age 55 or later. (This rule does not apply to IRAs.)
59½	Age at which the 10% premature withdrawal penalty no longer applies for IRAs and qualified employer-sponsored retirement plans.
60	Earliest age a widow/widower can receive a Social Security survivor benefit. Benefit will typically be 71.5% of deceased spouse's full retirement age benefit.
62	Earliest age a worker can receive a Social Security retirement benefit. Benefit will be 75% of full retirement age benefit. For year of birth 1955 and later, early retirement benefit will be less than 75%. Minimum is 70%.
62	Earliest age a spouse can receive a Social Security spousal benefit based on worker's earnings history. Benefit will typically be 35% of worker's full retirement age benefit. For those born in 1955 and later, spousal benefit will be less than 35%. Minimum is 31.5%.
65	Age Medicare is effective.
66	Full retirement age for Social Security purposes for workers born 1943–1954 (inclusive). Each year thereafter full retirement age increases by two months up to age 67.
66	Age at which spouse can receive maximum 50% Social Security spousal retirement benefit.
66	Age at which surviving spouse can receive 100% of deceased spouse's Social Security retirement benefit, including any delayed retirement credits.
66	Age at which filing a restricted benefit is available from Social Security. This permits the higher earning spouse the ability to receive a lower earning spouse's retirement benefit (restricting benefit to a spousal benefit and not own retirement benefit) while earning delayed retirement credits on their own record. The benefit is 50% of the lower earning spouse's full retirement benefit. Lower earning spouse can be receiving own retirement benefits before, at, or after full retirement age. <b>Note: This strategy is only available to those who reached age 62 by 2015.</b>
66	Age at which reduction in Social Security benefits no longer applies due to excess earnings.
67	Full retirement age for Social Security purposes for workers born 1960 and later.
70	Age of maximum Social Security retirement benefit, except for cost-of-living adjustments.
70½	Year in which required minimum distributions begin from employer-sponsored retirement plans and traditional IRAs. Distribution from current employer-sponsored plan can be delayed (except for a five percent or more owner) to the later of April 1 following the attainment of age 70½ or the year in which the worker retires.

For specific Social Security benefit amounts, contact the Social Security Administration.

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## Glossary of Social Security Terms

**Average Indexed Monthly Earnings (AIME):** Dollar amount used to calculate your Social Security benefit. Years of past earnings are adjusted for cost of living by index factors.

**Application for Benefits:** Social Security benefits are not automatic. To receive Social Security benefits, an application must be made.

**Base Years:** Years after 1950 up to the year of retirement. For survivor claims, base years include year of death.

**Computation Years:** Highest 35 years of earnings. Years with no earnings count as zero.

**Credits:** Previously called "quarters of coverage." One credit is earned for a specific dollar amount. A maximum of four credits can be earned in a calendar year. Forty credits are needed to qualify for retirement benefits. Depending on year of birth, less than 40 credits are needed for survivor and disability benefits.

**Delayed Retirement Credits:** Applies to full retirement age up to age 70. Credits are earned, 8% per year (prorated monthly) with a maximum of 32%.

**Early Retirement:** Retirement benefits started before Full Retirement Age will be permanently reduced. Earliest retirement age is 62.

**Excess Earnings Limit:** Social Security benefits may be reduced or eliminated for beneficiaries who have earned income. For those under full retirement age, one dollar in benefits will be "lost" for every two dollars in earnings in excess of a stated threshold. (Thresholds are subject to annual cost-of-living adjustment.) For the year of full retirement age, up until the month of attaining full retirement age, one dollar in benefits will be "lost" for every three dollars in excess of a higher threshold. Social Security retirement benefits "lost" due to excess earnings prior to full retirement age will be restored at full retirement age resulting in an increase in benefits.

**Ex-Spouse:** For retirement benefit be at least age 62, been married to worker for at least ten years, not remarried. Worker must be at least age 62 but need not be receiving Social Security benefits. For survivor benefits be at least age 60, been married for at least ten years, not remarried prior to age 60.

**Family Benefits:** For survivor benefits, the maximum each for a surviving spouse and each eligible child is 75% of the worker's PIA. For retirement benefits, the maximum each for a spouse at full retirement age and each eligible child is 50%. There is a family maximum which could reduce this amount.

**Full Retirement Age:** Age for which retirement benefits will not be reduced. For workers born 1943 through 1954, it is 66 years and zero months.

**Government Pension Offset:** Applies to spouse/widow receiving a pension from federal, state, or local government based on work where no Social Security taxes were paid. Social Security benefit will be reduced by 2/3 of government pension. GPO could eliminate Social Security benefit.

**Insured Status:** Fully insured means being eligible for Social Security retirement, disability, and survivor benefits (40 credits). Currently insured provides benefits for younger workers who have less than 40 credits to qualify for survivor and disability (but not retirement) benefits.

**Maximum Earnings Cap:** The maximum amount of earned income which Social Security uses to calculate benefits. Amounts in excess will not increase benefits. This amount is subject to cost-of-living adjustment.

**Month of Election:** In certain situations you can choose the month benefits are to start. Usually applies to retirement claims.

**Normal Retirement Age:** See Full Retirement Age.

**Payment Dates:** Based on birthday. For those born on the 1st through the 10th of the month, payment will be on the 2nd Wednesday of the month; born on the 11th through the 20th, the 3rd Wednesday; born after the 20th, the 4th Wednesday.

**Primary Insurance Amount (PIA):** The monthly amount payable at full retirement age. Early, late, and dependent benefits are calculated from this amount.

**Quarter of Coverage:** See Credits.

**Retroactive Benefits:** You may be entitled to monthly benefits before the month of filing an application. There is a maximum look back.

**Spousal Benefit:** A benefit based on a working spouse's (not own) work record. The working spouse must file before benefits are available. For retirement benefit must have been married at least one year and be age 62. For survivor benefits be at least age 60.

**Taxable Social Security:** Typically adjusted gross income plus non taxable interest income plus one-half of Social Security benefits.

**Windfall Elimination Provision:** Applies if worker has 40 Social Security credits and a pension from an employer who did not withhold Social Security taxes, such as a government agency. Could reduce but not eliminate Social Security retirement benefits.



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