



Retirement in Sight

MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES
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QUOTE OF THE MONTH

"Love is, above all else, the gift of oneself."

JEAN ANOUILH

YOUR "SECOND ACT" COULD START BEFORE 60

Many baby boomers are vowing to work past age 65, even into their seventies. You may be one of them, and you may realize that ambition. Keep in mind, though, that some people end up retiring prior to age 60 and not by choice. If you sense that could happen to you, think about some of the moves you could make regarding your retirement income and savings.

Your need for income streams could be immediate if you retire in your late fifties; you will be too young to claim Social Security. You may have to rely on your retirement savings earlier than you planned. The good news is that the Internal Revenue Service lets you take withdrawals from common employer-sponsored retirement plans without penalty starting at age 55, providing you have stopped working for that organization or business. You can also access funds in taxable investment accounts at any time without penalty. The I.R.S. does commonly assess a 10% penalty when you make a withdrawal from a traditional IRA prior to age 59½. Exceptions occur when the money is used for qualified medical expenses, college tuition, or a first-time home purchase (up to \$10,000 may be withdrawn penalty free in that last instance). There is another way to potentially avoid this 10% penalty – you could arrange, and strictly follow, a schedule of substantially equal periodic payments (SEPPs) from the IRA. Roth retirement accounts allow you to withdraw a sum equivalent to your account contributions at any time without taxation or

penalties, but premature distributions of the account earnings are subject to tax. You could also make catch-up contributions to these accounts in your fifties, which may help to enhance your degree of savings. You could ask for a raise; a higher annual salary would help in the calculation of your future Social Security benefits. You should also strive to maintain your health and to arrange private health insurance if you are not covered through a spouse or partner's plan.^{1,2}



GOLF TIP

Consider trading in your blades for hybrids

Long iron shots give some golfers trouble because the low amount of loft on their clubfaces can make it hard to get the ball up in the air. If you have trouble with them, perhaps switching to hybrids will help. The center of gravity in a hybrid club is positioned much farther back from the clubface than it is for a long iron, and that can help an average golfer (whose swing speed is lower than the pros) get more height on their shot.

THE RIGHT WAY TO TELL YOUR BOSS THAT YOU ARE RETIRING

What is the proper etiquette when it comes to notifying your company about your choice to retire? What should the email or letter say, and when should you send it?

The best retirement letters convey gratitude to an employer, thanking them for the privilege of working for a firm or creating a career. They can mention personal accomplishments, preferably presented in the context of the company's team efforts. In no way should they reference any past slights or present complaints. Yes, it is okay to mention upcoming adventures or retirement pursuits. It is also perfectly fine to indicate an interest in consulting or part-time work. Your employer may want you to phase out of your career gradually, and your letter can note this option and the aspects of your work that you have always enjoyed the most (dropping a hint about future consulting work). As for the timing, dig out your employee handbook and see if it mentions a guideline. Follow it if time permits. A few months of notice is wise; give a year's notice, and you may find yourself getting shut out of meetings about upcoming projects and developments. Lastly, be sure that you are in position to qualify for any pension or company

benefits you may be entitled to, and make sure you have health insurance for the transition if you are not yet eligible for Medicare.³



DID YOU KNOW?

Most of your body is less than 10 years old

After all, your cells are constantly recycling and regenerating. Your red blood cells are wholly renewed every four months. The skin you have right now will be entirely replaced in 2-4 weeks. Even your skeleton revitalizes itself every 10 years or so.⁴

ON THE BRIGHT SIDE

Fidelity Investments says that during the second quarter, 168,000 of its workplace retirement plan accounts contained balances of \$1 million or more. This is a 41% improvement over Q2 2017, when 119,000 of its accounts reached or surpassed the \$1 million threshold.⁵



BRAIN TEASER

The ages of a father and son add up to 66. The father's age is the son's age reversed. How old are they? (Three possible answers.)



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CITATIONS.

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- 5 - cncb.com/2018/08/16/the-number-of-401k-plan-millionaires-hits-new-high.html [8/16/18]