

# Approaching Retirement

## Possible Sources of Income in Retirement

1. 401(k) plan
2. Social Security
3. Pension
4. Personal savings

## Contribution Types

**Before-Tax:** Lower taxes now—taxable income in retirement

**Roth:** Pay taxes now—possible tax-free income in retirement (qualified distribution)<sup>1</sup>

## Distribution Options

**Lump Sum:** Distribute the entire balance

**Partial:** Distribute a portion of the balance

## Social Security Full Retirement Age

Birth Year	Age of Full Benefits
1943 – 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

- Eligible to receive starting at age 62
- Full benefit reduced by about 6% for every year received early
- Full benefit increased by about 8% for every year received later, until age 70

## Keys to a Psychologically Healthy Retirement<sup>2</sup>

- Positive emotion and attitude toward the future
- Clear vision of the life you'd like to have
- Healthy approach to growing mentally and physically
- Nurturing personal relationships, social network
- Meaningful leisure activities
- Have a plan for financial stability

## Six Questions To Prepare

### **1 How much should I withdraw?**

Consider how long your account might last and be conservative early on

### **2 From where should I withdraw?**

Consider withdrawing from taxable assets first, tax deferred assets second and tax-free assets last

### **3 When should I take Social Security?**

Consider the reduction on early payments or the increase on later payments

### **4 To rollover or not to rollover**

May have more options with an IRA provider but may also lose access to 401(k) plan features

### **5 Have I considered the emotional aspects?**

### **6 Am I ready?**

- Established retirement goals
- Determined income sources
- Projected retirement spending
- Filed paperwork with HR
- Determined investment strategy
- Met with financial advisor and/or tax advisor

Benefits website: [www.catbenefitscenter.com](http://www.catbenefitscenter.com)

Benefits Center: 877-228-4010 Mon–Fri, 8AM–6PM CT

Investment Advisors: 877-228-4010 and select “Investment advice” Mon–Fri, 8AM–8PM CT

<sup>1</sup> Qualified distribution from a Roth account means the participant must be 59½ years old or older and the first contribution must be at least 5 years old.

<sup>2</sup> [www.suny.edu/media/suny/content-assets/documents/benefits/retirement-planning/Psychological-Aspects-of-Retirement--2018.pdf](http://www.suny.edu/media/suny/content-assets/documents/benefits/retirement-planning/Psychological-Aspects-of-Retirement--2018.pdf).

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