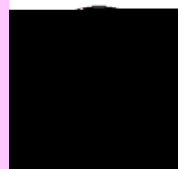


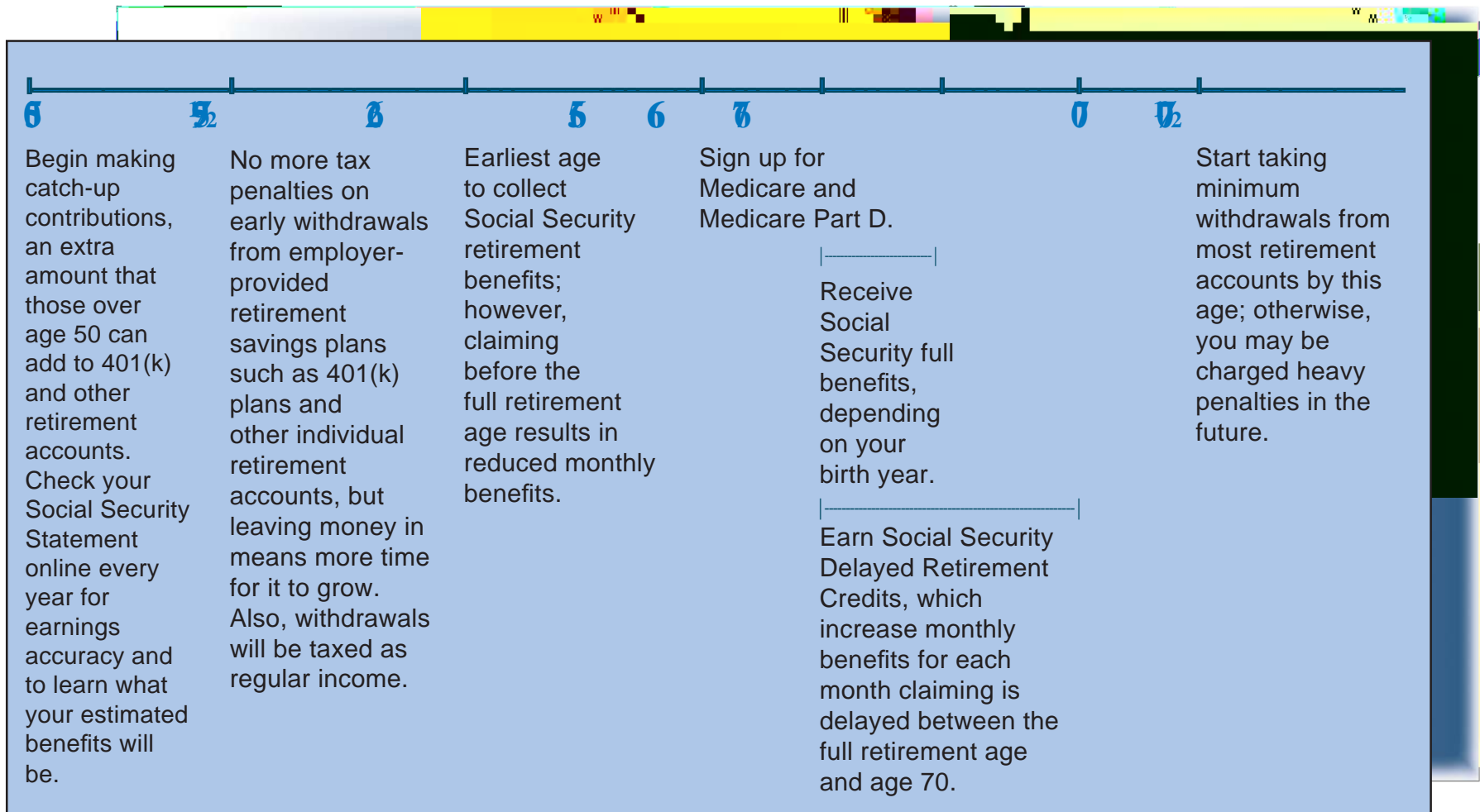
RETIREMENT TOOLKIT

After years of hard work, you are looking forward to retirement. Choosing when to retire is an important decision and involves a number of issues you may want to consider in your retirement planning. The more you know before you start making decisions, the better off you will be in retirement.

This retirement toolkit is brought to you by the three federal agencies involved in key elements of your retirement planning and security: the Department of Labor, the Social Security Administration and the Centers for Medicare & Medicaid Services.



The toolkit includes a list of publications and interactive tools to help in your planning, plus information on how to contact us with your specific questions. It is important to start early and be well informed so you can make timely decisions and, if necessary, make changes while you still have time before retirement. The timeline below can help you plan for the kind of retirement you want.





Your employer's retirement savings plan is an essential part of your future financial security. If you have a 401(k) or other retirement savings plan at work, sign up and contribute all you can. If your employer also contributes to the plan, sometimes as a matching contribution, find out how much the employer match is and how much you need to contribute to get all of it. As noted in the timeline, at age 50, you can begin making catch-up contributions to save even more for retirement. Don't touch your retirement savings. The longer you leave the money there, the more time it has to grow. If you take money out too early, before age 59½, not only do you lose principal and interest but you may have to pay a tax penalty. At age 70½, you will need to start taking a certain amount out, called a minimum required distribution, or risk paying a penalty.

It is also important to understand how your plan works and what benefits you will receive. Learn about the different features or provisions of your plan. Ask your plan administrator, human resource office, or employer for information. Also learn about the rights and responsibilities you have under the federal law that governs your plan, the Employee Retirement Income Security Act (ERISA).

While you are working, take a look at how much you have saved for retirement, how much you might receive in Social Security benefits, and what other assets you have. Also, look at your current expenses and think about what they will be in retirement. For instance, your work-related costs will likely go down, while health care costs likely will increase. Starting now can help you make changes while there is time before you retire to make up any savings gap or adjust your goals. Also remember to check your plans at least once a year to see if you need to make changes to stay on track to a secure retirement.



Choosing when to begin receiving Social Security benefits is an important part of deciding when to retire. If you choose to start receiving benefits when you reach full retirement age, you will receive your full benefit. If you delay claiming benefits beyond full retirement age, you can earn credits that increase your monthly benefit by about eight percent for each year you delay claiming, up to age 70. If you start collecting Social Security benefits before you reach full retirement age, your benefits will be reduced by up to 30 percent, depending on when your benefits start.

Social Security's full retirement age depends on the year in which you were born. If you were born in 1942 or earlier, you are already eligible for your full Social Security benefit. If you were born between 1943 and 1954, your full retirement age is 66. If you were born between 1955 and 1959, your full retirement age increases gradually until it reaches age 67 for those born in 1960 or later.

If you claim benefits before your full retirement age and continue to work, your income will be subject to the retirement earnings test and your benefits could be reduced if your earnings exceed a certain limit. However, once you reach full retirement age, your monthly benefit will be increased permanently to account for any months in which benefits were reduced. The retirement earnings test no longer applies after you attain your full retirement age and your benefit will not be reduced no matter how much you earn.



If you're already getting Social Security benefits, you will automatically get Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance) starting the first day of the month you turn 65. If your birthday is on the first day of

