

# RETIREMENT Toolkit

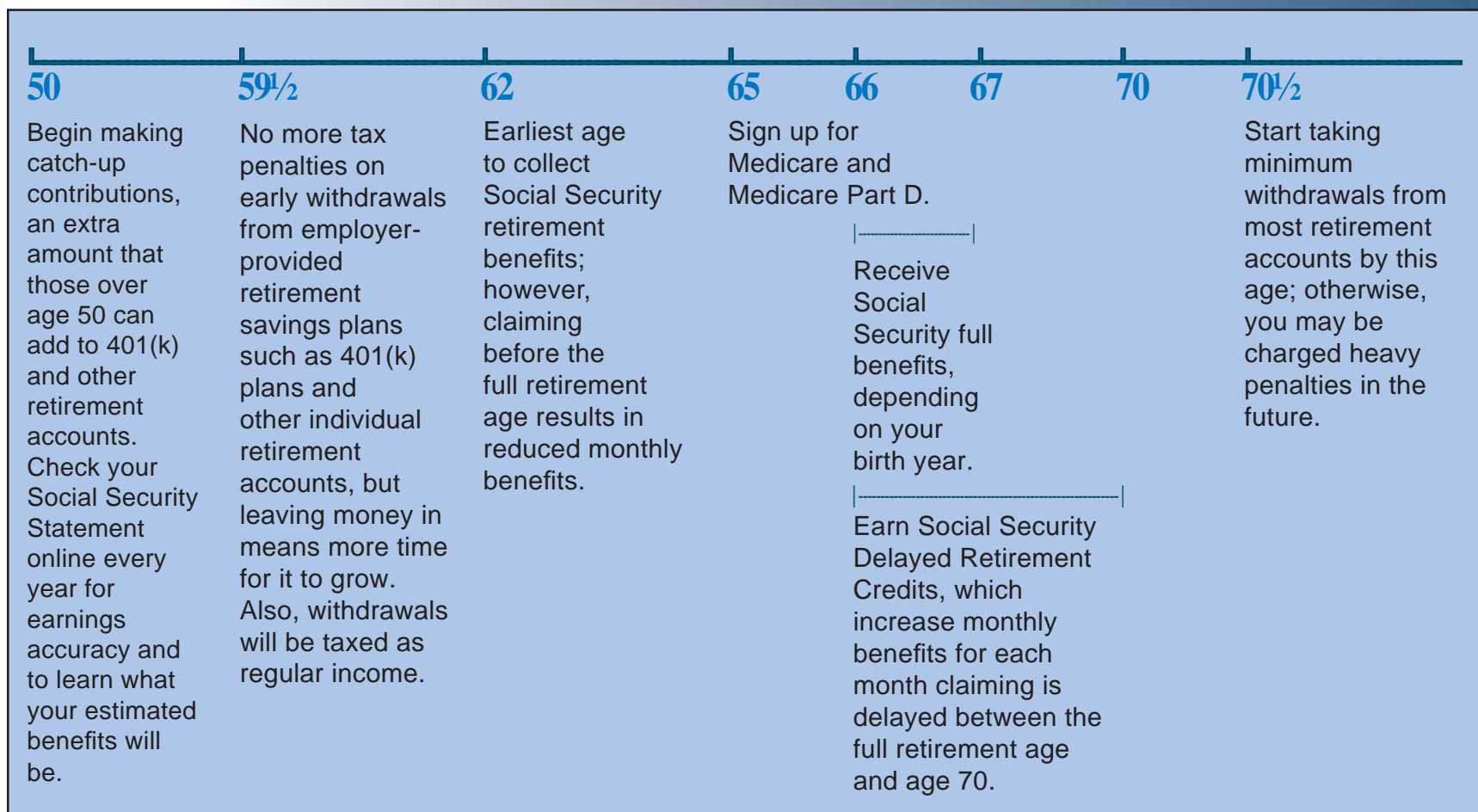
**A**fter years of hard work, you are looking forward to retirement. Choosing when to retire is an important decision and involves a number of issues you may want to consider in your retirement planning. The more you know before you start making decisions, the better off you will be in retirement.

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.

## Timeline for Retirement Planning



## Retirement Saving Plans

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.

## Social Security

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.

## Medicare

### Parts A & B

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 the month, Part A and Part B will start the first day of the prior month. Medicare will mail you a Medicare card and general information before the date you become eligible.

In most cases, you usually don't pay a monthly premium for Part A coverage if you or your spouse paid Medicare taxes while working. However, Medicare Part B is a voluntary program that will normally require you to pay a monthly premium. If you don't want to keep Part B, you must follow the directions when you get your Medicare card to let Medicare know you don't want it. Otherwise, you will be charged the Part B premium.

If you aren't receiving Social Security benefits by age 65, you should contact Social Security and sign up for Medicare during your Initial Enrollment Period. This is the seven month period that starts three months before the month you turn age 65, includes the month you turn age 65, and ends three months after the month you turn 65.

If you're covered under a group health plan based on your or your spouse's current employment, you should contact your employer benefits administrator to see if it might be best to postpone Part B enrollment until you retire. This decision will depend on how your insurance works with Medicare. Once your employment ends, you will have an eight-month period in which to sign up for Part B.

### Parts C & D

Anyone with Medicare Parts A **and** B can join a Medicare Advantage plan (Part C). Anyone with Medicare Parts A **or** B can get Medicare prescription drug coverage (Part D).

There are specific times when you can sign up for Medicare Advantage (Part C) and Medicare prescription drug

coverage (Part D), or make changes to coverage you already have:

1. When you first become eligible for Medicare.
2. Between October 15–December 7 each year.
3. Under certain circumstances that qualify you for a Special Enrollment Period, such as the following:
  - You move.
  - You're eligible for Medicaid.
  - You qualify for Extra Help with Medicare prescription drug costs.
  - You're getting care in an institution, such as a skilled nursing facility or long-term care hospital.

**Important:** To avoid paying a Part D late enrollment penalty, you will need to sign up for Part D when you first become eligible for Medicare or you will need to show proof of creditable drug coverage if you join the plan later. Creditable prescription drug coverage is coverage that's expected to pay, on average, at least as much as Medicare's standard prescription drug coverage. Your current employer health plan tells you each year if your drug coverage is creditable coverage.

### Elder Rights and Protection against Fraud and Abuse

Elder abuse, including financial exploitation and fraud, is a growing problem. Financial exploitation can take many forms, including cashing checks without permission; misusing or stealing money or possessions; coercing or deceiving an older person into signing a legal document; and the improper use of conservatorship, guardianship, or power of attorney.

Concerned individuals who spot the warning signs of a possible problem can call state and local agencies for help.

## **Additional Information on:**

### **Retirement savings plans, pensions, and health plans**

#### **Taking the Mystery Out Of Retirement Planning –**

This publication is designed to assist individuals who are within 10 years of retirement calculate their income, savings and likely expenses in retirement in order to understand how much more they need to save.

<http://www.dol.gov/ebsa/publications/nearretirement.html>

Also available in Spanish.

<http://www.dol.gov/ebsa/publications/nearretirementsp.html>

#### **Savings Fitness: A Guide to Your Money and Your Financial Future –**

This financial planning tool provides an easy-to-follow process for setting goals and priorities, as well as how to include a secure retirement as part of an overall financial plan.

<http://www.dol.gov/ebsa/pdf/savingsfitness.pdf>

Also available in Spanish. <http://www.dol.gov/ebsa/pdf/savingsfitnesssp.pdf>

**Top 10 Ways to Prepare for Retirement –** This publication provides ten steps to help you get started preparing for retirement.

[http://www.dol.gov/ebsa/Publications/10\\_ways\\_to\\_prepare.html](http://www.dol.gov/ebsa/Publications/10_ways_to_prepare.html)

Also available in Spanish.

<http://www.dol.gov/ebsa/pdf/top10waysspn.pdf>

**Women and Retirement Savings –** This publication gives helpful tips for women which are also available in Spanish.

<http://www.dol.gov/ebsa/publications/women.html>

<http://www.dol.gov/ebsa/pdf/womensp.pdf>

**Filing a Claim for Your Retirement Benefits –** This publication describes the plan's obligations and briefly explains the procedures and timelines for filing a claim for retirement benefits.

<http://www.dol.gov/ebsa/publications/FilingRetirementClaim.html>

Also available in Spanish.

<http://www.dol.gov/ebsa/publications/filingretirementclaimsp.html>

#### **What You Should Know About Your Retirement Plan**

– This booklet helps you understand your retirement plan and explains what information you should review periodically and where to go for help with questions.

<http://www.dol.gov/ebsa/publications/wyskapr.html>

Also available in Spanish.

<http://www.dol.gov/ebsa/publications/wyskaprsp.html>

#### **Can the Retiree Health Benefits Provided by Your Employer Be Cut? –**

This publication explains how some employer-provided health care plans can carry over to retirement. It is important to understand how secure those benefits are.

[http://www.dol.gov/ebsa/publications/retiree\\_health\\_benefits.html](http://www.dol.gov/ebsa/publications/retiree_health_benefits.html)

**A Look at 401(k) Plan Fees** – More and more employees are investing in their futures through 401(k) plans. The publication highlights the most common fees to help 401(k) plan participants to make informed investment decisions.

[http://www.dol.gov/ebsa/publications/401k\\_employee.html](http://www.dol.gov/ebsa/publications/401k_employee.html)

**Life Changes Require Health Choices...Know Your Benefit Options** – This booklet addresses marriage, divorce, loss of a spouse, and other life events that may require changes in your health coverage.

[http://www.dol.gov/ebsa/publications/life\\_changes.html](http://www.dol.gov/ebsa/publications/life_changes.html)  
Also available in Spanish. <http://www.dol.gov/ebsa/pdf/LifeSpn.pdf>

**Work Changes Require Health Choices – Protect Your Rights** – This booklet addresses retirement, job loss, and other work events that may require changes in your health coverage.

[http://www.dol.gov/ebsa/publications/work\\_changes.html](http://www.dol.gov/ebsa/publications/work_changes.html)

Also available in Spanish

<http://www.dol.gov/ebsa/publications/workchangesSP.html>

**QDROs – Qualified Domestic Relations Orders** – This publication provides information about the division of a participant's interest in a retirement plan during separation, divorce, and other domestic relations

proceedings.

<http://www.dol.gov/ebsa/publications/qdros.html>

## Social Security Benefits

**Retirement Benefits** – This publication provides an overview of Social Security and Medicare benefits.

[www.socialsecurity.gov/pubs/10035.pdf](http://www.socialsecurity.gov/pubs/10035.pdf)

**What Every Woman Should Know** – Social Security plays an important role in providing economic security for women. This publication provides information about eligibility for Social Security retirement, disability, divorced spouse, and widow's benefits.

[www.socialsecurity.gov/pubs/10127.pdf](http://www.socialsecurity.gov/pubs/10127.pdf)

**When To Start Receiving Retirement Benefits** – This publication explains your options in deciding when to retire and how that decision affects the benefits you will receive for the rest of your life.

[www.socialsecurity.gov/pubs/10147.pdf](http://www.socialsecurity.gov/pubs/10147.pdf)

**How Work Affects Your Benefits** – This publication explains the earnings limit for people who are under the full retirement age when they apply for retirement benefits and continue to work and get benefits.

[www.socialsecurity.gov/pubs/10069.pdf](http://www.socialsecurity.gov/pubs/10069.pdf)

**Windfall Elimination Provision** – This publication explains how your retirement benefit may be reduced if you worked for an employer, such as a government agency, who did not withhold Social Security taxes from your salary.

[www.socialsecurity.gov/pubs/10045.pdf](http://www.socialsecurity.gov/pubs/10045.pdf)



**Government Pension Offset** – This publication explains that if you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse's or widow's or widower's benefits may be reduced.

[www.socialsecurity.gov/pubs/10007.pdf](http://www.socialsecurity.gov/pubs/10007.pdf)

**Note:** All of these publications are available in Spanish.

**Social Security Website** – Social Security's website is a valuable resource for information about all of Social Security's programs.

[www.socialsecurity.gov](http://www.socialsecurity.gov)

**Get your Social Security Statement online** – The online Statement is a concise, easy to read personal record of the earnings on which you have paid Social Security taxes and a summary of the estimated benefits you and your family might receive, including potential retirement, disability and survivors benefits.

[www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount)

**Estimate your retirement benefits** – The Retirement Estimator is tied to your Social Security earnings record and provides highly accurate benefit estimates for those nearing retirement age. The Estimator is interactive allowing the user to compare different retirement options.

[www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator)

**Retirement Planner: Plan For Your Retirement** – This Retirement Planner provides detailed information

about your Social Security benefits under current law. It also points out things you may want to consider as you prepare for the future.

[www.socialsecurity.gov/retire](http://www.socialsecurity.gov/retire)

**Apply online for retirement benefits** – When you are ready to apply for retirement benefits, apply online from the comfort of your home or office. It's easy and secure. Just fill in the answers to the application questions and select the "Sign Now" button at the end to send us the application.

[www.socialsecurity.gov/retireonline](http://www.socialsecurity.gov/retireonline)

## Medicare Benefits

**Medicare (SSA Publication No. 05-10043)** – This booklet provides basic information about what Medicare is, who is covered, and some of the options you have for choosing Medicare coverage.

[www.socialsecurity.gov/pubs/10043.pdf](http://www.socialsecurity.gov/pubs/10043.pdf)

**Medicare & You (Publication No. CMS-10050)** – This general guide provides more information on the benefits available under Medicare and the eligibility periods. It is mailed to individuals after they enroll in Medicare and an updated version is mailed each fall.

[www.medicare.gov/Publications/Pubs/pdf/10050.pdf](http://www.medicare.gov/Publications/Pubs/pdf/10050.pdf)

**Enrolling in Medicare Part A & Part B (Publication No. CMS-11036)** – Learn more about enrollment in Medicare Part A and B, including who can sign up, when you can sign up, and how the timing can affect your costs.

[www.medicare.gov/Publications/Pubs/pdf/11036.pdf](http://www.medicare.gov/Publications/Pubs/pdf/11036.pdf)

**Get Help with Your Medicare Costs** – To get help with Medicare costs, you must be on Medicare, have limited income and resources, and reside in one of the 50 states or the District of Columbia.

[www.medicare.gov/publications/pubs/pdf/10126.pdf](http://www.medicare.gov/publications/pubs/pdf/10126.pdf)

**Extra Help with Medicare Prescription Drug Plan Costs** – To get help with Medicare prescription drug plan costs, you must be on Medicare, have limited income and resources, and reside in one of the 50 states or the District of Columbia.

[www.socialsecurity.gov/prescriptionhelp/](http://www.socialsecurity.gov/prescriptionhelp/)

**Applying for Medicare Only** – This document provides information on signing up for Medicare Parts A and B at age 65 for those individuals not yet ready to claim Social Security benefits.

[www.socialsecurity.gov/retire2/justmedicare.htm](http://www.socialsecurity.gov/retire2/justmedicare.htm)

## **Elder Rights and Protection Against Fraud and Abuse**

The National Center on Elder Abuse (NCEA) has resources and information on financial exploitation and fraud. Individuals who suspect elder abuse or neglect can find state resources, helplines and hotlines, or can call the Eldercare Locator at 1-800-677-1116 for state specific information.

<http://ncea.aoa.gov>

## **Contact Us**

**U.S. Department of Health and Human Services  
Centers for Medicare & Medicaid Services**

[www.medicare.gov](http://www.medicare.gov)

1-800-MEDICARE (1-800-633-4227)

TTY: 1-877-486-2048

**U.S. Department of Labor  
Employee Benefits Security Administration**

[www.askebsa.dol.gov](http://www.askebsa.dol.gov)

1-866-444-3272

TTY: 202-501-3911

**U.S. Social Security Administration**

[www.socialsecurity.gov](http://www.socialsecurity.gov)

1-800-772-1213

TTY: 1-800-325-0778